

# Glen Innes Severn Council

## ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2024

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*"Embracing Change, Building on History"*



# Glen Innes Severn Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2024

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*"Embracing Change, Building on History"*



# Glen Innes Severn Council

## General Purpose Financial Statements

for the year ended 30 June 2024

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### Overview

Glen Innes Severn Council is constituted under the Local Government Act 1993 (NSW) and has its principal place of business at:

265 Grey Street  
Glen Innes NSW 2370

Council's guiding principles are detailed in Chapter 3 of the LGA and includes:

- principles applying to the exercise of functions generally by council,
- principles to be applied when making decisions,
- principles of community participation,
- principles of sound financial management, and
- principles for strategic planning relating to the development of an integrated planning and reporting framework.

A description of the nature of Council's operations and its principal activities are provided in Note B1-2.

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: [www.gjisc.nsw.gov.au](http://www.gjisc.nsw.gov.au).

# Glen Innes Severn Council

## General Purpose Financial Statements

for the year ended 30 June 2024

### Understanding Council's Financial Statements

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#### Introduction

Each year NSW local governments are required to present audited financial statements to their council and community.

#### What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2024.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and requirements as set down by the Office of Local Government.

#### About the Councillor/Management Statement

The financial statements must be certified by senior staff as 'presenting fairly' the Council's financial results for the year and are required to be adopted by Council – ensuring both responsibility for and ownership of the financial statements.

#### About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

##### 1. The Income Statement

Summarises Council's financial performance for the year, listing all income and expenses. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

##### 2. The Statement of Comprehensive Income

Primarily records changes in the fair value of Council's Infrastructure, Property, Plant and Equipment.

##### 3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its assets, liabilities and "net wealth".

##### 4. The Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "net wealth".

##### 5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

#### About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the five primary financial statements.

#### About the Auditor's Reports

Council's financial statements are required to be audited by the NSW Audit Office.

In NSW the auditor provides 2 audit reports:

1. an opinion on whether the financial statements present fairly the Council's financial performance and position, and
2. their observations on the conduct of the audit, including commentary on the Council's financial performance and financial position.

#### Who uses the Financial Statements?

The financial statements are publicly available documents and must be presented at a Council meeting between seven days and five weeks after the date of the Audit Report.

The public can make submissions to Council up to seven days subsequent to the public presentation of the financial statements.

Council is required to forward an audited set of financial statements to the Office of Local Government.



# Glen Innes Severn Council

## General Purpose Financial Statements for the year ended 30 June 2024

### Statement by Councillors and Management

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#### Statement by Councillors and Management

#### made pursuant to Section 413(2)(c) of the Local Government Act 1993 (NSW)

It is acknowledged that the following matters existed at balance date:

- The new system had known issues at Go-live date which resulted in data leakage affecting reporting, reconciliations, interfund accounting and business as usual functions being impaired including allocating receipts, water billing and rates
- Difficulties in obtaining support and resolutions from the vendor. A number of critical issues remained unresolved for over 12 months and are still ongoing
- Inability to generate complete and accurate sub ledgers for key financial classes of transactions including property and rating, creditors and receivables
- Council implemented a grants reconciliation process in July 2024 to actively track funds received, completion of performance obligations and calculate contract assets and liabilities as at 30 June 2024. Council has commenced, but not completed, a quality review of the register.
- Council's negative unrestricted cash of \$1.195 million as at 30th June, 2024 represents a breach of section 409(3) of the LG Act at that time. Due to timing differences in the receipt of payments of funds for infrastructure projects in the final quarter of 2023/24 Council has utilised restricted funds to keep these projects progressing. The Council is unable to verify that funds raised by special purpose rates or charges were not used for general fund expenses during the year ended 30 June 2024. The Council acknowledges it may have used restricted special rates and charges funds for purposes other than their intended use, without Ministerial approval. Such unapproved use would not comply with section 410(3) of the LG Act.

The unrestricted cash position as at 30th September 2024 was negative \$2.427M.

The financial statements for the year ended 30 June 2024 are prepared on a going concern basis.

#### The attached General Purpose Financial Statements have been prepared in accordance with:

- the *Local Government Act 1993* (NSW) (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and professional pronouncements, and
- 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 other matters that would render these statements false or misleading in any way.

