

# Rous County Council

ANNUAL FINANCIAL STATEMENTS  
for the year ended 30 June 2024

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# Rous County Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2024

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# Rous County Council

## General Purpose Financial Statements

for the year ended 30 June 2024

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# Rous County Council

## General Purpose Financial Statements

for the year ended 30 June 2024

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### Statement by Councillors and Management made pursuant to Section 413 (2c) of the *Local Government Act 1993* (NSW)

**The attached general purpose financial statements have been prepared in accordance with:**

- the *Local Government Act 1993* and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

**To the best of our knowledge and belief, these statements:**

- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

**We are not aware of any matter that would render these statements false or misleading in any way.**

**Signed in accordance with a resolution of Council made on 30 October 2024.**

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TBC  
**Chairperson**  
30 October 2024

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TBC  
**Deputy Chairperson**  
30 October 2024

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Phillip Rudd  
**General Manager**  
30 October 2024

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Jonathan Patino  
**Responsible Accounting Officer**  
30 October 2024

## Rous County Council

### Income Statement

for the year ended 30 June 2024

| <b>Original<br/>unaudited<br/>budget<br/>2024<br/>\$ '000</b> |  | Notes | <b>Actual<br/>2024<br/>\$ '000</b> | <b>Actual<br/>2023<br/>\$ '000</b> |
|---|--|-------|------------------------------------|------------------------------------|
|   | <b>Income from continuing operations</b>   |       |                                    |                                    |
| 25,220  | User charges and fees  | B2-1  | <b>25,490</b>                      | 24,045                             |
| 2,053   | Other revenues   | B2-2  | <b>3,207</b>                       | 3,275                              |
| 2,531   | Grants and contributions provided for operating purposes   | B2-3  | <b>2,687</b>                       | 2,222                              |
| 4,386   | Grants and contributions provided for capital purposes   | B2-3  | <b>5,102</b>                       | 5,176                              |
| 1,179   | Interest and investment income   | B2-4  | <b>1,767</b>                       | 1,181                              |
| 162   | Other income   | B2-5  | <b>172</b>                         | 189                                |
| 35,531  | <b>Total income from continuing operations</b>   |       | <b>38,425</b>                      | 36,088                             |
|   | <b>Expenses from continuing operations</b>   |       |                                    |                                    |
| 12,354  | Employee benefits and on-costs   | B3-1  | <b>14,494</b>                      | 11,370                             |
| 17,240  | Materials and services   | B3-2  | <b>14,167</b>                      | 10,680                             |
| 2,180   | Borrowing costs  | B3-3  | <b>1,098</b>                       | 1,313                              |
| 8,305   | Depreciation, amortisation and impairment of non-financial assets                                      | B3-4  | <b>8,473</b>                       | 8,060                              |
| –   | Net loss from the disposal of assets   | B4-1  | <b>341</b>                         | 460                                |
| 40,079  | <b>Total expenses from continuing operations</b>   |       | <b>38,573</b>                      | 31,883                             |
| <b>(4,548)</b>  | <b>Operating result from continuing operations</b>   |       | <b>(148)</b>                       | 4,205                              |
| <b>(4,548)</b>  | <b>Net operating result for the year attributable to Council</b>                                       |       | <b>(148)</b>                       | 4,205                              |
| <b>(8,934)</b>  | <b>Net operating result for the year before grants and contributions provided for capital purposes</b> |       | <b>(5,250)</b>                     | (971)                              |

The above Income Statement should be read in conjunction with the accompanying notes.

## Rous County Council

### Statement of Comprehensive Income

for the year ended 30 June 2024

|  | Notes | 2024<br>\$ '000 | 2023<br>\$ '000 |
|--|-------|-----------------|-----------------|
| <b>Net operating result for the year – from Income Statement</b>   |       | <b>(148)</b>    | 4,205           |
| <b>Other comprehensive income:</b>   |       |                 |                 |
| Amounts which will not be reclassified subsequently to the operating result                                    |       |                 |                 |
| Gain (loss) on revaluation of infrastructure, property, plant and equipment                                    | C1-6  | <b>28,435</b>   | 56,404          |
| Impairment (loss) reversal / (revaluation decrement) relating to infrastructure, property, plant and equipment | C1-6  | <b>(40)</b>     | –               |
| <b>Total items which will not be reclassified subsequently to the operating result</b>                         |       | <b>28,395</b>   | 56,404          |
| <b>Total other comprehensive income for the year</b>   |       | <b>28,395</b>   | 56,404          |
| <b>Total comprehensive income for the year attributable to Council</b>   |       | <b>28,247</b>   | 60,609          |

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

## Rous County Council

### Statement of Financial Position

as at 30 June 2024

|  | Notes | 2024<br>\$ '000 | 2023<br>\$ '000 |
|--|-------|-----------------|-----------------|
| <b>ASSETS</b>  |       |                 |                 |
| <b>Current assets</b>                                |       |                 |                 |
| Cash and cash equivalents                            | C1-1  | 8,211           | 8,772           |
| Investments  | C1-2  | 26,000          | 29,000          |
| Receivables  | C1-4  | 4,188           | 4,326           |
| Inventories  | C1-5  | 369             | 403             |
| Other  |       | 1,247           | 1,313           |
| <b>Total current assets</b>                          |       | <b>40,015</b>   | <b>43,814</b>   |
| <b>Non-current assets</b>                            |       |                 |                 |
| Inventories  | C1-5  | 1,827           | 1,384           |
| Infrastructure, property, plant and equipment (IPPE) | C1-6  | 598,128         | 569,037         |
| Intangible assets                                    | C1-7  | 235             | 453             |
| Right of use assets                                  | C2-1  | 257             | 421             |
| <b>Total non-current assets</b>                      |       | <b>600,447</b>  | <b>571,295</b>  |
| <b>Total assets</b>                                  |       | <b>640,462</b>  | <b>615,109</b>  |
| <b>LIABILITIES</b>                                   |       |                 |                 |
| <b>Current liabilities</b>                           |       |                 |                 |
| Payables   | C3-1  | 3,406           | 3,598           |
| Contract liabilities                                 | C3-2  | 1,381           | 508             |
| Lease liabilities                                    | C2-1  | 261             | 257             |
| Borrowings   | C3-3  | 3,870           | 3,825           |
| Employee benefit provisions                          | C3-4  | 2,648           | 2,367           |
| <b>Total current liabilities</b>                     |       | <b>11,566</b>   | <b>10,555</b>   |
| <b>Non-current liabilities</b>                       |       |                 |                 |
| Lease liabilities                                    | C2-1  | –               | 164             |
| Borrowings   | C3-3  | 17,660          | 21,530          |
| Employee benefit provisions                          | C3-4  | 197             | 68              |
| <b>Total non-current liabilities</b>                 |       | <b>17,857</b>   | <b>21,762</b>   |
| <b>Total liabilities</b>                             |       | <b>29,423</b>   | <b>32,317</b>   |
| <b>Net assets</b>                                    |       | <b>611,039</b>  | <b>582,792</b>  |
| <b>EQUITY</b>  |       |                 |                 |
| Accumulated surplus                                  | C4-1  | 252,319         | 252,467         |
| IPPE revaluation reserve                             | C4-1  | 358,720         | 330,325         |
| <b>Total equity</b>                                  |       | <b>611,039</b>  | <b>582,792</b>  |

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

## Rous County Council

### Statement of Changes in Equity

for the year ended 30 June 2024

|  | Notes | 2024                           |                                     |                         | 2023                           |                                     |                         |
|--|-------|--------------------------------|-------------------------------------|-------------------------|--------------------------------|-------------------------------------|-------------------------|
|  |       | Accumulated surplus<br>\$ '000 | IPPE revaluation reserve<br>\$ '000 | Total equity<br>\$ '000 | Accumulated surplus<br>\$ '000 | IPPE revaluation reserve<br>\$ '000 | Total equity<br>\$ '000 |
| Opening balance at 1 July  |       | 252,467                        | 330,325                             | 582,792                 | 247,112                        | 273,921                             | 521,033                 |
| Correction of errors   |       | -                              | -                                   | -                       | 1,150                          | -                                   | 1,150                   |
| <b>Opening balance</b>   |       | <b>252,467</b>                 | <b>330,325</b>                      | <b>582,792</b>          | <b>248,262</b>                 | <b>273,921</b>                      | <b>522,183</b>          |
| Net operating result for the year  |       | (148)                          | -                                   | (148)                   | 4,205                          | -                                   | 4,205                   |
| <b>Other comprehensive income</b>  |       |                                |                                     |                         |                                |                                     |                         |
| Gain (loss) on revaluation of infrastructure, property, plant and equipment                                    | C1-6  | -                              | 28,435                              | 28,435                  | -                              | 56,404                              | 56,404                  |
| Impairment (loss) reversal / (revaluation decrement) relating to infrastructure, property, plant and equipment | C1-6  | -                              | (40)                                | (40)                    | -                              | -                                   | -                       |
| <b>Other comprehensive income</b>  |       | <b>-</b>                       | <b>28,395</b>                       | <b>28,395</b>           | <b>-</b>                       | <b>56,404</b>                       | <b>56,404</b>           |
| <b>Total comprehensive income</b>  |       | <b>(148)</b>                   | <b>28,395</b>                       | <b>28,247</b>           | <b>4,205</b>                   | <b>56,404</b>                       | <b>60,609</b>           |
| <b>Closing balance at 30 June</b>  |       | <b>252,319</b>                 | <b>358,720</b>                      | <b>611,039</b>          | <b>252,467</b>                 | <b>330,325</b>                      | <b>582,792</b>          |

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.



## Rous County Council

### Statement of Cash Flows

for the year ended 30 June 2024

| <i>Original<br/>unaudited<br/>budget<br/>2024<br/>\$ '000</i> |   | Notes | <i>Actual<br/>2024<br/>\$ '000</i> | <i>Actual<br/>2023<br/>\$ '000</i> |
|---|---|-------|------------------------------------|------------------------------------|
| <b>Cash flows from operating activities</b>                   |   |       |                                    |                                    |
| <i>Receipts:</i>  |   |       |                                    |                                    |
| 25,220  | User charges and fees                               |       | <b>25,869</b>                      | 24,651                             |
| 1,179   | Interest received                                   |       | <b>1,627</b>                       | 811                                |
| 7,106   | Grants and contributions                            |       | <b>8,688</b>                       | 7,235                              |
| 2,026   | Other   |       | <b>5,628</b>                       | 4,332                              |
| <i>Payments:</i>  |   |       |                                    |                                    |
| (12,354)  | Payments to employees                               |       | <b>(14,113)</b>                    | (11,256)                           |
| (17,240)  | Payments for materials and services                 |       | <b>(15,904)</b>                    | (12,585)                           |
| (2,180)   | Borrowing costs                                     |       | <b>(1,139)</b>                     | (1,353)                            |
| –   | Other   |       | <b>(208)</b>                       | (688)                              |
| 3,757   | <b>Net cash flows from operating activities</b>     | F1-1  | <b>10,448</b>                      | 11,147                             |
| <b>Cash flows from investing activities</b>                   |   |       |                                    |                                    |
| <i>Receipts:</i>  |   |       |                                    |                                    |
| 37,000  | Redemption of term deposits                         |       | <b>48,500</b>                      | 40,500                             |
| –   | Proceeds from sale of IPPE                          |       | <b>143</b>                         | 112                                |
| –   | Sale of intangible assets                           |       | <b>61</b>                          | –                                  |
| <i>Payments:</i>  |   |       |                                    |                                    |
| (22,000)  | Acquisition of term deposits                        |       | <b>(45,500)</b>                    | (32,000)                           |
| (28,880)  | Payments for IPPE                                   |       | <b>(9,703)</b>                     | (9,890)                            |
| (2,296)   | Purchase of real estate assets                      |       | <b>(443)</b>                       | (183)                              |
| –   | Purchase of intangible assets                       |       | <b>–</b>                           | (101)                              |
| (16,176)  | <b>Net cash flows from investing activities</b>     |       | <b>(6,942)</b>                     | (1,562)                            |
| <b>Cash flows from financing activities</b>                   |   |       |                                    |                                    |
| <i>Receipts:</i>  |   |       |                                    |                                    |
| 15,000  | Proceeds from borrowings                            |       | <b>–</b>                           | –                                  |
| <i>Payments:</i>  |   |       |                                    |                                    |
| (4,191)   | Repayment of borrowings                             |       | <b>(3,825)</b>                     | (3,605)                            |
| –   | Principal component of lease payments               |       | <b>(242)</b>                       | (262)                              |
| 10,809  | <b>Net cash flows from financing activities</b>     |       | <b>(4,067)</b>                     | (3,867)                            |
| (1,610)   | <b>Net change in cash and cash equivalents</b>      |       | <b>(561)</b>                       | 5,718                              |
| 8,772   | Cash and cash equivalents at beginning of year      |       | <b>8,772</b>                       | 3,054                              |
| 7,162   | <b>Cash and cash equivalents at end of year</b>     | C1-1  | <b>8,211</b>                       | 8,772                              |
| 14,000  | plus: Investments on hand at end of year            | C1-2  | <b>26,000</b>                      | 29,000                             |
| 21,162  | <b>Total cash, cash equivalents and investments</b> |       | <b>34,211</b>                      | 37,772                             |

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

# Rous County Council

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# Rous County Council

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## A About Council and these financial statements

### A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 16 October 2024. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The material accounting policy information related to these financial statements are set out below. Accounting policies have been consistently applied to all the years presented, unless otherwise stated.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (Act)* and *Local Government (General) Regulation 2021 (Regulation)*, and the Local Government Code of Accounting Practice and Financial Reporting. Council is a not for-profit entity. The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

#### **Historical cost convention**

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain infrastructure, property, plant and equipment and investment property.

#### **Significant accounting estimates and judgements**

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

#### **Critical accounting estimates and assumptions**

Council makes estimates and assumptions concerning the future.

The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) estimated fair values of investment properties – refer Note C1-7
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-6
- (iii) employee benefit provisions – refer Note C3-4.

#### **Significant judgements in applying the Council's accounting policies**

- (i) Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-3.
- (ii) Determination of the lease term, discount rate (when not implicit in the lease) and whether an arrangement contains a lease – refer to Note C2-1.

## Monies and other assets received by Council

### The Consolidated Fund

In accordance with the provisions of Section 409(1) of the *Local Government Act 1993*, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

Cash and other assets of the following activities have been included as part of the Consolidated Fund:

- Water service
- Flood mitigation services
- Biological weeds management.

## A1-1 Basis of preparation (continued)

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### **The Trust Fund**

In accordance with the provisions of Section 411 of the *Local Government Act 1993 (NSW)* (as amended), a separate and distinct Trust Fund is maintained to account for all money and property received by the council in trust which must be applied only for the purposes of, or in accordance with, the trusts relating to those monies.

Trust monies and property subject to Council's control have been included in these reports.

### **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities that are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

### **Volunteer services**

Council has no volunteer services.

### **New accounting standards and interpretations issued but not yet effective**

#### **New accounting standards and interpretations issued but not yet effective**

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2024 reporting period.

Council has elected not to apply any of these pronouncements in these financial statements before their operative dates.

As at the date of authorisation of these financial statements Council does not consider that any of these new (and still to be applied) standards and interpretations are likely to have a material impact on the Council's future financial statements, financial position, financial performance or cash flows.

### **New accounting standards adopted during the year**

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 30 June 2024. None of these standards had a significant impact on reported position or performance.

## B Financial Performance

### B1 Functions or activities

#### B1-1 Functions or activities – income, expenses and assets

Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note B1-2.

|                                       | <i>Income</i>  |                | <i>Expenses</i> |                | <i>Operating result</i> |                | <i>Grants and Contributions</i> |                | <i>Carrying amount of assets</i> |                |
|---------------------------------------|----------------|----------------|-----------------|----------------|-------------------------|----------------|---------------------------------|----------------|----------------------------------|----------------|
|                                       | <i>2024</i>    | <i>2023</i>    | <i>2024</i>     | <i>2023</i>    | <i>2024</i>             | <i>2023</i>    | <i>2024</i>                     | <i>2023</i>    | <i>2024</i>                      | <i>2023</i>    |
|                                       | <i>\$ '000</i> | <i>\$ '000</i> | <i>\$ '000</i>  | <i>\$ '000</i> | <i>\$ '000</i>          | <i>\$ '000</i> | <i>\$ '000</i>                  | <i>\$ '000</i> | <i>\$ '000</i>                   | <i>\$ '000</i> |
| <b>Functions or activities</b>        |                |                |                 |                |                         |                |                                 |                |                                  |                |
| Bulk Water Supply                     | 29,435         | 28,559         | 29,366          | 23,227         | 69                      | 5,332          | 4,687                           | 5,747          | 467,330                          | 448,512        |
| Property                              | 327            | 242            | 430             | 366            | (103)                   | (124)          | –                               | –              | 2,720                            | 2,767          |
| Fleet Operations                      | 145            | 272            | 232             | 145            | (87)                    | 127            | –                               | –              | 1,878                            | 2,612          |
| Flood Mitigation                      | 3,149          | 1,115          | 2,348           | 1,990          | 801                     | (875)          | 2,177                           | 191            | 152,037                          | 144,899        |
| Retail Water Supply                   | 3,507          | 3,227          | 3,661           | 3,275          | (154)                   | (48)           | 6                               | –              | 15,252                           | 14,330         |
| Richmond Water Laboratories           | –              | 272            | –               | 501            | –                       | (229)          | –                               | –              | –                                | –              |
| Weeds Biosecurity                     | 1,862          | 2,401          | 2,536           | 2,379          | (674)                   | 22             | 919                             | 1,460          | 1,243                            | 1,989          |
| Other                                 | –              | –              | –               | –              | –                       | –              | –                               | –              | 2                                | –              |
| <b>Total functions and activities</b> | <b>38,425</b>  | <b>36,088</b>  | <b>38,573</b>   | <b>31,883</b>  | <b>(148)</b>            | <b>4,205</b>   | <b>7,789</b>                    | <b>7,398</b>   | <b>640,462</b>                   | <b>615,109</b> |

## B1-2 Components of functions or activities

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Details relating to the Council's functions or activities as reported in B1-1 are as follows:

### **Bulk Water Supply**

The regional water supply authority providing water in bulk to the local government areas of Lismore (excluding Nimbin), Ballina (excluding Wardell), Byron (excluding Mullumbimby) and Richmond Valley (excluding land to the west of Coraki).

### **Property**

Real estate development and various rental properties.

### **Fleet Operations**

All functions relating to vehicle investment, improving efficiency and productivity.

### **Flood Mitigation**

Responsible for the construction, replacement and routine maintenance of various flood mitigation infrastructure. This includes floodgates and some rural drains and canals. In addition, we also have a key role in relation to an urban levee designed to protect the central business district of Lismore.

### **Retail Water Supply**

Retail water services that are directly connected to Council's trunk main system.  
Water filling stations.

### **Weeds Biosecurity**

Wide range of activities to combat the spread of targeted weeds across the Northern Rivers region of NSW.

## B2 Sources of income

### B2-1 User charges and fees

|   | Timing | 2024<br>\$ '000 | 2023<br>\$ '000 |
|---|--------|-----------------|-----------------|
| <b>Specific user charges (per s502 - specific 'actual use' charges)</b>     |        |                 |                 |
| Water supply services   | 1      | 24,897          | 23,998          |
| Other   | 2      | 493             | –               |
| <b>Total specific user charges</b>  |        | <b>25,390</b>   | <b>23,998</b>   |
| <b>Other user charges and fees</b>  |        |                 |                 |
| <b>(i) Fees and charges – statutory and regulatory functions (per s608)</b> |        |                 |                 |
| Private works – section 67  | 2      | 19              | 3               |
| Regulatory/ statutory fees  | 2      | 81              | 44              |
| <b>Total fees and charges – statutory/regulatory</b>                        |        | <b>100</b>      | <b>47</b>       |
| <b>Total other user charges and fees</b>                                    |        | <b>100</b>      | <b>47</b>       |
| <b>Total user charges and fees</b>  |        | <b>25,490</b>   | <b>24,045</b>   |
| <b>Timing of revenue recognition for user charges and fees</b>              |        |                 |                 |
| User charges and fees recognised over time (1)                              |        | 24,897          | 23,678          |
| User charges and fees recognised at a point in time (2)                     |        | 593             | 367             |
| <b>Total user charges and fees</b>  |        | <b>25,490</b>   | <b>24,045</b>   |

#### Material accounting policy information

Revenue arising from user charges and fees is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases, the customer is required to pay a deposit in advance. There is no material obligation for Council in relation to refunds or returns.

Prepaid filling station keys granted by Council are all either short-term or low value and all revenue is recognised at the time that the key is granted.

### B2-2 Other revenues

|  | Timing | 2024<br>\$ '000 | 2023<br>\$ '000 |
|--|--------|-----------------|-----------------|
| Assessment on other councils                           | 2      | 1,776           | 1,661           |
| Water testing  | 2      | –               | 271             |
| Other  | 2      | 1,431           | 1,343           |
| <b>Total other revenue</b>                             |        | <b>3,207</b>    | <b>3,275</b>    |
| <b>Timing of revenue recognition for other revenue</b> |        |                 |                 |
| Other revenue recognised over time (1)                 |        | –               | –               |
| Other revenue recognised at a point in time (2)        |        | 3,207           | 3,275           |
| <b>Total other revenue</b>                             |        | <b>3,207</b>    | <b>3,275</b>    |

#### Material accounting policy information for other revenue

Where the revenue is earned the provision of specified goods / services under an enforceable contract, revenue is recognised when or as the obligations are satisfied.

Statutory fees and fines are recognised as revenue when the service has been provided, the payment is received or when the penalty has been applied, whichever occurs first.

Other revenue is recorded when the payment is due, the value of the payment is notified, or the payment is received, whichever occurs first.



## B2-3 Grants and contributions

|  |               | <b>Operating</b><br><b>2024</b><br><b>\$ '000</b> | <b>Operating</b><br><b>2023</b><br><b>\$ '000</b> | <b>Capital</b><br><b>2024</b><br><b>\$ '000</b> | <b>Capital</b><br><b>2023</b><br><b>\$ '000</b> |
|--|---------------|---|---|---|---|
|  | <i>Timing</i> |   |   |   |   |
| <b>Special purpose grants and non-developer contributions (tied)</b>       |               |   |   |   |   |
| <b>Cash contributions</b>  |               |   |   |   |   |
| <b>Previously specific grants:</b>   |               |   |   |   |   |
| Weed biosecurity   | 1,2           | <b>919</b>  | 1,462   | –   | –   |
| Flood mitigation   | 2             | <b>593</b>  | 105   | <b>1,344</b>                                    | –   |
| Water  | 2             | <b>985</b>  | 559   | <b>602</b>                                      | –   |
| <b>Previously contributions:</b>   |               |   |   |   |   |
| Drainage   | 2             | <b>88</b>   | –   | –   | –   |
| Water  | 2             | –   | 11  | <b>6</b>  | –   |
| Flood mitigation   | 2             | <b>97</b>   | 85  | –   | –   |
| <b>Total special purpose grants and non-developer contributions – cash</b> |               | <b>2,682</b>                                      | <b>2,222</b>                                      | <b>1,952</b>                                    | –   |
| <b>Non-cash contributions</b>  |               |   |   |   |   |
| Other  |               | <b>5</b>  | –   | <b>49</b>                                       | –   |
| <b>Total other contributions – non-cash</b>                                |               | <b>5</b>  | –   | <b>49</b>                                       | –   |
| <b>Total special purpose grants and non-developer contributions (tied)</b> |               | <b>2,687</b>                                      | <b>2,222</b>                                      | <b>2,001</b>                                    | –   |
| <b>Total grants and non-developer contributions</b>                        |               | <b>2,687</b>                                      | <b>2,222</b>                                      | <b>2,001</b>                                    | –   |
| <b>Comprising:</b>   |               |   |   |   |   |
| – State funding  |               | <b>2,596</b>                                      | 1,564   | <b>2,001</b>                                    | –   |
| – Other funding  |               | <b>91</b>   | 658   | –   | –   |
|  |               | <b>2,687</b>                                      | <b>2,222</b>                                      | <b>2,001</b>                                    | –   |

## Developer contributions

|   |              | <b>Operating</b><br><b>2024</b><br><b>\$ '000</b> | <b>Operating</b><br><b>2023</b><br><b>\$ '000</b> | <b>Capital</b><br><b>2024</b><br><b>\$ '000</b> | <b>Capital</b><br><b>2023</b><br><b>\$ '000</b> |
|---|--------------|---|---|---|---|
|   | <i>Notes</i> |   |   |   |   |
| <b>Developer contributions:</b>                                   |              |   |   |   |   |
| <b>(s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>         |              |   |   |   |   |
| <b>Cash contributions</b>   |              |   |   |   |   |
| S 64 – water supply contributions                                 | F4           |   |   |   |   |
|   |              |   |   |   |   |
|   | 2            | –   | –   | <b>3,101</b>                                    | 5,176   |
| <b>Total developer contributions</b>                              |              | <b>–</b>  | <b>–</b>  | <b>3,101</b>                                    | 5,176   |
| <b>Total grants and contributions</b>                             |              | <b>2,687</b>                                      | <b>2,222</b>                                      | <b>5,102</b>                                    | 5,176   |
| <b>Timing of revenue recognition for grants and contributions</b> |              |   |   |   |   |
| Grants and contributions recognised over time (1)                 |              | <b>54</b>   | 37  | –   | –   |
| Grants and contributions recognised at a point in time (2)        |              | <b>2,633</b>                                      | 2,185   | <b>5,102</b>                                    | 5,176   |
| <b>Total grants and contributions</b>                             |              | <b>2,687</b>                                      | <b>2,222</b>                                      | <b>5,102</b>                                    | 5,176   |

## B2-3 Grants and contributions (continued)

### Unspent grants and contributions

Certain grants and contributions are obtained by Council on the condition they be spent in a specified manner or in a future period but which are not yet spent in accordance with those conditions are as follows:

|   | <i>Operating</i><br><b>2024</b><br>\$ '000 | <i>Operating</i><br>2023<br>\$ '000 | <i>Capital</i><br><b>2024</b><br>\$ '000 | <i>Capital</i><br>2023<br>\$ '000 |
|---|--|-------------------------------------|--|-----------------------------------|
| <b>Unspent grants</b>   |  |                                     |  |                                   |
| Unspent grants at 1 July  | <b>2,363</b>                               | 1,930                               | –  | –                                 |
| <b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions | <b>678</b>                                 | 764                                 | <b>974</b>                               | –                                 |
| <b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year                  | <b>(1,345)</b>                             | (331)                               | <b>(101)</b>                             | –                                 |
| <b>Unspent grants at 30 June</b>  | <b>1,696</b>                               | <b>2,363</b>                        | <b>873</b>                               | <b>–</b>                          |

#### Water grants:

- Northern Rivers March 2022 Flood Water/Sewerage Program funding from the Northern Rivers Reconstruction Corporation.
- Safe and Secure Grant funding from NSW Department of Planning and Environment towards the Future Water Program.
- Department of Regional NSW funding for the Wilsons River Elevated Crossing.
- Fish Habitat Action Grant funding from the Department of Primary Industries towards the Boat Harbour Riparian Repair Project.

#### Weed grants:

- Early Needs Weeds Management Project funding from NSW Local Land Services.
- Frogbit funding from NSW Department of Primary Industries.
- Tropical Soda Apple funding from NSW Department of Primary Industries.
- Washdown Bay Facility funding from NSW Department of Primary Industries.

#### Flood grants:

- Coastal Management Plan funding from The Department of Primary Industries.
- Coastal & Estuary Grants Program funding from NSW Department of Primary Industries towards the Richmond River Water Qlty Monitoring Project.
- Preparing Australian Communities – Local Stream Program funding from the Department of Industry, Science, Energy and Resources for the Richmond and Wilsons Rivers NSW Flood Mitigation Planning program.
- Northern Rivers Reconstruction Corporation funding to Improve the Condition of Coraki and Woodburn Town Drains.
- Northern Rivers Reconstruction Corporation funding to Improve the Condition of South & East Lismore Town Drains

### Contributions

|   |              |            |          |          |
|---|--------------|------------|----------|----------|
| Unspent contributions at 1 July   | <b>308</b>   | 223        | –        | –        |
| <b>Add:</b> contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions | <b>85</b>    | 85         | –        | –        |
| <b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year         | <b>(158)</b> | –          | –        | –        |
| <b>Unspent contributions at 30 June</b>   | <b>235</b>   | <b>308</b> | <b>–</b> | <b>–</b> |

Flood Fund receives a number of operating contribution each year. They consist of:

- Private landholder contributions
- Constituent Council contributions for drainage union maintenance

### Material accounting policy information

#### Grants and contributions – enforceable agreement with sufficiently specific performance obligations

Grant and contribution revenue from an agreement which is enforceable and contains sufficiently specific performance obligations is recognised as or when control of each performance obligations is transferred.

## B2-3 Grants and contributions (continued)

The performance obligations vary according to the agreement. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Performance obligations may be satisfied either at a point in time or over time and this is reflected in the revenue recognition pattern. Point in time recognition occurs when the beneficiary obtains control of the goods / services at a single time, whereas over time recognition is where the control of the services is ongoing throughout the project.

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

### Capital grants

Capital grants received by Council under an enforceable contract for the acquisition or construction of infrastructure, property, plant and equipment to identified specifications which will be under Council's control on completion are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project.

For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the Council.

### Developer contributions

Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of sections 7.4, 7.11 and 7.12 of the *Environmental Planning and Assessment Act 1979* (EP&A Act).

While Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon receipt by Council, due to the possibility that individual development consents may not be acted upon by the applicant and, accordingly, would not be payable to Council.

Developer contributions may only be expended for the purposes for which the contributions were required, but Council may apply contributions according to the priorities established in work schedules for the contribution plan.

### Other grants and contributions

Assets, including cash, received from other grants and contributions are recognised at fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

## B2-4 Interest and investment income

|  | 2024<br>\$ '000 | 2023<br>\$ '000 |
|--|-----------------|-----------------|
| <b>Interest on financial assets measured at amortised cost</b> |                 |                 |
| – Overdue user fees and charges                                | 11              | 1               |
| – Cash and investments   | 1,756           | 1,180           |
| <b>Total interest and investment income (losses)</b>           | <b>1,767</b>    | <b>1,181</b>    |

### Material accounting policy information

Interest income is recognised using the effective interest rate at the date that interest is earned.

## B2-5 Other income

|               | 2024<br>\$ '000 | 2023<br>\$ '000 |
|---------------|-----------------|-----------------|
| Rental income | 172             | 189             |

**B2-5 Other income (continued)**

|                    | <b>2024</b>    | <b>2023</b>    |
|--------------------|----------------|----------------|
|                    | <b>\$ '000</b> | <b>\$ '000</b> |
| Total other income | <b>172</b>     | <b>189</b>     |

## B3 Costs of providing services

### B3-1 Employee benefits and on-costs

|  | 2024<br>\$ '000 | 2023<br>\$ '000 |
|--|-----------------|-----------------|
| Salaries and wages                             | 10,543          | 8,041           |
| Employee leave entitlements (ELE)              | 2,220           | 1,917           |
| Superannuation                                 | 1,267           | 1,005           |
| Workers' compensation insurance                | 209             | 146             |
| Fringe benefit tax (FBT)                       | 55              | 40              |
| Payroll tax                                    | 482             | 425             |
| Training costs (other than salaries and wages) | 231             | 247             |
| Other  | 83              | 122             |
| <b>Total employee costs</b>                    | <b>15,090</b>   | <b>11,943</b>   |
| Less: capitalised costs                        | (596)           | (573)           |
| <b>Total employee costs expensed</b>           | <b>14,494</b>   | <b>11,370</b>   |

#### Material accounting policy information

Employee benefit expenses are recorded when the service has been provided by the employee.