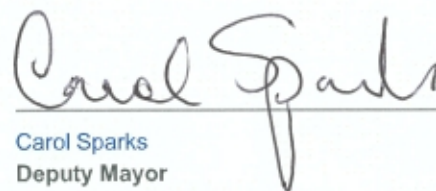
Signed in accordance with a resolution of Council made on 28 November 2024.



Margot Davis

Mayor

28 November 2024



Carol Sparks

Deputy Mayor

28 November 2024



Bernard Smith

General Manager

28 November 2024



Shageer Mohammed

Responsible Accounting Officer

28 November 2024

## Glen Innes Severn Council

### Income Statement

for the year ended 30 June 2024

Original unaudited budget 2024 \$ '000		Notes	Actual 2024 \$ '000	Actual 2023 \$ '000
	<b>Income from continuing operations</b>			
13,274	Rates and annual charges	B2-1	12,973	13,138
7,784	User charges and fees	B2-2	3,954	4,680
665	Other revenues	B2-3	1,410	1,912
11,816	Grants and contributions provided for operating purposes	B2-4	10,194	15,974
12,000	Grants and contributions provided for capital purposes	B2-4	20,683	11,978
636	Interest and investment income	B2-5	1,244	873
386	Other income	B2-6	104	268
46,561	<b>Total income from continuing operations</b>		<b>50,562</b>	<b>48,823</b>
	<b>Expenses from continuing operations</b>			
13,383	Employee benefits and on-costs	B3-1	11,679	11,781
13,646	Materials and services	B3-2	10,801	13,803
292	Borrowing costs	B3-3	469	556
9,010	Depreciation, amortisation and impairment of non-financial assets	B3-4	9,684	8,157
810	Other expenses	B3-5	799	883
–	Net loss from the disposal of assets	B4-1	808	1,096
37,141	<b>Total expenses from continuing operations</b>		<b>34,240</b>	<b>36,276</b>
9,420	<b>Operating result from continuing operations</b>		<b>16,322</b>	<b>12,547</b>
9,420	<b>Net operating result for the year attributable to Council</b>		<b>16,322</b>	<b>12,547</b>
(2,580)	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>(4,361)</b>	<b>569</b>

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

## Glen Innes Severn Council

### Statement of Comprehensive Income

for the year ended 30 June 2024

	Notes	2024 \$ '000	2023 \$ '000
<b>Net operating result for the year – from Income Statement</b>		<b>16,322</b>	12,547
<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	C1-7	<u>17,753</u>	<u>26,132</u>
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>17,753</b>	26,132
<b>Total other comprehensive income for the year</b>		<b>17,753</b>	26,132
<b>Total comprehensive income for the year attributable to Council</b>		<b>34,075</b>	38,679

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

## Glen Innes Severn Council

### Statement of Financial Position

as at 30 June 2024

	Notes	2024 \$ '000	2023 \$ '000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1	11,475	9,606
Investments	C1-2	15,200	18,700
Receivables	C1-4	4,268	6,063
Inventories	C1-5	1,815	1,227
Contract assets and contract cost assets	C1-6	9,169	7,179
Other	C1-9	–	5
<b>Total current assets</b>		<b>41,927</b>	<b>42,780</b>
<b>Non-current assets</b>			
Receivables	C1-4	157	22
Infrastructure, property, plant and equipment (IPPE)	C1-7	413,136	383,845
Investment property	C1-8	725	250
Right of use assets	C2-1	524	811
<b>Total non-current assets</b>		<b>414,542</b>	<b>384,928</b>
<b>Total assets</b>		<b>456,469</b>	<b>427,708</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C3-1	1,486	2,525
Contract liabilities	C3-2	11,096	12,059
Lease liabilities	C2-1	239	430
Borrowings	C3-3	1,370	1,459
Employee benefit provisions	C3-4	1,976	2,017
<b>Total current liabilities</b>		<b>16,167</b>	<b>18,490</b>
<b>Non-current liabilities</b>			
Payables	C3-1	–	178
Lease liabilities	C2-1	673	912
Borrowings	C3-3	5,225	6,595
Employee benefit provisions	C3-4	153	164
Provisions	C3-5	3,292	4,485
<b>Total non-current liabilities</b>		<b>9,343</b>	<b>12,334</b>
<b>Total liabilities</b>		<b>25,510</b>	<b>30,824</b>
<b>Net assets</b>		<b>430,959</b>	<b>396,884</b>
<b>EQUITY</b>			
Accumulated surplus		184,605	168,283
IPPE revaluation reserve	C4-1	246,354	228,601
<b>Council equity interest</b>		<b>430,959</b>	<b>396,884</b>
<b>Total equity</b>		<b>430,959</b>	<b>396,884</b>