#### *Retirement benefit obligations*

All employees of the Council are entitled to benefits on retirement, disability or death. Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

#### *Superannuation plans*

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note D3-1 for more information.

## B3-2 Materials and services

|  | Notes | 2024<br>\$ '000 | 2023<br>\$ '000 |
|--|-------|-----------------|-----------------|
| Raw materials and consumables            |       | 6,420           | 5,078           |
| Contractor costs                         |       | 4,687           | 3,209           |
| Audit Fees                               | E2-1  | 86              | 71              |
| Councillor fees and associated expenses  | E1-2  | 127             | 134             |
| Advertising                              |       | 9               | 9               |
| Bank fees                                |       | 5               | 3               |
| Electricity                              |       | 2,055           | 1,360           |
| Insurance                                |       | 367             | 364             |
| Postage                                  |       | 28              | 15              |
| Printing and stationery                  |       | 13              | 15              |
| Subscriptions and publications           |       | 66              | 45              |
| Telephone                                |       | 37              | 28              |
| Internal audit                           |       | 24              | 21              |
| Water billing and collection             |       | 62              | 153             |
| Other expenses                           |       | 64              | 69              |
| <b>Legal expenses:</b>                   |       |                 |                 |
| – Other                                  |       | 28              | 9               |
| Expenses from leases of low value assets |       | 89              | 97              |
| <b>Total materials and services</b>      |       | <b>14,167</b>   | <b>10,680</b>   |

### Material accounting policy information

Expenses are recorded on an accruals basis as the Council receives the goods or services.

## B3-3 Borrowing costs

|   | 2024<br>\$ '000 | 2023<br>\$ '000 |
|---|-----------------|-----------------|
| <b>(i) Interest bearing liability costs</b> |                 |                 |
| Interest on leases                          | 9               | 2               |
| Interest on loans                           | 1,089           | 1,311           |
| <b>Total borrowing costs expensed</b>       | <b>1,098</b>    | <b>1,313</b>    |

### Material accounting policy information

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed as incurred.

## B3-4 Depreciation, amortisation and impairment of non-financial assets

|  | Notes | 2024<br>\$ '000 | 2023<br>\$ '000 |
|--|-------|-----------------|-----------------|
| <b>Depreciation and amortisation</b>   |       |                 |                 |
| Plant and equipment  |       | 553             | 391             |
| Office equipment   |       | 132             | 168             |
| Furniture and fittings   |       | 24              | 24              |
| Land improvements (depreciable)  |       | 80              | 65              |
| <b>Infrastructure:</b>   |       |                 |                 |
| – Buildings  |       | 292             | 254             |
| – Water supply network   |       | 6,168           | 5,778           |
| – Flood mitigation assets  |       | 821             | 740             |
| Right of use assets  | C2-1  | 246             | 246             |
| Intangible assets  | C1-7  | 157             | 154             |
| <b>Total depreciation and amortisation costs</b>                                       |       | <b>8,473</b>    | <b>7,820</b>    |
| <b>Impairment / revaluation decrement of IPPE</b>                                      |       |                 |                 |
| Land improvements (depreciable)  |       | 40              | –               |
| <b>Infrastructure:</b>   |       |                 |                 |
| – Water supply network   | C1-6  | –               | 240             |
| <b>Total gross IPPE impairment / revaluation decrement costs</b>                       |       | <b>40</b>       | <b>240</b>      |
| Amounts taken through revaluation reserve  | C1-6  | (40)            | –               |
| <b>Total IPPE impairment / revaluation decrement costs charged to Income Statement</b> |       | <b>–</b>        | <b>240</b>      |
| <b>Total depreciation, amortisation and impairment for intangibles and IPP&amp;E</b>   |       | <b>8,473</b>    | <b>8,060</b>    |

### Material accounting policy information

#### Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-6 for IPPE assets and Note C1-8 for intangible assets and Note C2-1 for right of use assets.

Depreciation is capitalised where in-house assets have contributed to new assets.

#### Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are not tested for impairment since these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

Intangible assets not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other non-financial assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Impairment losses for revalued assets are firstly offset against the amount in the revaluation surplus for the class of asset, with only the excess to be recognised in the Income Statement.

## B3-5 Other expenses

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### **Material accounting policy information**

Other expenses are recorded on an accruals basis when Council has an obligation for the expenses.



## B4 Gains or losses

### B4-1 Gain or loss from the disposal, replacement and de-recognition of assets

|   | Notes | 2024<br>\$ '000 | 2023<br>\$ '000 |
|---|-------|-----------------|-----------------|
| <b>Gain (or loss) on disposal of plant and equipment</b>              | C1-6  |                 |                 |
| Proceeds from disposal – plant and equipment                          |       | 139             | 105             |
| Less: carrying amount of plant and equipment assets sold/written off  |       | (41)            | (47)            |
| <b>Gain (or loss) on disposal</b>                                     |       | <b>98</b>       | <b>58</b>       |
| <b>Gain (or loss) on disposal of infrastructure</b>                   | C1-6  |                 |                 |
| Proceeds from disposal – infrastructure                               |       | 4               | 7               |
| Less: carrying amount of infrastructure assets sold/written off       |       | (443)           | (523)           |
| <b>Gain (or loss) on disposal</b>                                     |       | <b>(439)</b>    | <b>(516)</b>    |
| <b>Gain (or loss) on disposal of real estate assets held for sale</b> | C1-5  |                 |                 |
| Less: carrying amount of real estate assets sold/written off          |       | –               | (2)             |
| <b>Gain (or loss) on disposal</b>                                     |       | <b>–</b>        | <b>(2)</b>      |
| <b>Gain (or loss) on disposal of term deposits</b>                    | C1-2  |                 |                 |
| Proceeds from disposal/redemptions/maturities – term deposits         |       | 48,500          | 40,500          |
| Less: carrying amount of term deposits sold/redeemed/matured          |       | (48,500)        | (40,500)        |
| <b>Gain (or loss) on disposal</b>                                     |       | <b>–</b>        | <b>–</b>        |
| <b>Net gain (or loss) from disposal of assets</b>                     |       | <b>(341)</b>    | <b>(460)</b>    |

#### Material accounting policy information

Gains and losses on disposals are determined by comparing proceeds with carrying amount. The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer and the asset is de-recognised.

## B5 Performance against budget

### B5-1 Material budget variations

Council's original budget was adopted by the Council on 21 June 2023 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

While these General Purpose Financial Statements include the original budget adopted by Council, the Act requires Council to review its financial budget on a quarterly basis, so it is able to manage the variation between actuals and budget that invariably occur during the year.

**Material variations of more than 10%** between original budget and actual results or where the variance is considered material by nature are explained below.

**Variation Key:** **F** = Favourable budget variation, **U** = Unfavourable budget variation.

| \$ '000  | 2024<br><i>Budget</i> | 2024<br><i>Actual</i> | 2024<br><i>Variance</i> |     |          |
|--|-----------------------|-----------------------|-------------------------|-----|----------|
| <b>Revenues</b>  |                       |                       |                         |     |          |
| <b>User charges and fees</b>   | 25,220                | 25,490                | 270                     | 1%  | <b>F</b> |
| <b>Other revenues</b>  | 2,053                 | 3,207                 | 1,154                   | 56% | <b>F</b> |
| Other revenues resulted in an increase of \$1.1M (F) (56%) above budget. The revenue increase can be attributed to revenue received on insurance claims \$725k and NRJO service fees and reimbursements \$455k.  |                       |                       |                         |     |          |
| <b>Operating grants and contributions</b>  | 2,531                 | 2,687                 | 156                     | 6%  | <b>F</b> |
| <b>Capital grants and contributions</b>  | 4,386                 | 5,102                 | 716                     | 16% | <b>F</b> |
| Grants and contributions provided for capital purposes resulted in an increase of \$716k (F) (16%) above budget. Section 64 Developer Contributions were \$1.2M less than forecast but were offset by additional capital grants.   |                       |                       |                         |     |          |
| <b>Interest and investment revenue</b>   | 1,179                 | 1,767                 | 588                     | 50% | <b>F</b> |
| Interest and investment revenue was \$588k (F) (50%) above the original budget. The original budget for investment interest was based on a much smaller portfolio size due to forecast expenditure. Council's cash balance at 30 June 2023 was favourable and high interest rates continued. This revenue was adjusted during Council's quarterly budget review statements throughout the year |                       |                       |                         |     |          |
| <b>Other income</b>  | 162                   | 172                   | 10                      | 6%  | <b>F</b> |

## B5-1 Material budget variations (continued)

| \$ '000  | 2024<br>Budget | 2024<br>Actual | 2024<br>----- Variance ----- |          |
|--|----------------|----------------|------------------------------|----------|
| <b>Expenses</b>  |                |                |                              |          |
| <b>Employee benefits and on-costs</b>  | 12,354         | 14,494         | (2,140)                      | (17)% U  |
| Employee benefits and on-costs were \$2.1M (U) (17%) compared to the original budget forecast. This was due to increased costs in 2023/2024 with very few staff vacancies, an adjustment from previous capital works in progress (\$715k) and increased employee leave entitlement costs (\$395k).   |                |                |                              |          |
| <b>Materials and services</b>  | 17,240         | 14,167         | 3,073                        | 18% F    |
| Materials and services were \$3.1M (F) (18%) below the original budget forecast. Significant contractor and consultant projects were unable to be completed in the financial year and have contributed to Council's budget carryovers into the 2024/25 financial year. Additionally, electricity costs were \$1.9M less than originally forecast.  |                |                |                              |          |
| <b>Borrowing costs</b>   | 2,180          | 1,098          | 1,082                        | 50% F    |
| Borrowing costs were \$1.1M (F) (50%) below the original budget forecast. Council initially planned to borrow \$15M to fund its capital works program, however due to the improved financial position at 30 June 2023 this proposed borrowing was not undertaken. This resulted in significant savings on debt financing costs.  |                |                |                              |          |
| <b>Depreciation, amortisation and impairment of non-financial assets</b>   | 8,305          | 8,473          | (168)                        | (2)% U   |
| <b>Net losses from disposal of assets</b>  | -              | 341            | (341)                        | ∞ U      |
| Traditionally, Council has not provided a budget for loss on disposal of assets due to the inherent difficulty in estimating proceeds from asset disposal. As a result, actual loss on disposal of assets has produced a variance of \$341k (U) (100%). This loss is comprised of loss from the disposal of Infrastructure assets \$439k (U), offset by net gains on disposal of plant and equipment of \$98k (F). |                |                |                              |          |
| <b>Statement of cash flows</b>   |                |                |                              |          |
| <b>Cash flows from operating activities</b>  | 3,757          | 10,448         | 6,691                        | 178% F   |
| Cash flows from operating activities was \$6.7M (F) (178%) above the original budget forecast. The increase is a combination of increased interest and investment revenue, additional grant funds, a decrease in materials and services and borrowing costs.   |                |                |                              |          |
| <b>Cash flows from investing activities</b>  | (16,176)       | (6,942)        | 9,234                        | (57)% F  |
| Cash flows from investing activities was \$9.2M (F) (57%) above the original budget forecast. The increase is a combination of reduced payments for IPPE and a reduction in investments held (\$3.0M).   |                |                |                              |          |
| <b>Cash flows from financing activities</b>  | 10,809         | (4,067)        | (14,876)                     | (138)% U |
| Cash flows from financing activities was \$14.9M (U) (138%) below the original budget forecast. This was due to Council not borrowing the original budgeted funds of \$15.0M.  |                |                |                              |          |

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

|  | 2024<br>\$ '000 | 2023<br>\$ '000 |
|--|-----------------|-----------------|
| <b>Cash assets</b>                     |                 |                 |
| Cash on hand and at bank               | 2,013           | 2,032           |
| Cash equivalent assets                 |                 |                 |
| – Deposits at call                     | 6,198           | 6,740           |
| <b>Total cash and cash equivalents</b> | <b>8,211</b>    | <b>8,772</b>    |

#### Reconciliation of cash and cash equivalents

|   |              |              |
|---|--------------|--------------|
| Total cash and cash equivalents per Statement of Financial Position | 8,211        | 8,772        |
| <b>Balance as per the Statement of Cash Flows</b>                   | <b>8,211</b> | <b>8,772</b> |

#### Material accounting policy information

For Statement of Cash Flow presentation purposes, cash and cash equivalents include: cash on hand; deposits held at call with financial institutions; other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value; and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

#### C1-2 Financial investments

|  | 2024<br>Current<br>\$ '000 | 2024<br>Non-current<br>\$ '000 | 2023<br>Current<br>\$ '000 | 2023<br>Non-current<br>\$ '000 |
|--|----------------------------|--------------------------------|----------------------------|--------------------------------|
| <b>Debt securities at amortised cost</b>                   |                            |                                |                            |                                |
| Term deposits  | 26,000                     | –                              | 29,000                     | –                              |
| <b>Total financial investments</b>                         | <b>26,000</b>              | <b>–</b>                       | <b>29,000</b>              | <b>–</b>                       |
| <b>Total cash assets, cash equivalents and investments</b> | <b>34,211</b>              | <b>–</b>                       | <b>37,772</b>              | <b>–</b>                       |

#### Material accounting policy information

Financial instruments are recognised initially on the date that the Council becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

#### Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### Classification

On initial recognition, Council classifies its financial assets into the following categories – those measured at:

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income – equity instrument (FVOCI-equity)

Financial assets are not reclassified subsequent to their initial recognition.

#### Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows, and

continued on next page ...

## C1-2 Financial investments (continued)

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- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Council's financial assets measured at amortised cost comprise trade and other receivables, term deposits and cash and cash equivalents in the Statement of Financial Position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, impairment and gains or loss on de-recognition are recognised in profit or loss.

## C1-3 Restricted and allocated cash, cash equivalents and investments

|  | 2024<br>\$ '000 | 2023<br>\$ '000 |
|--|-----------------|-----------------|
| (a) Externally restricted cash, cash equivalents and investments                   |                 |                 |
| <b>Total cash, cash equivalents and investments</b>                                | <b>34,211</b>   | 37,772          |
| Less: Externally restricted cash, cash equivalents and investments                 | <b>(6,039)</b>  | (4,755)         |
| <b>Cash, cash equivalents and investments not subject to external restrictions</b> | <b>28,172</b>   | 33,017          |

External restrictions included in cash, cash equivalents and investments above comprise:

### External restrictions

External restrictions included in cash, cash equivalents and investments above comprise:

|                                      |              |       |
|--------------------------------------|--------------|-------|
| Bulk water                           | 5,039        | 3,567 |
| Flood mitigation                     | 275          | 417   |
| Weed biosecurity                     | 725          | 771   |
| <b>External restrictions – other</b> | <b>6,039</b> | 4,755 |
| <b>Total external restrictions</b>   | <b>6,039</b> | 4,755 |

Cash, cash equivalents and investments subject to external restrictions are those which are only available for specific use by Council due to a restriction placed by legislation or third-party contractual agreement.

|  | 2024<br>\$ '000 | 2023<br>\$ '000 |
|--|-----------------|-----------------|
|--|-----------------|-----------------|

## (b) Internal allocations

|  |                 |          |
|--|-----------------|----------|
| <b>Cash, cash equivalents and investments not subject to external restrictions</b> | <b>28,172</b>   | 33,017   |
| Less: Internally restricted cash, cash equivalents and investments                 | <b>(25,443)</b> | (30,288) |
| <b>Unrestricted and unallocated cash, cash equivalents and investments</b>         | <b>2,729</b>    | 2,729    |

### Internal allocations

At 30 June, Council has internally allocated funds to the following:

|  |               |        |
|--|---------------|--------|
| Flood Fund   | 422           | 445    |
| Weeds Bio Fund                                     | 490           | 1,061  |
| Retail Water Fund                                  | 199           | 2,610  |
| Commercial Property Fund                           | 899           | 1,505  |
| Fleet Fund   | 316           | 1,093  |
| Bulk Fund - Building & structures                  | –             | 66     |
| Bulk Fund - Assets & programs                      | –             | 16,815 |
| Bulk Fund - Employees leave entitlement (Notional) | 2,845         | 2,394  |
| Bulk Fund - Electricity                            | –             | 2,611  |
| Bulk Fund - Office equipment & computers           | –             | 1,404  |
| Bulk Fund - REERP (Notional)                       | 345           | 284    |
| Bulk Fund  | 19,927        | –      |
| <b>Total internal allocations</b>                  | <b>25,443</b> | 30,288 |

Cash, cash equivalents and investments not subject to external restrictions may be internally allocated by resolution or policy of the elected Council.

| 2024 | 2023 |
|------|------|
|------|------|

## C1-3 Restricted and allocated cash, cash equivalents and investments (continued)

|  | <u>\$ '000</u>      | <u>\$ '000</u>      |
|--|---------------------|---------------------|
| (c) Unrestricted and unallocated   |                     |                     |
| <b>Unrestricted and unallocated cash, cash equivalents and investments</b> | <u><b>2,729</b></u> | <u><b>2,729</b></u> |

## C1-4 Receivables

|                                 | <b>2024</b>    | <b>2024</b>        | <b>2023</b>    | <b>2023</b>        |
|---------------------------------|----------------|--------------------|----------------|--------------------|
|                                 | <b>Current</b> | <b>Non-current</b> | <b>Current</b> | <b>Non-current</b> |
|                                 | <b>\$ '000</b> | <b>\$ '000</b>     | <b>\$ '000</b> | <b>\$ '000</b>     |
| User charges and fees           | 483            | –                  | 445            | –                  |
| Accrued revenues                |                |                    |                |                    |
| – Interest on investments       | 609            | –                  | 469            | –                  |
| – Other income accruals         | 1,587          | –                  | 1,274          | –                  |
| Finance lease receivable        | –              | –                  | 4              | –                  |
| Government grants and subsidies | 534            | –                  | 614            | –                  |
| Sundry debtors                  | 713            | –                  | 1,119          | –                  |
| Other debtors                   | 262            | –                  | 401            | –                  |
| <b>Total</b>                    | <b>4,188</b>   | <b>–</b>           | <b>4,326</b>   | <b>–</b>           |
| <b>Total net receivables</b>    | <b>4,188</b>   | <b>–</b>           | <b>4,326</b>   | <b>–</b>           |

### Material accounting policy information

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

#### Impairment

Impairment of financial assets measured at amortised cost is recognised on an expected credit loss (ECL) basis.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating ECL, the Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment, and including forward-looking information.

When considering the ECL, Council uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Council uses the presentation that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Council in full, without recourse by the Council to actions such as realising security (if any is held) or
- the financial assets are more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the entity in accordance with the contract, and the cash flows expected to be received. This is applied using a probability weighted approach.

On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Council uses the simplified approach for trade receivables where the expected lifetime credit losses are recognised on day 1.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

None of the receivables that have been written off are subject to enforcement activity.

Where the Council renegotiates the terms of receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.



## C1-5 Inventories

|   | <b>2024</b>    | <b>2024</b>        | <b>2023</b>    | <b>2023</b>        |
|---|----------------|--------------------|----------------|--------------------|
|   | <b>Current</b> | <b>Non-current</b> | <b>Current</b> | <b>Non-current</b> |
|   | <b>\$ '000</b> | <b>\$ '000</b>     | <b>\$ '000</b> | <b>\$ '000</b>     |
| <b>Inventories at cost</b>                  |                |                    |                |                    |
| Real estate for resale (refer to (i) below) | –              | 1,601              | –              | 1,158              |
| Stores and materials                        | 369            | 226                | 403            | 226                |
| <b>Total inventories at cost</b>            | <b>369</b>     | <b>1,827</b>       | <b>403</b>     | <b>1,384</b>       |
| <b>Total inventories</b>                    | <b>369</b>     | <b>1,827</b>       | <b>403</b>     | <b>1,384</b>       |

### (i) Real estate development

|                                     |          |              |          |              |
|-------------------------------------|----------|--------------|----------|--------------|
| Residential – undeveloped           | –        | 1,601        | –        | 1,158        |
| <b>Total real estate for resale</b> | <b>–</b> | <b>1,601</b> | <b>–</b> | <b>1,158</b> |

### Material accounting policy information

#### Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### Real estate held for resale/capitalisation of borrowing costs

Real estate held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed, borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of real estate held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

## C1-6 Infrastructure, property, plant and equipment

| By aggregated asset class                                  | At 1 July 2023        |   |                     | Asset movements during the reporting period |                      |                             |                      |   |           |  | At 30 June 2024                        |                       |   |                     |
|--|-----------------------|---|---------------------|---|----------------------|-----------------------------|----------------------|---|-----------|--|--|-----------------------|---|---------------------|
|  | Gross carrying amount | Accumulated depreciation and impairment | Net carrying amount | Additions renewals <sup>1</sup>             | Additions new assets | Carrying value of disposals | Depreciation expense | Impairment loss / revaluation decrements (recognised in equity) | Transfers | Revaluation decrements to equity (ARR) | Revaluation increments to equity (ARR) | Gross carrying amount | Accumulated depreciation and impairment | Net carrying amount |
|  | \$ '000               | \$ '000                                 | \$ '000             | \$ '000                                     | \$ '000              | \$ '000                     | \$ '000              | \$ '000   | \$ '000   | \$ '000                                | \$ '000                                | \$ '000               | \$ '000                                 | \$ '000             |
| Capital work in progress <sup>2</sup>                      | 5,576                 | –                                       | 5,576               | 1,392                                       | 3,458                | (1,577)                     | –                    | –   | (699)     | –                                      | –                                      | 8,150                 | –                                       | 8,150               |
| Plant and equipment  | 4,501                 | (2,679)                                 | 1,822               | 30  | 1,150                | (52)                        | (553)                | –   | –         | –                                      | –                                      | 5,390                 | (2,993)                                 | 2,397               |
| Office equipment   | 2,258                 | (1,933)                                 | 325                 | –   | 336                  | –                           | (132)                | –   | –         | –                                      | –                                      | 2,574                 | (2,045)                                 | 529                 |
| Furniture and fittings                                     | 492                   | (377)                                   | 115                 | –   | 2                    | –                           | (24)                 | –   | –         | –                                      | –                                      | 494                   | (401)                                   | 93                  |
| <b>Land:</b>   |                       |   |                     |   |                      |                             |                      |   |           |  |  |                       |   |                     |
| – Operational land   | 34,679                | –                                       | 34,679              | –   | –                    | –                           | –                    | –   | –         | (270)                                  | –                                      | 34,409                | –                                       | 34,409              |
| – Non-depreciable land improvements                        | 3,163                 | –                                       | 3,163               | –   | –                    | –                           | –                    | –   | –         | (69)                                   | –                                      | 3,094                 | –                                       | 3,094               |
| – Depreciable land improvements                            | 3,955                 | (1,642)                                 | 2,313               | –   | –                    | –                           | (80)                 | (40)  | –         | –                                      | 2                                      | 3,799                 | (1,600)                                 | 2,199               |
| <b>Infrastructure:</b>                                     |                       |   |                     |   |                      |                             |                      |   |           |  |  |                       |   |                     |
| – Buildings  | 15,072                | (4,862)                                 | 10,210              | 477   | 32                   | (33)                        | (292)                | –   | 2         | –                                      | 2,993                                  | 18,447                | (5,063)                                 | 13,384              |
| – Water supply network                                     | 541,385               | (174,404)                               | 366,981             | 2,886                                       | 755                  | (310)                       | (6,168)              | –   | 607       | –                                      | 18,341                                 | 572,610               | (189,517)                               | 383,093             |
| – Flood mitigation   | 160,121               | (16,268)                                | 143,853             | 240   | 76                   | (97)                        | (821)                | –   | 90        | –                                      | 7,438                                  | 168,834               | (18,054)                                | 150,780             |
| <b>Total infrastructure, property, plant and equipment</b> | <b>771,202</b>        | <b>(202,165)</b>                        | <b>569,037</b>      | <b>5,025</b>                                | <b>5,809</b>         | <b>(2,069)</b>              | <b>(8,070)</b>       | <b>(40)</b>   | <b>–</b>  | <b>(339)</b>                           | <b>28,774</b>                          | <b>817,801</b>        | <b>(219,673)</b>                        | <b>598,128</b>      |

(1) Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

(2) Carrying amount at 1 July 2022 has been restated due to a prior year error adjustment; refer to Note F4-1

## C1-6 Infrastructure, property, plant and equipment (continued)

| By aggregated asset class                                  | At 1 July 2022        |   |                     | Asset movements during the reporting period |                      |                             |                      |  |           |  |   | At 30 June 2023       |   |                     |
|--|-----------------------|---|---------------------|---|----------------------|-----------------------------|----------------------|--|-----------|--|---|-----------------------|---|---------------------|
|  | Gross carrying amount | Accumulated depreciation and impairment | Net carrying amount | Additions renewals <sup>1</sup>             | Additions new assets | Carrying value of disposals | Depreciation expense | Impairment loss / revaluation decrements (recognised in P/L) | Transfers | Revaluation decrements to equity (ARR) | Revaluation increments to equity (ARR) <sub>1</sub> | Gross carrying amount | Accumulated depreciation and impairment | Net carrying amount |
|  | \$ '000               | \$ '000                                 | \$ '000             | \$ '000                                     | \$ '000              | \$ '000                     | \$ '000              | \$ '000  | \$ '000   | \$ '000                                | \$ '000   | \$ '000               | \$ '000                                 | \$ '000             |
| Capital work in progress <sup>2</sup>                      | 4,290                 | –                                       | 4,290               | 1,619                                       | 2,079                | (554)                       | –                    | –  | (1,858)   | –                                      | –   | 5,576                 | –                                       | 5,576               |
| Plant and equipment  | 3,509                 | (2,435)                                 | 1,074               | –   | 1,185                | (45)                        | (391)                | –  | –         | –                                      | –   | 4,501                 | (2,679)                                 | 1,822               |
| Office equipment   | 2,070                 | (1,814)                                 | 256                 | –   | 240                  | (2)                         | (168)                | –  | –         | –                                      | –   | 2,258                 | (1,933)                                 | 325                 |
| Furniture and fittings                                     | 492                   | (353)                                   | 139                 | –   | –                    | –                           | (24)                 | –  | –         | –                                      | –   | 492                   | (377)                                   | 115                 |
| <b>Land:</b>   |                       |   |                     |   |                      |                             |                      |  |           |  |   |                       |   |                     |
| – Operational land   | 18,220                | –                                       | 18,220              | –   | –                    | (2)                         | –                    | –  | –         | –                                      | 16,461  | 34,679                | –                                       | 34,679              |
| Land improvements – non-depreciable                        | 2,951                 | –                                       | 2,951               | –   | –                    | –                           | –                    | –  | –         | –                                      | 212   | 3,163                 | –                                       | 3,163               |
| Land improvements – depreciable                            | 3,594                 | (969)                                   | 2,625               | 18  | –                    | –                           | (65)                 | –  | (82)      | (182)                                  | –   | 3,955                 | (1,642)                                 | 2,313               |
| <b>Infrastructure:</b>                                     |                       |   |                     |   |                      |                             |                      |  |           |  |   |                       |   |                     |
| – Buildings  | 13,429                | (4,191)                                 | 9,238               | –   | 142                  | –                           | (254)                | –  | 189       | –                                      | 895   | 15,072                | (4,862)                                 | 10,210              |
| – Water supply network                                     | 499,042               | (158,048)                               | 340,994             | 5,168                                       | 448                  | (432)                       | (5,778)              | (240)  | 596       | –                                      | 26,226  | 541,385               | (174,404)                               | 366,981             |
| – Flood mitigation   | 144,757               | (14,046)                                | 130,711             | –   | 24                   | (91)                        | (740)                | –  | 1,155     | –                                      | 12,792  | 160,121               | (16,268)                                | 143,853             |
| <b>Total infrastructure, property, plant and equipment</b> | <b>692,354</b>        | <b>(181,856)</b>                        | <b>510,498</b>      | <b>6,805</b>                                | <b>4,118</b>         | <b>(1,126)</b>              | <b>(7,420)</b>       | <b>(240)</b>   | <b>–</b>  | <b>(182)</b>                           | <b>56,586</b>                                       | <b>771,202</b>        | <b>(202,165)</b>                        | <b>569,037</b>      |

(1) Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

(2) Additions (renewals) and Carrying amount at 30 June 2022 have been restated due to the prior year error adjustment; refer to Note F4-1.

## C1-6 Infrastructure, property, plant and equipment (continued)

### Material accounting policy information

#### Initial recognition of infrastructure, property, plant and equipment (IPPE)

IPPE is measured initially at cost. Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable cost of bringing the asset to working condition for its intended use (inclusive of import duties and taxes).

When infrastructure, property, plant and equipment is acquired by Council at significantly below fair value, the assets are initially recognised at their fair value at acquisition date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

#### Useful lives of IPPE

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

|                                    | Useful lives |
|------------------------------------|--------------|
| Equipment, furniture and fittings  | 2 - 20 yrs   |
| Land                               | Infinite     |
| Land improvements                  | 5 - 20 yrs   |
| Infrastructure:                    |              |
| – Buildings and other structures   | 20 - 100 yrs |
| – Bulk earthworks                  | Infinite     |
| – Water supply network             | 15 - 150 yrs |
| – Open space / recreational assets | 5 - 20 yrs   |
| – Flood mitigation infrastructure  | 20 - 100 yrs |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

#### Revaluation model

Equipment, furniture and fittings are held at cost. All other infrastructure, property, plant and equipment is held at fair value. Comprehensive valuations are generally performed every 5 years, however the carrying amount of assets is assessed by Council at each reporting date to confirm that it is not materially different from current fair value.

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Department of Planning, Industry and Environment – Water. Flood mitigation assets have been indexed for 2023 based on indexation rates provided by an independent valuer while building assets have been indexed using Valuer General rates. Operational land, and site improvements have been comprehensively revalued for 2023 and as such no indexation has been applied.

Increases in the carrying amounts arising on revaluation are credited to the IPPE revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised as profit or loss. Decreases that reverse previous increases of assets in the same class are first charged against IPPE revaluation reserve to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

## C1-7 Intangible assets

Intangible assets are as follows:

|  | 2024<br>\$ '000 | 2023<br>\$ '000 |
|--|-----------------|-----------------|
|--|-----------------|-----------------|

### Software

#### Opening values at 1 July

|                  |       |       |
|------------------|-------|-------|
| Gross book value | 1,795 | 1,787 |
|------------------|-------|-------|

## C1-7 Intangible assets (continued)

|   | 2024<br>\$ '000 | 2023<br>\$ '000 |
|---|-----------------|-----------------|
| Accumulated amortisation                        | (1,342)         | (1,281)         |
| <b>Net book value – opening balance</b>         | <b>453</b>      | <b>506</b>      |
| <b>Movements for the year</b>                   |                 |                 |
| Purchases                                       | –               | 102             |
| Amortisation charges                            | (157)           | (155)           |
| Gross book value written off                    | (102)           | (94)            |
| Accumulated amortisation charges written off    | 41              | 94              |
| <b>Closing values at 30 June</b>                |                 |                 |
| Gross book value                                | 1,693           | 1,795           |
| Accumulated amortisation                        | (1,458)         | (1,342)         |
| <b>Total software – net book value</b>          | <b>235</b>      | <b>453</b>      |
| <b>Total intangible assets – net book value</b> | <b>235</b>      | <b>453</b>      |

**Material accounting policy information****IT development and software**

Software development costs include only those costs directly attributable to the development phase (including external direct costs of materials and services, direct payroll, and payroll-related costs of employees' time spent on the project) and are only recognised following completion of technical feasibility, and where the Council has an intention and ability to use the asset. Amortisation is calculated on a straight-line basis over periods generally ranging from three to ten years.