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

## Glen Innes Severn Council

### Statement of Changes in Equity

for the year ended 30 June 2024

	Notes	2024			2023		
		Accumulated surplus \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000	Accumulated surplus \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000
Opening balance at 1 July		168,283	228,601	396,884	155,736	202,469	358,205
Net operating result for the year		16,322	–	16,322	12,547	–	12,547
<b>Other comprehensive income</b>							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	17,753	17,753	–	26,132	26,132
<b>Other comprehensive income</b>		–	17,753	17,753	–	26,132	26,132
<b>Total comprehensive income</b>		16,322	17,753	34,075	12,547	26,132	38,679
<b>Closing balance at 30 June</b>		184,605	246,354	430,959	168,283	228,601	396,884

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

## Glen Innes Severn Council

## Statement of Cash Flows

for the year ended 30 June 2024

Original unaudited budget 2024 \$ '000		Notes	Actual 2024 \$ '000	Actual 2023 \$ '000
<b>Cash flows from operating activities</b>				
<i>Receipts:</i>				
13,274	Rates and annual charges		13,958	10,655
7,784	User charges and fees		5,017	3,290
636	Interest received		1,168	525
23,816	Grants and contributions		27,924	24,745
1,050	Other		1,266	2,178
<i>Payments:</i>				
(13,383)	Payments to employees		(11,737)	(12,044)
(13,646)	Payments for materials and services		(11,941)	(13,664)
(292)	Borrowing costs		(474)	(571)
(810)	Other		(2,481)	67
18,429	<b>Net cash flows from operating activities</b>	G1-1	<b>22,700</b>	<b>15,181</b>
<b>Cash flows from investing activities</b>				
<i>Receipts:</i>				
(149)	Proceeds from sale of IPPE		230	90
<i>Payments:</i>				
–	Acquisition of term deposits		3,500	(2,400)
–	Purchase of investment property		(609)	–
–	Payments for IPPE		(22,063)	(14,281)
(149)	<b>Net cash flows from investing activities</b>		<b>(18,942)</b>	<b>(16,591)</b>
<b>Cash flows from financing activities</b>				
<i>Payments:</i>				
(1,459)	Repayment of borrowings		(1,459)	(1,632)
(430)	Principal component of lease payments		(430)	(86)
(1,889)	<b>Net cash flows from financing activities</b>		<b>(1,889)</b>	<b>(1,718)</b>
16,391	<b>Net change in cash and cash equivalents</b>		<b>1,869</b>	<b>(3,128)</b>
(2,522)	Cash and cash equivalents at beginning of year	C1-1	9,606	12,734
13,869	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>11,475</b>	<b>9,606</b>
–	plus: Investments on hand at end of year	C1-2	15,200	18,700
13,869	<b>Total cash, cash equivalents and investments</b>		<b>26,675</b>	<b>28,306</b>

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

# Glen Innes Severn Council

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# Glen Innes Severn 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 28 November 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 principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

These 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 (NSW)* and *Local Government (General) Regulation 2005 (Regulation)*, and the Local Government Code of Accounting Practice and Financial Reporting.

Council is a not for-profit entity for the purpose of preparing these financial statements.

The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts. Specific budgetary amounts have been included for comparative analysis (to actuals) and are clearly marked in the following reports and notes:

- Income statement
- Statement of cash flows
- Note B5-1 – Material budget variations

Council is not aware of any post balance day events which would result in separate disclosures or adjustments to the 30 June 2024 financial results. Hence, 30 June 2024 financial statements were prepared on a going concern basis.

#### **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 infrastructure, property, plant and equipment – refer Note C1-7
- (ii) estimated fair values of investment properties – refer Note C1-9
- (iii) estimated tip remediation provisions – refer Note C3-5
- (iv) employee benefit provisions – refer Note C3-4.

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

- (v) Impairment of receivables

Council has made a significant judgement about the impairment of a number of its receivables – refer Note C1-4.

#### **Monies and other assets received by Council**

## A1-1 Basis of preparation (continued)

### The Consolidated Fund

In accordance with the provisions of Section 409(1) of the Local Government Act 1993 (NSW), 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 entities have been included as part of the Consolidated Fund:

- General purpose operations
- Water service
- Sewerage service
- Australia Day Committee
- Australian Standing Stones Management Board
- Emmaville Mining Museum Committee
- Pinkett Recreation Reserve Management Committee
- Stonehenge Recreation Reserve Trust
- Emmaville War Memorial Hall Committee
- Glen Elgin Federation Sports Committee

### 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.

A separate statement of monies held in the Trust Fund is available for inspection at the council office by any person free of charge.

### 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 relies on volunteer service within Economic Affairs and Community Services activities. Council cannot measure the value of volunteer services reliably and any reliance is not considered material. Therefore, volunteer services are not recognised in the financial statements.

### 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

## A1-1 Basis of preparation (continued)

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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 this standards had a significant impact on the reported financial position or performance of the council.

## 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.

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2024 \$ '000	2023 \$ '000	2024 \$ '000	2023 \$ '000	2024 \$ '000	2023 \$ '000	2024 \$ '000	2023 \$ '000	2024 \$ '000	2023 \$ '000
<b>Functions or activities</b>										
Administration	504	18	8,273	5,682	(7,769)	(5,664)	160	–	24,640	34,435
Community services and education	3,256	4,855	3,771	4,020	(515)	835	2,985	4,521	468	–
Economic affairs	1,026	2,940	2,335	3,530	(1,309)	(590)	118	1,793	5,161	1,079
Environment	17	–	133	–	(116)	–	17	–	–	13,819
General Purpose	11,617	12,460	41	1	11,576	12,459	3,620	4,608	–	–
Governance	4	15	432	785	(428)	(770)	–	–	–	–
Health	18	–	126	96	(108)	(96)	–	–	–	–
Housing and community amenities	3,310	3,276	3,535	2,183	(225)	1,093	75	29	37,939	–
Mining, manufacturing and construction	5,188	6,366	4,305	5,679	883	687	–	–	10,301	7,244
Public order and safety	996	3,986	826	4,289	170	(303)	966	4,061	–	–
Recreation and culture	3,943	1,338	3,302	2,970	641	(1,632)	3,748	1,160	314,151	–
Sewerage services	2,097	2,113	1,364	1,273	733	840	22	5	26,948	29,040
Transport and communication	17,956	11,767	5,084	7,204	12,872	4,563	21,134	11,523	7,020	306,382
Water supplies	3,708	3,540	2,812	2,176	896	1,364	682	252	32,550	35,708
Other	183	(530)	(2,099)	(291)	2,282	(239)	(2,650)	–	(2,709)	1
<b>Total functions and activities</b>	<b>53,823</b>	<b>52,144</b>	<b>34,240</b>	<b>39,597</b>	<b>19,583</b>	<b>12,547</b>	<b>30,877</b>	<b>27,952</b>	<b>456,469</b>	<b>427,708</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:

### Governance

Includes costs relating to Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of Council and policymaking committees, public disclosure (e.g. GIPA), and legislative compliance.

### Administration

Includes corporate support and other support services, engineering works, and any Council policy compliance.

### Public order and safety

Includes Council's fire and emergency services levy, fire protection, emergency services, beach control, enforcement of regulations and animal control.

### Health

Includes immunisation, food control, health centres etc.

### Environment

Includes noxious plants and insect/vermin control; other environmental protection; solid waste management, including domestic waste; other waste management; other sanitation; and garbage, street cleaning, drainage and stormwater management.

### Community services and education

Includes administration and education; social protection (welfare); migrant, Aboriginal and other community services and administration (excluding accommodation - as it is covered under 'housing and community amenities'); youth services; aged and disabled persons services; children's services, including family day care; child care; and other family and children services.

### Housing and community amenities

Includes public cemeteries; public conveniences; street lighting; town planning; other community amenities, including housing development and accommodation for families and children, aged persons, disabled persons, migrants and Indigenous persons.