## C2 Leasing activities

### C2-1 Council as a lessee

Council has leases over buildings. Information relating to the leases in place and associated balances and transactions is provided below.

#### Buildings

Council leases land and buildings for their corporate office; the lease has recently been renewed and runs until 28 February 2025.

The building lease contains an annual pricing mechanism based on CPI movements at each anniversary of the lease inception.

#### Extension options

Council includes options in the building lease to provide flexibility and certainty to Council operations and reduce costs of moving premises; and the extension options are at Council's discretion.

At commencement date and each subsequent reporting date, Council assesses where it is reasonably certain that the extension options will be exercised.

There are no potential future lease payments which are not included in lease liabilities as Council has assessed that the exercise of the option is reasonably certain.

#### (a) Right of use assets

|  | <i>Administration<br/>building<br/>\$ '000</i> | <i>Total<br/>\$ '000</i> |
|--|--|--------------------------|
| <b>2024</b>  |  |                          |
| Opening balance at 1 July                            | 421  | 421                      |
| Adjustments due to re-measurement of lease liability | 82   | 82                       |
| Depreciation charge                                  | (246)  | (246)                    |
| <b>Balance at 30 June</b>                            | <b>257</b>                                     | <b>257</b>               |
| <b>2023</b>  |  |                          |
| Opening balance at 1 July                            | 34   | 34                       |
| Adjustments due to re-measurement of lease liability | 634  | 634                      |
| Depreciation charge                                  | (245)  | (245)                    |
| <b>Balance at 30 June</b>                            | <b>421</b>                                     | <b>421</b>               |

#### (b) Lease liabilities

|                                | <i>2024<br/>Current<br/>\$ '000</i> | <i>2024<br/>Non-current<br/>\$ '000</i> | <i>2023<br/>Current<br/>\$ '000</i> | <i>2023<br/>Non-current<br/>\$ '000</i> |
|--------------------------------|-------------------------------------|---|-------------------------------------|---|
| Lease liabilities              | 261                                 | -                                       | 257                                 | 164                                     |
| <b>Total lease liabilities</b> | <b>261</b>                          | <b>-</b>                                | <b>257</b>                          | <b>164</b>                              |

## C2-1 Council as a lessee (continued)

### (c) (i) The maturity analysis

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

|             | <i>&lt; 1 year</i><br>\$ '000 | <i>1 – 5 years</i><br>\$ '000 | <i>&gt; 5 years</i><br>\$ '000 | <i>Total</i><br>\$ '000 | <i>Total per<br/>Statement of<br/>Financial<br/>Position</i><br>\$ '000 |
|-------------|-------------------------------|-------------------------------|--------------------------------|-------------------------|---|
| <b>2024</b> |                               |                               |                                |                         |   |
| Cash Flows  | 261                           | –                             | –                              | 261                     | 261   |
| <b>2023</b> |                               |                               |                                |                         |   |
| Cash Flows  | 257                           | 164                           | –                              | 421                     | 421   |

### (d) Income Statement

The amounts recognised in the Income Statement relating to leases where Council is a lessee are shown below:

|   | <i>2024</i><br>\$ '000 | <i>2023</i><br>\$ '000 |
|---|------------------------|------------------------|
| Interest on lease liabilities                   | 9                      | 2                      |
| Depreciation of right of use assets             | 246                    | 246                    |
| Expenses relating to leases of low-value assets | 89                     | 94                     |
|   | <b>344</b>             | <b>342</b>             |

### (e) Statement of Cash Flows

|                               |            |            |
|-------------------------------|------------|------------|
| Total cash outflow for leases | 242        | 458        |
|                               | <b>242</b> | <b>458</b> |

### Material accounting policy information

At inception of a contract, Council assesses whether a lease exists – i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration?

Council has elected not to separate non-lease components from lease components for any class of asset and has accounted for payments as a single component.

At the lease commencement, Council recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where Council believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives received. The right-of-use is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Council's incremental borrowing rate for a similar term with similar security is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is re-measured when there is a lease modification, or change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI).

Where the lease liability is re-measured, the right-of-use asset is adjusted to reflect the re-measurement.

## C2-1 Council as a lessee (continued)

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### ***Exceptions to lease accounting***

Council has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.



## C2-2 Council as a lessor

### (a) Operating leases

Council leases out a number of properties; these leases have been classified as operating leases for financial reporting purposes and the assets are included in the Statement of Financial Position as:

– property, plant and equipment – where the rental is incidental, or the asset is held to meet Councils service delivery objective (refer note C1-6).

|  | <b>2024</b>    | <b>2023</b>    |
|--|----------------|----------------|
|  | <b>\$ '000</b> | <b>\$ '000</b> |

#### (i) Assets held as investment property

Investment property operating leases relate to Council owned buildings not required for the operations of Council business.

The amounts recognised in the Income Statement relating to operating leases where Council is a lessor are shown below

#### Operating lease expenses

##### Repairs and maintenance: investment property

#### (ii) Assets held as property, plant and equipment

Council provides operating leases on Council land and buildings that are currently not required for operational purposes.

|  |            |     |
|--|------------|-----|
| Lease income (excluding variable lease payments not dependent on an index or rate) | <b>147</b> | 130 |
| <b>Total income relating to operating leases for Council assets</b>                | <b>147</b> | 130 |
| <b>Other leased assets expenses</b>  |            |     |
| Other  | <b>107</b> | 97  |
| <b>Total expenses relating to other leases assets</b>                              | <b>107</b> | 97  |

#### (iii) Maturity analysis of undiscounted lease payments to be received after reporting date for all operating leases:

Maturity analysis of future lease income receivable showing the undiscounted lease payments to be received after reporting date for operating leases:

|   |            |     |
|---|------------|-----|
| < 1 year  | <b>112</b> | 180 |
| <b>Total undiscounted lease payments to be received</b> | <b>112</b> | 180 |

## C2-2 Council as a lessor (continued)

### (b) Finance leases

|  | <b>2024</b>    | <b>2023</b>    |
|--|----------------|----------------|
|  | <b>\$ '000</b> | <b>\$ '000</b> |

Council has sub-leased a section of the Administration building and has classified this as finance leases since the sub-lease is for the remaining life of the Council's lease to the building.

|   |           |           |
|---|-----------|-----------|
| Finance income on the net investment in the lease | <b>81</b> | <b>65</b> |
| <b>Total Income relating to finance leases</b>    | <b>81</b> | <b>65</b> |

#### **Maturity analysis of undiscounted lease payments to be received after reporting date for finance leases:**

|  |           |           |
|--|-----------|-----------|
| < 1 year                               | <b>47</b> | <b>74</b> |
| <b>Total lease payments receivable</b> | <b>47</b> | <b>74</b> |

|                                    |          |          |
|------------------------------------|----------|----------|
| <b>Net investment in the lease</b> | <b>-</b> | <b>4</b> |
|------------------------------------|----------|----------|

#### **Material accounting policy information**

When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

When Council has a sub-lease over an asset and is the intermediate lessor then the head lease and sub-lease are accounted for separately. The classification of the sub-lease is based on the right-of-use asset which arises from the head lease rather than the useful life of the underlying asset.

If the lease contains lease and non-lease components, the non-lease components are accounted for in accordance with AASB 15 *Revenue from Contracts with Customers*.

The lease income is recognised on a straight-line basis over the lease term for an operating lease and as finance income using amortised cost basis for finance leases.

## C3 Liabilities of Council

### C3-1 Payables

|                       | <b>2024</b><br><b>Current</b><br><b>\$ '000</b> | <b>2024</b><br><b>Non-current</b><br><b>\$ '000</b> | <b>2023</b><br><b>Current</b><br><b>\$ '000</b> | <b>2023</b><br><b>Non-current</b><br><b>\$ '000</b> |
|-----------------------|---|---|---|---|
| Goods and services    | 1,025   | –   | 1,367   | –   |
| Capital creditors     | 777   | –   | 1,284   | –   |
| Accrued expenses:     |   |   |   |   |
| – Borrowings          | 160   | –   | 201   | –   |
| – Salaries and wages  | 236   | –   | 265   | –   |
| Accrued expenses      | 1,208   | –   | 481   | –   |
| <b>Total payables</b> | <b>3,406</b>                                    | <b>–</b>  | <b>3,598</b>                                    | <b>–</b>  |

#### Material accounting policy information

Council measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

Payables represent liabilities for goods and services provided to Council prior to the end of financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition

### C3-2 Contract Liabilities

|  | <b>2024</b><br><b>Current</b><br><b>\$ '000</b> | <b>2024</b><br><b>Non-current</b><br><b>\$ '000</b> | <b>2023</b><br><b>Current</b><br><b>\$ '000</b> | <b>2023</b><br><b>Non-current</b><br><b>\$ '000</b> |
|--|---|---|---|---|
| Funds held on behalf of other Government departments               | 508   | –   | 508   | –   |
| Unexpended capital grants (to construct Council controlled assets) | 873   | –   | –   | –   |
| <b>Total contract liabilities</b>                                  | <b>1,381</b>                                    | <b>–</b>  | <b>508</b>                                      | <b>–</b>  |

#### Material accounting policy information

Contract liabilities are recorded when consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

## C3-3 Borrowings

|                         | 2024<br>Current<br>\$ '000 | 2024<br>Non-current<br>\$ '000 | 2023<br>Current<br>\$ '000 | 2023<br>Non-current<br>\$ '000 |
|-------------------------|----------------------------|--------------------------------|----------------------------|--------------------------------|
| Loans – secured         | 3,870                      | 17,660                         | 3,825                      | 21,530                         |
| <b>Total borrowings</b> | <b>3,870</b>               | <b>17,660</b>                  | <b>3,825</b>               | <b>21,530</b>                  |

### (a) Changes in liabilities arising from financing activities

|  | 2023                          |                       | Non-cash movements     |                                  |   |                                       | 2024                          |
|--|-------------------------------|-----------------------|------------------------|----------------------------------|---|---------------------------------------|-------------------------------|
|  | Opening<br>Balance<br>\$ '000 | Cash flows<br>\$ '000 | Acquisition<br>\$ '000 | Fair value<br>changes<br>\$ '000 | Acquisition due to change<br>in accounting<br>policy<br>\$ '000 | Other non-cash<br>movement<br>\$ '000 | Closing<br>balance<br>\$ '000 |
| Loans – secured                                    | 25,355                        | (3,825)               | –                      | –                                | –   | –                                     | 21,530                        |
| Lease liability (Note C2-1b)                       | 421                           | (242)                 | –                      | 82                               | –   | –                                     | 261                           |
| <b>Total liabilities from financing activities</b> | <b>25,776</b>                 | <b>(4,067)</b>        | <b>–</b>               | <b>82</b>                        | <b>–</b>  | <b>–</b>                              | <b>21,791</b>                 |

|  | 2022                          |                       | Non-cash movements     |                                  |   |                                       | 2023                       |
|--|-------------------------------|-----------------------|------------------------|----------------------------------|---|---------------------------------------|----------------------------|
|  | Opening<br>Balance<br>\$ '000 | Cash flows<br>\$ '000 | Acquisition<br>\$ '000 | Fair value<br>changes<br>\$ '000 | Acquisition due to change<br>in accounting<br>policy<br>\$ '000 | Other non-cash<br>movement<br>\$ '000 | Closing balance<br>\$ '000 |
| Loans – secured                                    | 28,960                        | (3,605)               | –                      | –                                | –   | –                                     | 25,355                     |
| Lease liability (Note C2-1b)                       | 50                            | –                     | –                      | 371                              | –   | –                                     | 421                        |
| <b>Total liabilities from financing activities</b> | <b>29,010</b>                 | <b>(3,605)</b>        | <b>–</b>               | <b>371</b>                       | <b>–</b>  | <b>–</b>                              | <b>25,776</b>              |

### (b) Financing arrangements

|  | 2024<br>\$ '000 | 2023<br>\$ '000 |
|--|-----------------|-----------------|
|--|-----------------|-----------------|

#### Total facilities

Total financing facilities available to Council at the reporting date are:

|  |            |            |
|--|------------|------------|
| Bank overdraft facilities <sup>1</sup> | 100        | 100        |
| Credit cards/purchase cards            | 70         | 110        |
| <b>Total financing arrangements</b>    | <b>170</b> | <b>210</b> |

#### Drawn facilities

Financing facilities drawn down at the reporting date are:

##### Undrawn facilities

Undrawn financing facilities available to Council at the reporting date are:

|   |            |            |
|---|------------|------------|
| – Bank overdraft facilities                 | 100        | 100        |
| – Credit cards/purchase cards               | 67         | 110        |
| <b>Total undrawn financing arrangements</b> | <b>167</b> | <b>210</b> |

(1) The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

#### Material accounting policy information

Council measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

### C3-3 Borrowings (continued)

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Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or borrowing costs.

## C3-4 Employee benefit provisions

|  | <b>2024</b>    | <b>2024</b>        | <b>2023</b>    | <b>2023</b>        |
|--|----------------|--------------------|----------------|--------------------|
|  | <b>Current</b> | <b>Non-current</b> | <b>Current</b> | <b>Non-current</b> |
|  | <b>\$ '000</b> | <b>\$ '000</b>     | <b>\$ '000</b> | <b>\$ '000</b>     |
| Annual leave                             | 938            | –                  | 838            | –                  |
| Long service leave                       | 1,649          | 197                | 1,488          | 68                 |
| TIL                                      | 61             | –                  | 41             | –                  |
| <b>Total employee benefit provisions</b> | <b>2,648</b>   | <b>197</b>         | <b>2,367</b>   | <b>68</b>          |

### Current employee benefit provisions not anticipated to be settled within the next twelve months

|  | <b>2024</b>    | <b>2023</b>    |
|--|----------------|----------------|
|  | <b>\$ '000</b> | <b>\$ '000</b> |
|  | <b>1,672</b>   | <b>1,895</b>   |

The following provisions, even though classified as current, are not expected to be settled in the next 12 months.

|                                 |              |              |
|---------------------------------|--------------|--------------|
| Provisions – employees benefits | <b>1,672</b> | <b>1,895</b> |
|                                 | <b>1,672</b> | <b>1,895</b> |

### Material accounting policy information

Employee benefit provisions are presented as current liabilities in the Statement of Financial Position if Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur and therefore all annual leave and vested long service leave (or that which vests within 12 months) is presented as current.

### Short-term obligations

Liabilities for wages and salaries (including non-monetary benefits and annual leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service) are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

### Other long-term employee benefit obligations

The liability for long-service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

### On-costs

The employee benefit provisions include the aggregate on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include superannuation, payroll tax and workers compensation expenses which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

## C4 Reserves

### C4-1 Nature and purpose of reserves

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#### **IPPE Revaluation reserve**

The infrastructure, property, plant and equipment (IPPE) revaluation reserve is used to record increments and decrements in the revaluation of infrastructure, property, plant and equipment.

## D Risks and accounting uncertainties

### D1-1 Risks relating to financial instruments held

Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance team manages the cash and Investments portfolio with the assistance of independent advisors. Council has an investment policy which complies with the s 625 of the Act and the Ministerial Investment Order. The policy is regularly reviewed by Council and a monthly investment report is provided to Council setting out the make-up performance of the portfolio as required by local government regulations.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance team under policies approved by the Councillors.

The fair value of Council's financial assets and financial liabilities approximates their carrying amount.

The risks associated with the financial instruments held are:

- Market risk – interest rate risk – the risk that movements in interest rates could affect returns
- liquidity risk – the risk that Council will not be able to pay its debts as and when they fall due.
- credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument, resulting in a financial loss to the Council.

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers before placing any cash and investments.

#### (a) Market risk – interest rate and price risk

|  | 2024    | 2023    |
|--|---------|---------|
|  | \$ '000 | \$ '000 |

The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.

|   |     |     |
|---|-----|-----|
| Impact of a 1% movement in interest rates |     |     |
| – Equity / Income Statement               | 342 | 377 |

#### (b) Credit risk

Council's major receivables comprise user charges and fees, contributions from constituent councils and sundry debtors.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on debtors.

There are no material receivables that have been subjected to a re-negotiation of repayment terms.

#### Receivables

Council applies the simplified approach to provide for expected credit losses, which permits the use of the lifetime expected loss provision at inception. To measure the expected credit losses debtors have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance provision is determined as follows. The expected credit losses incorporate forward-looking information.



## D1-1 Risks relating to financial instruments held (continued)

|                        | <i>Not yet<br/>overdue<br/>\$ '000</i> | <i>0 - 30 days<br/>\$ '000</i> | <i>Overdue debts</i>            |                                 |                                 | <i>Total<br/>\$ '000</i> |
|------------------------|--|--------------------------------|---------------------------------|---------------------------------|---------------------------------|--------------------------|
|                        |  |                                | <i>31 - 60 days<br/>\$ '000</i> | <i>61 - 90 days<br/>\$ '000</i> | <i>&gt; 91 days<br/>\$ '000</i> |                          |
| <b>2024</b>            |  |                                |                                 |                                 |                                 |                          |
| Gross carrying amount  | 3,605                                  | 256                            | 114                             | 97                              | 116                             | 4,188                    |
| Expected loss rate (%) | 0.00%                                  | 0.00%                          | 0.00%                           | 0.00%                           | 0.00%                           | 0.00%                    |
| ECL provision          | –                                      | –                              | –                               | –                               | –                               | –                        |
| <b>2023</b>            |  |                                |                                 |                                 |                                 |                          |
| Gross carrying amount  | 3,559                                  | 584                            | 71                              | 24                              | 88                              | 4,326                    |
| Expected loss rate (%) | 0.00%                                  | 0.00%                          | 0.00%                           | 0.00%                           | 27.37%                          | 0.56%                    |
| ECL provision          | –                                      | –                              | –                               | –                               | 24                              | 24                       |

## (c) Liquidity risk

Payables, lease liabilities and borrowings are both subject to liquidity risk; that is, the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Council manages this risk by monitoring its cash flow requirements and liquidity levels, and by maintaining an adequate cash buffer. Payment terms can be extended, and overdraft facilities drawn upon in extenuating circumstances.

Borrowings are also subject to interest rate risk: the risk that movements in interest rates could adversely affect funding costs. Council manages this risk through diversification of borrowing types, maturities and interest rate structures.

The finance team regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

The timing of cash flows presented in the table below to settle financial liabilities reflects the earliest contractual settlement dates. The timing of expected outflows is not expected to be materially different from contracted cashflows.

The amounts disclosed in the table are the undiscounted contracted cash flows for non-lease liabilities (refer to Note C2-1(b) for lease liabilities) and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

|                                    | <i>Weighted<br/>average<br/>interest<br/>rate<br/>%</i> | <i>Subject<br/>to no<br/>maturity<br/>\$ '000</i> | <i>payable in:</i>          |                                    |                                 | <i>Total cash<br/>outflows<br/>\$ '000</i> | <i>Actual<br/>carrying<br/>values<br/>\$ '000</i> |
|------------------------------------|---|---|-----------------------------|------------------------------------|---------------------------------|--|---|
|                                    |   |   | <i>≤ 1 Year<br/>\$ '000</i> | <i>1 - 5<br/>Years<br/>\$ '000</i> | <i>&gt; 5 Years<br/>\$ '000</i> |  |   |
| <b>2024</b>                        |   |   |                             |                                    |                                 |  |   |
| Payables                           | 0.00%   | –   | 3,406                       | –                                  | –                               | 3,406                                      | 3,406   |
| Borrowings                         | 5.88%   | –   | 4,770                       | 10,366                             | 10,516                          | 25,652                                     | 21,530  |
| <b>Total financial liabilities</b> |   | <b>–</b>  | <b>8,176</b>                | <b>10,366</b>                      | <b>10,516</b>                   | <b>29,058</b>                              | <b>24,936</b>                                     |
| <b>2023</b>                        |   |   |                             |                                    |                                 |  |   |
| Payables                           | 0.00%   | –   | 3,598                       | –                                  | –                               | 3,598                                      | 3,598   |
| Borrowings                         | 6.02%   | –   | 4,955                       | 14,260                             | 11,393                          | 30,608                                     | 25,355  |
| <b>Total financial liabilities</b> |   | <b>–</b>  | <b>8,553</b>                | <b>14,260</b>                      | <b>11,393</b>                   | <b>34,206</b>                              | <b>28,953</b>                                     |

## D2-1 Fair value measurement

The Council measures the following asset and liability classes at fair value on a recurring basis:

- Infrastructure, property, plant and equipment
- Investment property

### Fair value hierarchy

All assets and liabilities measured at fair value are assigned to a level in the fair value hierarchy as follows:

**Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date

**Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly

**Level 3:** Unobservable inputs for the asset or liability

The table below shows the assigned level for each asset and liability held at fair value by Council:

| \$ '000  | Notes | Fair value measurement hierarchy |          |                                       |          |   |                |                |                |
|--|-------|----------------------------------|----------|---------------------------------------|----------|---|----------------|----------------|----------------|
|  |       | Date of latest valuation         |          | Level 2 Significant observable inputs |          | Level 3 Significant unobservable inputs |                | Total          |                |
|  |       | 2024                             | 2023     | 2024                                  | 2023     | 2024                                    | 2023           | 2024           | 2023           |
| <b>Recurring fair value measurements</b>                   |       |                                  |          |                                       |          |   |                |                |                |
| <b>Infrastructure, property, plant and equipment</b>       |       |                                  |          |                                       |          |   |                |                |                |
|  | C1-6  |                                  |          |                                       |          |   |                |                |                |
| Buildings  |       | 01/07/23                         | 01/07/23 | –                                     | –        | 13,384                                  | 10,210         | 13,384         | 10,210         |
| Land   |       | 01/07/22                         | 01/07/22 | –                                     | –        | 34,410                                  | 34,679         | 34,410         | 34,679         |
| Non-depreciable land improvements                          |       | 01/07/22                         | 01/07/22 | –                                     | –        | 3,094                                   | 3,163          | 3,094          | 3,163          |
| Depreciable land improvements                              |       | 01/07/22                         | 01/07/22 | –                                     | –        | 2,198                                   | 2,313          | 2,198          | 2,313          |
| Water infrastructure: water distribution assets            |       | 31/12/21                         | 31/12/21 | –                                     | –        | 200,498                                 | 190,671        | 200,498        | 190,671        |
| Water infrastructure: dams and treatment assets            |       | 31/12/21                         | 31/12/21 | –                                     | –        | 182,594                                 | 176,309        | 182,594        | 176,309        |
| Flood mitigation infrast.                                  |       | 23/06/20                         | 23/06/20 | –                                     | –        | 150,780                                 | 143,853        | 150,780        | 143,853        |
| <b>Total infrastructure, property, plant and equipment</b> |       |                                  |          | <b>–</b>                              | <b>–</b> | <b>586,958</b>                          | <b>561,198</b> | <b>586,958</b> | <b>561,198</b> |

### Valuation techniques

Where Council is unable to derive fair valuations using quoted market prices of identical assets (ie. level 1 inputs) Council instead utilises a spread of both observable inputs (level 2 inputs) and unobservable inputs (level 3 inputs).

#### Level 3 measurements

Valuation techniques

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various Level 3 asset class fair values.

| Class  | Valuation Technique(s) | Unobservable Inputs  |
|--|------------------------|--|
| IPPE   |                        |  |
| Plant, equipment, furniture, fittings and office equipment | Cost approach          | Current replacement cost of modern equivalent asset, asset condition, useful life and residual value |

## D2-1 Fair value measurement (continued)

|   |   |   |
|---|---|---|
| Operational land                                | Market approach<br>Land values obtained from the NSW Valuer-General | Price per square metre<br>A NSW Valuer-General indexation factor of between - 17.8% and 20.8% has been applied to this asset class resulting in a revaluation decrement of \$270k.  |
| Non-depreciable land improvements               | Cost approach<br>Land values obtained from the NSW Valuer-General   | Patterns of consumption, asset conditions and remaining useful lives.<br>A NSW Valuer-General indexation factor of -2.20% has been applied to this asset class resulting in a revaluation decrement of \$70k.                 |
| Depreciable land improvements                   | Cost approach   | Patterns of consumption, asset conditions and remaining useful lives.<br>A NSW Valuer-General indexation factor of between -18.1% and 3.8% has been applied to this asset class resulting in a revaluation increment of \$2k. |
| Buildings                                       | Cost approach<br>NSW building construction index                    | Patterns of consumption, asset conditions and remaining useful lives.<br>A comprehensive revaluation resulted in a revaluation increment of \$2.9M for the year ended 30 June 2024.   |
| Water infrastructure: water distribution assets | Cost approach<br>NSW water supply and sewerage construction index   | Asset condition, remaining lives using componentisation<br>A NSW water supply and sewerage construction indexation factor of 5.07% have been applied to this asset class resulting in a revaluation increment of \$9.8M.      |
| Water infrastructure: dams and treatment assets | Cost approach<br>NSW water supply and sewerage construction index   | Asset condition, remaining lives using componentisation<br>A NSW water supply and sewerage construction indexation factor of 5.07% have been applied to this asset class resulting in a revaluation increment of \$8.5M.      |
| Flood mitigation infrastructure                 | Cost approach<br>Independent cost indices                           | Asset condition, remaining lives using componentisation<br>Independent cost indexation factors of between 4.2% and 13.6% have been applied to this asset class resulting in a revaluation increment of \$7.4M.                |

The fair valuation techniques Council has employed while utilising level 2 and level 3 inputs are as follows:

### Infrastructure, property, plant and equipment (IPPE)

For land, buildings and infrastructure council generally obtains external valuations by independent valuers every five years. The last revaluation was performed by:

## D2-1 Fair value measurement (continued)

- Buildings – APV Valuers & Asset Management for the 2023/24 financial year. APV Valuers & Asset Management is an independent entity and is not an employee of Council.
- Land & Site Improvements – APV Valuers & Asset Management for the 2022/23 financial year. APV Valuers & Asset Management is an independent entity and is not an employee of Council.
- Water Infrastructure – APV Valuers & Asset Management for the 2021/22 financial year. APV Valuers & Asset Management is an independent entity and is not an employee of Council.
- Flood Mitigation Infrastructure – Assetic for the 2019/20 financial year. Assetic is an independent entity and is not an employee of Council.

At the end of each reporting period a fair value assessment is made on any movements since the last revaluation, and a determination as to whether any adjustments need to be made. These adjustments are made by way of application of indices.

In accordance with AASB 13 Fair Value Measurement no assets have been found to have a higher and better use than their current use. Highest and best use takes account of use that is physically possible, legally permissible and financially feasible.

The following non-current assets categorised above have been measured as either level 2 or level 3 based on the following valuation techniques and inputs:

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the Council considers information from a variety of sources, including:

- Current prices in an active market for properties of a different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences.
- Discounted cash flow projections based on reliable estimates of future cash flows.
- Capitalised income projections based on a property's estimated not market income, and a capitalisation rate derived from an analysis of market evidence.

All resulting fair value estimates for properties are included in level 3.

Specialised buildings were valued using the cost approach using professionally qualified Registered Valuers. The approach estimated replacement cost for each building componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres could be supported from market evidence (level 2) other inputs (such as estimates of useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

Newly Completed Buildings are categorised as level 2, as the initial measurement is recognised at cost and is represented accordingly until subject to revaluation. This is considered appropriate as, once assets are brought into use, there is no longer an identical correlation with the "shelf product". Council did not have any of these assets at reporting date.

For infrastructure, many assets are of a specialised nature or use, and thus the most appropriate valuation method is current replacement cost. These assets are included as Level 3 as these assets have a high level of unobservable inputs.

For non-specialised assets with short useful lives, AASB 13 allows recognition at depreciated historical cost as an acceptable surrogate for fair value as differences are considered immaterial.

### Water Infrastructure Assets

Council's water infrastructure assets include Distributions Assets (such as water pipelines), Treatment Assets (such as treatment plants) and Source Assets (such as Rocky Creek Dam) and Catchment Assets.

These assets are valued by an external valuer every 5 years using the cost approach.

In between full revaluations, these assets are indexed each year in line with the NSW Reference Rates Manuals as published by the NSW Office of Water.

Whilst the units rates based on linear metres of certain diameter pipes and prices per unit per pit or similar capacity can be supported by market evidence (Level 2), other inputs (such as estimates or residual value, useful life, pattern of consumption and asset condition) require extensive professional judgement and impact significantly on the final determination of fair value. As such, this asset class is classified as being valued using Level 3 inputs. There has been no change to the valuation process during the reporting period.

## D2-1 Fair value measurement (continued)

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The current replacement cost of each asset is calculated to assess fair value. The current replacement cost of the individual infrastructure assets is assessed by referencing to building costs in external publications such as the Rawlinson's Australian Construction Handbook and with allowances made for the regional locations as well as internal project costs for similar assets. The useful economic life of the assets is assessed in accordance with Council's Asset Capitalisation Policy as described in Note A1-1. The remaining economic life is assessed based upon physical depreciation and obsolescence. The council provides details to the valuer, of any known structural faults and future planning which may involve the demolition or removal of an asset. Any new assets constructed in between full revaluation years are included and where refurbishment has been undertaken the capital expenditure is reflected in the remaining life of the asset.

Construction costs used to establish gross replacement cost are not expected to have significant variations, unless new construction is impacted by building/construction variations. Sensitivity to changes in unobservable inputs may significantly impact on fair value. Council's exposure to sensitivity of the unobservable inputs is generally limited to the projected increase in infrastructure construction costs which has historically been in the range of 2-5% per annum. Disclosure of additional quantitative information about significant unobservable inputs is considered immaterial.

### **Flood Mitigation Infrastructure**

The current replacement cost of each asset is calculated to assess fair value. The current replacement cost of the individual infrastructure assets is assessed by referencing to building costs in external publications such as the Rawlinson's Australian Construction Handbook and with allowances made for the regional locations as well as internal project costs for similar assets. The useful economic life of the assets is assessed in accordance with Council's Asset Capitalisation Policy as described in Note A1-1. The remaining economic life is assessed based upon physical depreciation and obsolescence. The council provides details to the valuer, of any known structural faults and future planning which may involve the demolition or removal of an asset. Any new assets constructed in between full revaluation years are included and where refurbishment has been undertaken the capital expenditure is reflected in the remaining life of the asset.

Construction costs used to establish gross replacement cost are not expected to have significant variations, unless new construction is impacted by building/construction variations. The Council is not aware of any sensitivity to changes in unobservable inputs that may significantly impact on fair value.