### Water supplies

Includes provision of water services to the community.

### Sewerage services

Includes provision of sewerage services to the community.

### Recreation and culture

Includes public libraries; museums; art galleries; community centres and halls, including public halls and performing arts venues; sporting grounds and venues; swimming pools; parks; gardens; lakes; and other sporting, recreational and cultural services.

### Mining, manufacturing and construction

Includes building control, quarries and pits, mineral resources, and abattoirs.

### Transport and communication

Urban local, urban regional, includes sealed and unsealed roads, bridges, footpaths, parking areas, and aerodromes.

### Economic affairs

Includes camping areas and caravan parks; tourism and area promotion; industrial development promotion; sale yards and markets; real estate development; commercial nurseries; and other business undertakings.

### General Purpose

General purpose activity.

## B2 Sources of income

### B2-1 Rates and annual charges

	Timing	2024 \$ '000	2023 \$ '000
<b>Ordinary rates</b>			
Residential	2	3,603	3,596
Farmland	2	3,470	3,349
Mining		(6)	(4)
Business	2	501	753
Less: pensioner rebates (mandatory)		(199)	(194)
<b>Rates levied to ratepayers</b>		<b>7,369</b>	<b>7,500</b>
Pensioner rate subsidies received		108	107
<b>Total ordinary rates</b>		<b>7,477</b>	<b>7,607</b>
<b>Annual charges (pursuant to s496, 496A, 496B, 501 &amp; 611)</b>			
Domestic waste management services	2	1,169	1,158
Water supply services	2	1,306	1,302
Sewerage services	2	1,876	1,829
Drainage	2	575	585
Environmental		464	472
Less: pensioner rebates (mandatory)		(212)	(206)
Waste facility management levies	2	203	186
<b>Annual charges levied</b>		<b>5,381</b>	<b>5,326</b>
Pensioner annual charges subsidies received:			
– Water	2	40	78
– Sewerage	2	38	62
– Domestic waste management	2	37	65
<b>Total annual charges</b>		<b>5,496</b>	<b>5,531</b>
<b>Total rates and annual charges</b>		<b>12,973</b>	<b>13,138</b>
<b>Timing of revenue recognition for rates and annual charges</b>			
Rates and annual charges recognised at a point in time (2)		12,973	13,138
<b>Total rates and annual charges</b>		<b>12,973</b>	<b>13,138</b>

Council has used 2022 year valuations provided by the NSW Valuer General in calculating its rates.

#### Material accounting policy information

Rates and annual charges are recognised as revenue when the Council obtains control over the assets comprising these receipts which is the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area that are not subsidised by the NSW Government.

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates and are in substance, a rates payment.

## B2-2 User charges and fees

	Timing	2024 \$ '000	2023 \$ '000
<b>Specific user charges (per s502 - specific 'actual use' charges)</b>			
Water supply services	1	1,474	1,729
Sewerage services	1	16	9
<b>Total specific user charges</b>		<b>1,490</b>	<b>1,738</b>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s608)</b>			
Building regulation		70	85
Building services – other		19	17
Private works – section 67	2	40	31
Regulatory/ statutory fees	2	37	21
Section 10.7 certificates (EP&A Act)		26	27
Section 603 certificates		22	28
Town planning	2	79	52
<b>Total fees and charges – statutory/regulatory</b>		<b>293</b>	<b>261</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s608))</b>			
Aerodrome		1	–
Cemeteries	2	81	123
Child care	2	72	84
Community centres		8	3
Library and art gallery		6	4
Refuse and effluent disposal		–	3
Saleyards	2	160	159
Sundry sales		92	73
Swimming centres	2	133	121
Waste disposal tipping fees		463	262
Water connection fees		25	44
Quarries and gravel pits		1,129	1,756
Trade waste fees		(1)	48
Other	2	2	1
<b>Total fees and charges – other</b>		<b>2,171</b>	<b>2,681</b>
<b>Total other user charges and fees</b>		<b>2,464</b>	<b>2,942</b>
<b>Total user charges and fees</b>		<b>3,954</b>	<b>4,680</b>
<b>Timing of revenue recognition for user charges and fees</b>			
User charges and fees recognised over time (1)		–	–
User charges and fees recognised at a point in time (2)		3,954	4,680
<b>Total user charges and fees</b>		<b>3,954</b>	<b>4,680</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 such as caravan parks, the customer is required to pay on arrival. There is no material obligation for Council in relation to refunds or returns.

Where an upfront fee is charged such as membership fees for leisure centre the fee is recognised on a straight-line basis over the expected life of membership.

Licences granted by Council are either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than the term of the licence.

## B2-3 Other revenues

	Timing	2024 \$ '000	2023 \$ '000
Fines	2	28	18
Legal fees recovery – rates and charges (extra charges)	2	48	1
Commissions and agency fees	1	–	3
Diesel rebate	2	121	62
Insurance claims recoveries		2	15
Sales – general	2	26	17
Festivals and committee activities		232	267
Insurance rebates and incentives	2	2	1
Sales – quarries and gravel pits	2	268	548
Tourism sales	2	104	97
Other	2	579	883
<b>Total other revenue</b>		<b>1,410</b>	<b>1,912</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)		1,410	1,912
<b>Total other revenue</b>		<b>1,410</b>	<b>1,912</b>

### Material accounting policy information for other revenue

Where the revenue related to a contract with a customer, the revenue is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods/services being provided.

Where the revenue relates to a contract which is not enforceable or does not contain sufficiently specific performance obligations then revenue is recognised when an unconditional right to a receivable arises or the cash is received, which is earlier.



## B2-4 Grants and contributions

		Operating 2024 \$ '000	Operating 2023 \$ '000	Capital 2024 \$ '000	Capital 2023 \$ '000
	Timing				
<b>General purpose grants and non-developer contributions (untied)</b>					
<b>General purpose (untied)</b>					
<b>Current year allocation</b>					
Financial assistance – general component	2	271	1,255	–	–
Financial assistance – local roads component	2	60	428	–	–
<b>Payment in advance - future year allocation</b>					
Financial assistance – general component	2	3,369	3,767	–	–
Financial assistance – local roads component	2	1,529	1,283	–	–
<b>Amount recognised as income during current year</b>		<b>5,229</b>	<b>6,733</b>	<b>–</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>					
<b>Cash contributions</b>					
<b>Previously specific grants:</b>					
Aged care	1	163	176	–	–
Water supplies	2	425	248	–	–
Bushfire and emergency services	1	159	137	–	96
Child care	2	262	256	–	–
Community care	2	1,292	2,618	805	881
Heritage and cultural		–	12	–	–
Library	2	–	–	(2)	1
Library – per capita		98	93	–	–
Library – special projects		–	–	33	–
LIRS subsidy	2	28	75	–	–
Recreation and culture	1 & 2	(212)	9	2,643	186
Storm/flood damage	2	604	3,623	511	46
Transport (roads to recovery)	2	–	–	1,170	610
Transport (other roads and bridges funding)	1 & 2	–	–	4,919	6,622
Youth services	2	63	31	–	–
Street lighting		62	40	–	–
Other specific grants	2	581	150	804	(487)
<b>Previously contributions:</b>					
Heritage/cultural		–	–	–	821
Roads and bridges		37	36	5,214	(936)
Transport for NSW contributions (regional roads, block grant)	2	528	283	3,721	2,202
Tourism	1	24	534	830	1,927
Other contributions	2	203	199	–	–
Aged and disabled	2	424	593	–	–
<b>Total special purpose grants and non-developer contributions – cash</b>		<b>4,741</b>	<b>9,113</b>	<b>20,648</b>	<b>11,969</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>4,741</b>	<b>9,113</b>	<b>20,648</b>	<b>11,969</b>
<b>Total grants and non-developer contributions</b>		<b>9,970</b>	<b>15,846</b>	<b>20,648</b>	<b>11,969</b>
<b>Comprising:</b>					
– Commonwealth funding		5,982	–	6,397	–
– State funding		1,570	–	13,383	–
– Other funding		2,418	15,846	868	11,969
		<b>9,970</b>	<b>15,846</b>	<b>20,648</b>	<b>11,969</b>