## D2-1 Fair value measurement (continued)

## Fair value measurements using significant unobservable inputs (level 3)

A reconciliation of the movements in recurring fair value measurements allocated to Level 3 of the hierarchy is provided below:

|   | <i>Buildings</i> |                | <i>Land</i>    |                | <i>Non-deprec. Land improv.</i> |                | <i>Deprec. Land improv.</i> |                |
|---|------------------|----------------|----------------|----------------|---------------------------------|----------------|-----------------------------|----------------|
|   | <i>2024</i>      | <i>2023</i>    | <i>2024</i>    | <i>2023</i>    | <i>2024</i>                     | <i>2023</i>    | <i>2024</i>                 | <i>2023</i>    |
|   | <i>\$ '000</i>   | <i>\$ '000</i> | <i>\$ '000</i> | <i>\$ '000</i> | <i>\$ '000</i>                  | <i>\$ '000</i> | <i>\$ '000</i>              | <i>\$ '000</i> |
| <b>Opening balance</b>                      | <b>10,210</b>    | 9,238          | <b>34,679</b>  | 18,220         | <b>3,163</b>                    | 2,951          | <b>2,313</b>                | 2,625          |
| <b>Total gains or losses for the period</b> |                  |                |                |                |                                 |                |                             |                |
| Recognised in other comprehensive income    |                  |                |                |                |                                 |                |                             |                |
| – revaluation surplus                       | <b>2,992</b>     | 895            | <b>(270)</b>   | 16,461         | <b>(69)</b>                     | 212            | <b>(38)</b>                 | (183)          |
| <b>Other movements</b>                      |                  |                |                |                |                                 |                |                             |                |
| Transfers from/(to) another asset class     | <b>2</b>         | 189            | –              | –              | –                               | –              | –                           | (82)           |
| Purchases (GBV)                             | <b>508</b>       | 142            | –              | –              | –                               | –              | –                           | 18             |
| Disposals (WDV)                             | <b>(32)</b>      | –              | –              | (2)            | –                               | –              | –                           | –              |
| Depreciation and impairment                 | <b>(296)</b>     | (254)          | –              | –              | –                               | –              | <b>(77)</b>                 | (65)           |
| <b>Closing balance</b>                      | <b>13,384</b>    | 10,210         | <b>34,409</b>  | 34,679         | <b>3,094</b>                    | 3,163          | <b>2,198</b>                | 2,313          |

  

|  | <i>Water distribution</i> |                | <i>Water dams &amp; treatment</i> |                | <i>Flood mitigation</i> |                | <i>Total</i>   |                |
|--|---------------------------|----------------|-----------------------------------|----------------|-------------------------|----------------|----------------|----------------|
|  | <i>2024</i>               | <i>2023</i>    | <i>2024</i>                       | <i>2023</i>    | <i>2024</i>             | <i>2023</i>    | <i>2024</i>    | <i>2023</i>    |
|  | <i>\$ '000</i>            | <i>\$ '000</i> | <i>\$ '000</i>                    | <i>\$ '000</i> | <i>\$ '000</i>          | <i>\$ '000</i> | <i>\$ '000</i> | <i>\$ '000</i> |
| <b>Opening balance</b>                   | <b>190,671</b>            | 174,679        | <b>176,309</b>                    | 166,314        | <b>143,852</b>          | 130,711        | <b>561,197</b> | 504,738        |
| Recognised in other comprehensive income |                           |                |                                   |                |                         |                |                |                |
| – revaluation surplus                    | <b>9,817</b>              | 13,403         | <b>8,523</b>                      | 12,823         | <b>7,438</b>            | 12,792         | <b>28,393</b>  | 56,403         |
| Transfers from/(to) another asset class  | <b>177</b>                | 219            | <b>431</b>                        | 377            | <b>90</b>               | 1,155          | <b>700</b>     | 1,858          |
| Purchases (GBV)                          | <b>2,733</b>              | 5,437          | <b>908</b>                        | 178            | <b>317</b>              | 24             | <b>4,466</b>   | 5,799          |
| Disposals (WDV)                          | <b>(113)</b>              | (303)          | <b>(196)</b>                      | (129)          | <b>(96)</b>             | (90)           | <b>(437)</b>   | (524)          |
| Depreciation and impairment              | <b>(2,787)</b>            | (2,764)        | <b>(3,381)</b>                    | (3,254)        | <b>(821)</b>            | (740)          | <b>(7,362)</b> | (7,077)        |
| <b>Closing balance</b>                   | <b>200,498</b>            | 190,671        | <b>182,594</b>                    | 176,309        | <b>150,780</b>          | 143,852        | <b>586,957</b> | <b>561,197</b> |

## D2-1 Fair value measurement (continued)

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### Highest and best use

All of Council's non-financial assets are considered as being utilised for their highest and best use.

## D3-1 Contingencies

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but their knowledge and disclosure is considered relevant to the users of Council's financial report.

### LIABILITIES NOT RECOGNISED

#### 1. Guarantees

##### (i) Defined benefit superannuation contribution plans

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named The Local Government Superannuation Scheme – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a 'multi-employer fund' for purposes of AASB119 Employee Benefits for the following reasons:

- Assets are not segregated within the sub-group according to the employees of each sponsoring employer.
- The contribution rates have been the same for all sponsoring employers. That is, contribution rates have not varied for each sponsoring employer according to the experience relating to the employees of that sponsoring employer.
- Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer.
- The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

Given the factors above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers, and hence shares in the associated gains and losses (to the extent that they are not borne by members).

##### *Description of the funding arrangements.*

Pooled Employers are required to pay future service employer contributions and past service employer contributions to the Fund.

The future service employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working life-time of a typical new entrant is calculated. The current future service employer contribution rates are:

|            |   |
|------------|---|
| Division B | 1.9 times member contributions for non-180 Point Members;<br>Nil for 180 Point Members* |
| Division C | 2.5% salaries   |
| Division D | 1.64 times member contributions   |

\* For 180 Point Members, Employers are required to contribute 8.5% of salaries for the year ending 30 June 2024 (increasing to 9.0% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$20.0 million for 1 July 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2023. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

The adequacy of contributions is assessed at each triennial actuarial investigation and monitored annually between triennials.

##### *Description of the extent to which Council can be liable to the plan for other Council's obligations under the terms and conditions of the multi-employer plan*

As stated above, each sponsoring employer (Council) is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses.

However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding additional contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the Council.

There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up.

There is no provision for allocation of any surplus which may be present at the date of withdrawal of an employer.



## D3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2024 was \$45,053.69. The last valuation of the Scheme was performed by the Fund Actuary, Richard Boyfield FIAA, and covers the period ended 30 June 2023.

Council's expected contribution to the plan for the next annual reporting period is \$52,426.92.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2024 is:

| <b>Employer reserves only *</b> | <b>\$millions</b> | <b>Asset Coverage</b> |
|---------------------------------|-------------------|-----------------------|
| Assets                          | 2,237.5           |                       |
| Past Service Liabilities        | 2,141.9           | 104.5%                |
| Vested Benefits                 | 2,159.8           | 103.6%                |

\* excluding member accounts and reserves in both assets and liabilities.

The key economic long term assumptions used to calculate the present value of accrued benefits are:

|                    |  |
|--------------------|--|
| Investment return  | 6.0% per annum                                 |
| Salary inflation * | 3.5% per annum                                 |
| Increase in CPI    | 3.5% for FY 23/24<br>2.5% per annum thereafter |

\* Plus promotional increases

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group.

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review will be completed by December 2024.

## E People and relationships

### E1 Related party disclosures

#### E1-1 Key management personnel (KMP)

Key management personnel (KMP) of the council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly.

The aggregate amount of KMP compensation included in the Income Statement is:

|                          | <b>2024</b>    | 2023       |
|--------------------------|----------------|------------|
|                          | <b>\$ '000</b> | \$ '000    |
| <b>Compensation:</b>     |                |            |
| Short-term benefits      | 410            | 361        |
| Post-employment benefits | 40             | 41         |
| Other long-term benefits | 12             | 10         |
| <b>Total</b>             | <b>462</b>     | <b>412</b> |

#### E1-2 Councillor and Chairperson fees and associated expenses

|  | <b>2024</b>    | 2023    |
|--|----------------|---------|
|  | <b>\$ '000</b> | \$ '000 |

The aggregate amount of Councillor and Chairperson fees and associated expenses included in materials and services expenses in the Income Statement are:

|   |            |            |
|---|------------|------------|
| Chairperson's fee                         | 18         | 17         |
| Councillors' fees                         | 96         | 94         |
| Councillors' (incl. Chairperson) expenses | 13         | 23         |
| <b>Total</b>                              | <b>127</b> | <b>134</b> |

## E2 Other relationships

### E2-1 Audit fees

|  | <b>2024</b>    | <b>2023</b>    |
|--|----------------|----------------|
|  | <b>\$ '000</b> | <b>\$ '000</b> |
| During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms |                |                |
| <b>Auditors of the Council - NSW Auditor-General:</b>  |                |                |
| <b>(i) Audit and other assurance services</b>  |                |                |
| Audit and review of financial statements   | <b>86</b>      | 71             |
| <b>Remuneration for audit and other assurance services</b>   | <b>86</b>      | 71             |
| <b>Total Auditor-General remuneration</b>  | <b>86</b>      | 71             |
| <b>Non NSW Auditor-General audit firms</b>   |                |                |
| <b>Total audit fees</b>  | <b>86</b>      | 71             |

## F Other matters

### F1-1 Statement of Cash Flows information

#### Reconciliation of Operating Result

|  | 2024<br>\$ '000 | 2023<br>\$ '000 |
|--|-----------------|-----------------|
| <b>Net operating result from Income Statement</b>                          | <b>(148)</b>    | 4,205           |
| <b>Add / (less) non-cash items:</b>  |                 |                 |
| Depreciation and amortisation  | 8,473           | 7,820           |
| (Gain) / loss on disposal of assets  | 341             | 460             |
| Non-cash capital grants and contributions                                  | (54)            | –               |
| Losses/(gains) recognised on fair value re-measurements through the P&L:   |                 |                 |
| – Revaluation decrements / impairments of IPP&E direct to P&L              | –               | 240             |
| <b>Movements in operating assets and liabilities and other cash items:</b> |                 |                 |
| (Increase) / decrease of receivables                                       | 138             | (1,332)         |
| (Increase) / decrease of inventories                                       | 34              | (28)            |
| (Increase) / decrease of other current assets                              | 66              | (699)           |
| Increase / (decrease) in payables  | (342)           | 116             |
| Increase / (decrease) in accrued interest payable                          | (41)            | (40)            |
| Increase / (decrease) in other accrued expenses payable                    | 698             | 147             |
| Increase / (decrease) in other liabilities                                 | –               | (7)             |
| Increase / (decrease) in contract liabilities                              | 873             | 280             |
| Increase / (decrease) in employee benefit provision                        | 410             | (15)            |
| <b>Net cash flows from operating activities</b>                            | <b>10,448</b>   | <b>11,147</b>   |

### F2-1 Commitments

#### Capital commitments (exclusive of GST)

|  | 2024<br>\$ '000 | 2023<br>\$ '000 |
|--|-----------------|-----------------|
| Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities: |                 |                 |
| <b>Property, plant and equipment</b>   |                 |                 |
| Buildings  | 362             | 222             |
| Plant and equipment  | –               | 71              |
| Infrastructure   | 2,275           | 4,972           |
| Land development   | 423             | 103             |
| <b>Total commitments</b>   | <b>3,060</b>    | <b>5,368</b>    |

#### Details of capital commitments

Council has committed to progressing several projects including the Future Water Program, the Smart Metering and Backflow program and the Gallans Road workplace consolidation project.

## F3-1 Events occurring after the reporting date

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Below are the known events that will impact on the Council or have a material impact on the financial statements.

- 1) Gallans Road Workplace Consolidation - a construction project for the site is underway and is estimated to cost \$24.5M in total including costs already incurred. The contract for the construction costs was signed in July 2024.
- 2) Loan Borrowings - a \$30M loan is planned for 2024/25 to fund the Gallans Road Workplace Consolidation project and the Future Water Program.
- 3) Lismore Levee Upgrade - Lismore City Council has received grant funding of \$29M to upgrade the Lismore CBD levee infrastructure. This work will be carried out on Rous assets and will be brought to account when completed.

## F4 Statement of developer contributions

Under the Environmental Planning and Assessment Act 1979, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas. It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

### F4-1 Summary of developer contributions

|                   | Opening<br>balance at<br>1 July 2023<br>\$ '000 | Contributions received during the year |                          |                              | Interest and<br>investment<br>income earned<br>\$ '000 | Amounts<br>expended<br>\$ '000 | Internal<br>borrowings<br>\$ '000 | Held as<br>restricted<br>asset at 30 June 2024<br>\$ '000 | Cumulative<br>balance of internal<br>borrowings<br>(to)/from<br>\$ '000 |
|-------------------|---|--|--------------------------|------------------------------|--|--------------------------------|-----------------------------------|---|---|
|                   |   | Cash<br>\$ '000                        | Non-cash Land<br>\$ '000 | Non-cash<br>Other<br>\$ '000 |  |                                |                                   |   |   |
| <b>S64</b>        |   |  |                          |                              |  |                                |                                   |   |   |
| S64 contributions | –   | 3,101                                  | –                        | –                            | –  | (3,101)                        | –                                 | –   | –   |
| <b>Total</b>      | –   | <b>3,101</b>                           | <b>–</b>                 | <b>–</b>                     | <b>–</b>   | <b>(3,101)</b>                 | <b>–</b>                          | <b>–</b>  | <b>–</b>  |

## F5 Statement of performance measures

### F5-1 Statement of performance measures – consolidated results

| \$ '000  | <b>Amounts<br/>2024</b> | <b>Indicator<br/>2024</b> | <b>Indicators</b> |              | <b>Benchmark</b> |
|--|-------------------------|---------------------------|-------------------|--------------|------------------|
|  |                         |                           | 2023              | 2022         |                  |
| <b>1. Operating performance ratio</b>  |                         |                           |                   |              |                  |
| Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup> | <b>(4,909)</b>          | <b>(14.73)%</b>           | (0.88)%           | (5.58)%      | > 0.00%          |
| Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>                           | <b>33,323</b>           |                           |                   |              |                  |
| <b>2. Own source operating revenue ratio</b>   |                         |                           |                   |              |                  |
| Total continuing operating revenue excluding all grants and contributions <sup>1</sup>                               | <b>30,636</b>           | <b>79.73%</b>             | 79.50%            | 73.82%       | > 60.00%         |
| Total continuing operating revenue <sup>1</sup>  | <b>38,425</b>           |                           |                   |              |                  |
| <b>3. Unrestricted current ratio</b>   |                         |                           |                   |              |                  |
| Current assets less all external restrictions  | <b>33,976</b>           |                           |                   |              |                  |
| Current liabilities less specific purpose liabilities  | <b>9,386</b>            | <b>3.62x</b>              | 4.02x             | 4.26x        | > 1.50x          |
| <b>4. Debt service cover ratio</b>   |                         |                           |                   |              |                  |
| Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>             | <b>4,662</b>            |                           |                   |              |                  |
| Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)                               | <b>4,923</b>            | <b>0.95x</b>              | 1.71x             | 1.65x        | > 2.00x          |
| <b>5. Cash expense cover ratio</b>   |                         |                           |                   |              |                  |
| Current year's cash and cash equivalents plus all term deposits  | <b>34,211</b>           |                           |                   |              |                  |
| Monthly payments from cash flow of operating and financing activities  | <b>2,953</b>            | <b>11.59 months</b>       | 15.24 months      | 19.90 months | > 3.00 months    |

(1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets and net share of interests in joint ventures and associates using the equity method and includes pensioner rate subsidies

(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

**End of the audited financial statements**

## Rous County Council

### General Purpose Financial Statements

for the year ended 30 June 2024

#### Independent Auditor's Reports:

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On the Financial Statements (Sect 417 [2])

#### **Independent Auditor's Report**

Please uplift Council's Audit Report PDF (opinion) for inclusion in the GPFS report (via the Home screen).



## Rous County Council

### General Purpose Financial Statements

for the year ended 30 June 2024

#### Independent Auditor's Reports: (continued)

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On the Financial Statements (Sect 417 [3])

#### **Independent Auditor's Report**

Please uplift Council's Audit Report PDF (commentary) for inclusion in the GPFS report (via the Home screen).

# Rous County Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2024

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### Background

- i. These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
- ii. The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.

- iii. For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).

- iv. In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).

# Rous County Council

## Special Purpose Financial Statements

for the year ended 30 June 2024

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### Statement by Councillors and Management made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

The attached special purpose financial statements have been prepared in accordance with:

- NSW Government Policy Statement, *Application of National Competition Policy to Local Government*
- Division of Local Government Guidelines, *Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality*
- The Local Government Code of Accounting Practice and Financial Reporting
- Sections 3 and 4 of the NSW Department of Planning and Environment, *Water's Regulatory and assurance framework for local water utilities*.

To the best of our knowledge and belief, these statements:

- present fairly the operating result and financial position for each of Council's declared business activities for the year,
- accord with Council's accounting and other records; and
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

We are not aware of any matter that would render these statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 30 October 2024.

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TBC

**Chairperson**

30 October 2024

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TBC

**Deputy Chairperson**

30 October 2024

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Phillip Rudd

**General Manager**

30 October 2024

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Jonathan Patino

**Responsible Accounting Officer**

30 October 2024

## Rous County Council

### Income Statement of water supply business activity

for the year ended 30 June 2024

|  | 2024<br>\$ '000 | 2023<br>\$ '000 |
|--|-----------------|-----------------|
| <b>Income from continuing operations</b>                                   |                 |                 |
| User charges   | 25,470          | 24,041          |
| Interest and investment income   | 1,587           | 1,037           |
| Grants and contributions provided for operating purposes                   | 990             | 571             |
| Other income   | 1,331           | 1,234           |
| <b>Total income from continuing operations</b>                             | <b>29,378</b>   | <b>26,883</b>   |
| <b>Expenses from continuing operations</b>                                 |                 |                 |
| Employee benefits and on-costs   | 12,475          | 9,238           |
| Borrowing costs  | 1,098           | 1,313           |
| Materials and services   | 11,903          | 8,522           |
| Depreciation, amortisation and impairment                                  | 7,501           | 7,204           |
| Net loss from the disposal of assets                                       | 282             | 369             |
| <b>Total expenses from continuing operations</b>                           | <b>33,259</b>   | <b>26,646</b>   |
| <b>Surplus (deficit) from continuing operations before capital amounts</b> | <b>(3,881)</b>  | <b>237</b>      |
| Grants and contributions provided for capital purposes                     | 3,709           | 5,175           |
| <b>Surplus (deficit) from continuing operations after capital amounts</b>  | <b>(172)</b>    | <b>5,412</b>    |
| <b>Surplus (deficit) from all operations before tax</b>                    | <b>(172)</b>    | <b>5,412</b>    |
| <b>Surplus (deficit) after tax</b>   | <b>(172)</b>    | <b>5,412</b>    |
| <b>Plus accumulated surplus</b>  | <b>133,645</b>  | <b>128,233</b>  |
| <b>Plus/less: Correction of error</b>                                      | <b>–</b>        | <b>–</b>        |
| <b>Plus adjustments for amounts unpaid:</b>                                |                 |                 |
| <b>Less:</b>   |                 |                 |
| <b>Closing accumulated surplus</b>   | <b>133,473</b>  | <b>133,645</b>  |
| <b>Return on capital %</b>   | <b>0.0%</b>     | <b>0.0%</b>     |
| <b>Subsidy from Council</b>  | <b>–</b>        | <b>–</b>        |
| <b>Calculation of dividend payable:</b>                                    |                 |                 |
| Surplus (deficit) after tax  | (172)           | 5,412           |
| Less: capital grants and contributions (excluding developer contributions) | (608)           | –               |
| <b>Surplus for dividend calculation purposes</b>                           | <b>–</b>        | <b>5,412</b>    |
| <b>Potential dividend calculated from surplus</b>                          | <b>–</b>        | <b>2,706</b>    |

## Rous County Council

### Statement of Financial Position of water supply business activity

as at 30 June 2024

|   | 2024<br>\$ '000 | 2023<br>\$ '000 |
|---|-----------------|-----------------|
| <b>ASSETS</b>                                 |                 |                 |
| <b>Current assets</b>                         |                 |                 |
| Cash and cash equivalents                     | 7,482           | 7,744           |
| Investments                                   | 23,693          | 25,603          |
| Receivables                                   | 3,701           | 4,263           |
| Inventories                                   | 321             | 334             |
| Other   | 1,247           | 1,313           |
| <b>Total current assets</b>                   | <b>36,444</b>   | <b>39,257</b>   |
| <b>Non-current assets</b>                     |                 |                 |
| Right of use assets                           | 257             | 421             |
| Inventories                                   | 226             | 226             |
| Infrastructure, property, plant and equipment | 447,299         | 425,098         |
| Intangible assets                             | 235             | 453             |
| <b>Total non-current assets</b>               | <b>448,017</b>  | <b>426,198</b>  |
| <b>Total assets</b>                           | <b>484,461</b>  | <b>465,455</b>  |
| <b>LIABILITIES</b>                            |                 |                 |
| <b>Current liabilities</b>                    |                 |                 |
| Contract liabilities                          | 873             | –               |
| Lease liabilities                             | 261             | 257             |
| Payables                                      | 3,136           | 3,382           |
| Borrowings                                    | 3,870           | 3,825           |
| Employee benefit provisions                   | 2,648           | 2,366           |
| <b>Total current liabilities</b>              | <b>10,788</b>   | <b>9,830</b>    |
| <b>Non-current liabilities</b>                |                 |                 |
| Lease liabilities                             | –               | 164             |
| Borrowings                                    | 17,660          | 21,530          |
| Employee benefit provisions                   | 197             | 68              |
| <b>Total non-current liabilities</b>          | <b>17,857</b>   | <b>21,762</b>   |
| <b>Total liabilities</b>                      | <b>28,645</b>   | <b>31,592</b>   |
| <b>Net assets</b>                             | <b>455,816</b>  | <b>433,863</b>  |
| <b>EQUITY</b>                                 |                 |                 |
| Accumulated surplus                           | 133,472         | 133,644         |
| Revaluation reserves                          | 322,344         | 300,219         |
| <b>Total equity</b>                           | <b>455,816</b>  | <b>433,863</b>  |

## Note – Material accounting policy information

A statement summarising the supplemental accounting policies adopted in the preparation of the special purpose financial statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

These financial statements are SPFS prepared for use by Council and the Office of Local Government. For the purposes of these statements, the Council is a non-reporting not-for-profit entity.

The figures presented in these special purpose financial statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these special purpose financial statements have been prepared in accordance with the *Local Government Act 1993 (Act)*, the *Local Government (General) Regulation 2022 (Regulation)* and the Local Government Code of Accounting Practice and Financial Reporting.

The statements are prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, fair value of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

The Statement of Financial Position includes notional assets/liabilities receivable from/payable to Council's general fund. These balances reflect a notional intra-entity funding arrangement with the declared business activities.

### National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government. The framework for its application is set out in the June 1996 NSW Government Policy statement titled 'Application of National Competition Policy to Local Government'. *The Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality* issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, and returns on investments (rate of return and dividends paid).

### Declared business activities

In accordance with *Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

#### Category 1

(where gross operating turnover is over \$2 million)

##### Water

Provision of safe drinking water to the Constituent Councils and their consumers.

#### Category 2

(where gross operating turnover is less than \$2 million)

Nil

### Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs. However, where Council does not pay some taxes, which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in special purpose financial statements. For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

#### Notional rate applied (%)

Corporate income tax rate – **25%** (22/23 25%)

Land tax – the first \$1,075,000 of combined land values attracts **0%**. For the combined land values in excess of \$1,075,000 up to \$6,571,000 the rate is **\$100 + 1.6%**. For the remaining combined land value that exceeds \$6,571,000 a premium marginal rate of **2.0%** applies.

## Note – Material accounting policy information (continued)

**Payroll tax** – 5.45% on the value of taxable salaries and wages in excess of \$1,200,000.

In accordance with the Department of Planning, Industry & Environment – Water guidelines, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the Best Practice Management of Water Supply and Sewer Guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the Act.

Achievement of substantial compliance to the DPIE – Water guidelines is not a prerequisite for the payment of the tax equivalent charges; however the payment must not exceed \$3 per assessment.

### Income tax

An income tax equivalent has been applied on the profits of the business activities. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level – gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 25% (22/23 25%).

Income tax is only applied where a gain from ordinary activities before capital amounts has been achieved. Since the taxation equivalent is notional – that is, it is payable to the 'Council' as the owner of business operations – it represents an internal payment and has no effect on the operations of the Council.

Accordingly, there is no need for disclosure of internal charges in the SPFS. The rate applied of 25% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

### Local government rates and charges

A calculation of the equivalent rates and charges for all Category 1 businesses has been applied to all assets owned, or exclusively used by the business activity.

### Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that Council business activities face 'true' commercial borrowing costs in line with private sector competitors. In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

#### (i) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed. Subsidies occur where Council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations. The overall effect of subsidies is contained within the Income Statements of business activities.

#### (ii) Return on investments (rate of return)

The NCP policy statement requires that councils with Category 1 businesses 'would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field'.

Funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return is disclosed for each of Council's business activities on the Income Statement.

The rate of return is calculated as follows:

#### **Operating result before capital income + interest expense**

#### **Written down value of I,PP&E as at 30 June**

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.351% at 30/06/24.

#### (iii) Dividends

Council is not required to pay dividends to either itself (as owner of a range of businesses) or to any external entities.



## Note – Material accounting policy information (continued)

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Local government water supply businesses are permitted to pay an annual dividend from its water supply business surplus.

Each dividend must be calculated and approved in accordance with the Department of Industry – Water guidelines and must not exceed:

- 50% of this surplus in any one year, or
- the number of water supply assessments at 30 June 2020 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Best Practice Management of Water Supply and Sewer Guidelines, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the Department of Industry – Water.

## Rous County Council

### Special Purpose Financial Statements

for the year ended 30 June 2024

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# Rous County Council

SPECIAL SCHEDULES  
for the year ended 30 June 2024

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# Rous County Council

## Special Schedules

for the year ended 30 June 2024

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Report on infrastructure assets as at 30 June 2024

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## Rous County Council

## Report on infrastructure assets as at 30 June 2024

| Asset Class                     | Asset Category       | Estimated cost to bring assets to satisfactory standard |              | Estimated cost to bring to the agreed level of service set by Council | 2023/24 Required maintenance <sup>a</sup> | 2023/24 Actual maintenance | Net carrying amount | Gross replacement cost (GRC) | Assets in condition as a percentage of gross replacement cost |              |             |             |   |
|---------------------------------|----------------------|---|--------------|---|---|----------------------------|---------------------|------------------------------|---|--------------|-------------|-------------|---|
|                                 |                      | \$ '000   | \$ '000      | \$ '000   | \$ '000                                   | \$ '000                    | \$ '000             | \$ '000                      | 1   | 2            | 3           | 4           | 5 |
| <b>Buildings</b>                | Buildings            | –   | –            | 202   | 170                                       | 8,642                      | 10,919              | 7.0%                         | 0.8%  | 92.2%        | 0.0%        | 0.0%        |   |
|                                 | Other                | –   | –            | –   | –   | –                          | –                   | 0.0%                         | 0.0%  | 0.0%         | 0.0%        | 0.0%        |   |
|                                 | Council works depot  | –   | –            | 240   | 255                                       | 4,742                      | 7,528               | 4.1%                         | 0.0%  | 95.9%        | 0.0%        | 0.0%        |   |
|                                 | <b>Sub-total</b>     | <b>–</b>  | <b>–</b>     | <b>442</b>  | <b>425</b>                                | <b>13,384</b>              | <b>18,447</b>       | <b>5.8%</b>                  | <b>0.5%</b>   | <b>93.7%</b> | <b>0.0%</b> | <b>0.0%</b> |   |
| <b>Water supply network</b>     | Water supply network | 5,456   | 5,456        | 8,781   | 7,142                                     | 383,093                    | 572,610             | 38.3%                        | 26.2%   | 32.6%        | 2.9%        | 0.1%        |   |
|                                 | <b>Sub-total</b>     | <b>5,456</b>  | <b>5,456</b> | <b>8,781</b>  | <b>7,142</b>                              | <b>383,093</b>             | <b>572,610</b>      | <b>38.3%</b>                 | <b>26.2%</b>  | <b>32.6%</b> | <b>2.9%</b> | <b>0.0%</b> |   |
| <b>Flood mitigation network</b> | Flood mitigation     | 1,179   | 1,179        | 676   | 356                                       | 150,780                    | 168,834             | 8.6%                         | 47.9%   | 41.7%        | 1.8%        | 0.0%        |   |
|                                 | <b>Sub-total</b>     | <b>1,179</b>  | <b>1,179</b> | <b>676</b>  | <b>356</b>                                | <b>150,780</b>             | <b>168,834</b>      | <b>8.6%</b>                  | <b>47.9%</b>  | <b>41.7%</b> | <b>1.8%</b> | <b>0.0%</b> |   |
| <b>Total – all assets</b>       |                      | <b>6,635</b>  | <b>6,635</b> | <b>9,899</b>  | <b>7,923</b>                              | <b>547,257</b>             | <b>759,891</b>      | <b>30.9%</b>                 | <b>30.4%</b>  | <b>36.1%</b> | <b>2.6%</b> | <b>0.0%</b> |   |

(a) Required maintenance is the amount identified in Council's asset management plans.

## Infrastructure asset condition assessment 'key'

| # | Condition           | Integrated planning and reporting (IP&R) description |
|---|---------------------|--|
| 1 | Excellent/very good | No work required (normal maintenance)                |
| 2 | Good                | Only minor maintenance work required                 |
| 3 | Satisfactory        | Maintenance work required                            |
| 4 | Poor                | Renewal required                                     |
| 5 | Very poor           | Urgent renewal/upgrading required                    |

## Rous County Council

## Report on infrastructure assets as at 30 June 2024

## Infrastructure asset performance indicators (consolidated) \*

| \$ '000  | Amounts<br>2024 | Indicator<br>2024 | Indicators |        | Benchmark |
|--|-----------------|-------------------|------------|--------|-----------|
|  |                 |                   | 2023       | 2022   |           |
| <b>Buildings and infrastructure renewals ratio</b>                       |                 |                   |            |        |           |
| Asset renewals <sup>1</sup>  | <b>4,995</b>    | <b>68.60%</b>     | 97.05%     | 61.95% | > 100.00% |
| Depreciation, amortisation and impairment                                | <b>7,281</b>    |                   |            |        |           |
| <b>Infrastructure backlog ratio</b>                                      |                 |                   |            |        |           |
| Estimated cost to bring assets to a satisfactory standard                | <b>6,635</b>    | <b>1.19%</b>      | 1.16%      | 1.81%  | < 2.00%   |
| Net carrying amount of infrastructure assets                             | <b>555,407</b>  |                   |            |        |           |
| <b>Asset maintenance ratio</b>   |                 |                   |            |        |           |
| Actual asset maintenance   | <b>7,923</b>    | <b>80.04%</b>     | 87.99%     | 69.68% | > 100.00% |
| Required asset maintenance   | <b>9,899</b>    |                   |            |        |           |
| <b>Cost to bring assets to agreed service level</b>                      |                 |                   |            |        |           |
| Estimated cost to bring assets to an agreed service level set by Council | <b>6,635</b>    | <b>0.87%</b>      | 0.86%      | 2.65%  |           |
| Gross replacement cost   | <b>759,891</b>  |                   |            |        |           |

(\*) All asset performance indicators are calculated using classes identified in the previous table.

(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.