## B2-4 Grants and contributions (continued)

### Developer contributions

	Notes	Timing	Operating 2024 \$ '000	Operating 2023 \$ '000	Capital 2024 \$ '000	Capital 2023 \$ '000
<b>Developer contributions: (s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>						
G4						
<b>Cash contributions</b>						
S 7.11 – contributions towards amenities/services		2	224	128	–	–
S 64 – water supply contributions		2	–	–	13	4
S 64 – sewerage service contributions		2	–	–	22	5
<b>Total developer contributions – cash</b>			<b>224</b>	<b>128</b>	<b>35</b>	<b>9</b>
<b>Total developer contributions</b>			<b>224</b>	<b>128</b>	<b>35</b>	<b>9</b>
<b>Total contributions</b>			<b>224</b>	<b>128</b>	<b>35</b>	<b>9</b>
<b>Total grants and contributions</b>			<b>10,194</b>	<b>15,974</b>	<b>20,683</b>	<b>11,978</b>
<b>Timing of revenue recognition for grants and contributions</b>						
Grants and contributions recognised over time (1)			–	–	–	–
Grants and contributions recognised at a point in time (2)			10,194	15,974	20,683	11,978
<b>Total grants and contributions</b>			<b>10,194</b>	<b>15,974</b>	<b>20,683</b>	<b>11,978</b>

## B2-4 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:

Notes	Operating 2024 \$ '000	Operating 2023 \$ '000	Capital 2024 \$ '000	Capital 2023 \$ '000
<b>Unspent grants</b>				
Unspent funds at 1 July	–	2,684	12,260	6,969
<b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	487	–	2,406	–
<b>Add:</b> Funds received and not recognised as revenue in the current year	2,733	–	10,819	5,291
<b>Less:</b> Funds recognised as revenue in previous years that have been spent during the reporting year	(2,684)	(2,684)	(6,969)	–
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	–	–	(5,291)	–
<b>Unspent grants at 30 June</b>	<b>536</b>	<b>–</b>	<b>13,225</b>	<b>12,260</b>
<b>Contributions</b>				
G4				
Unspent funds at 1 July	870	–	–	742
<b>Add:</b> contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	224	–	–	–
<b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year	–	870	–	(742)
<b>Unspent contributions at 30 June</b>	<b>1,094</b>	<b>870</b>	<b>–</b>	<b>–</b>

### 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.

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 (e.g. completion of the project when a report / outcome is provided), whereas over time recognition is where the control of the services is ongoing throughout the project (e.g. provision of community health services through the year).

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.

## B2-4 Grants and contributions (continued)

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.

## B2-5 Interest and investment income

	2024 \$ '000	2023 \$ '000
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	95	109
– Cash and investments	1,149	764
<b>Total interest and investment income (losses)</b>	<b>1,244</b>	<b>873</b>

### Material accounting policy information

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

## B2-6 Other income

	Notes	2024 \$ '000	2023 \$ '000
<b>Fair value increment on investment properties</b>			
Fair value increment on investment properties	B2-6	(134)	45
<b>Total fair value increment on investment properties</b>	C1-8	<b>(134)</b>	<b>45</b>
<b>Rental income</b>			
<b>Investment properties</b>			
Lease income (excluding variable lease payments not dependent on an index or rate)		113	109
<b>Total Investment properties</b>		<b>113</b>	<b>109</b>
<b>Other lease income</b>			
Leaseback fees - council vehicles		84	82
Other leases and rentals		41	32
<b>Total other lease income</b>		<b>125</b>	<b>114</b>
<b>Total rental income</b>	C2-2	<b>238</b>	<b>223</b>
<b>Total other income</b>		<b>104</b>	<b>268</b>

## B3 Costs of providing services

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

	2024 \$ '000	2023 \$ '000
Salaries and wages	10,754	9,969
Employee leave entitlements (ELE)	(1,165)	(277)
ELE on-costs	1,191	1,104
Superannuation	1,160	1,082
Workers' compensation insurance	539	251
Fringe benefit tax (FBT)	38	34
Other	78	49
<b>Total employee costs</b>	<b>12,595</b>	<b>12,212</b>
Less: capitalised costs	(916)	(431)
<b>Total employee costs expensed</b>	<b>11,679</b>	<b>11,781</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 E3-1 for more information.

## B3-2 Materials and services

	Notes	2024 \$ '000	2023 \$ '000
Raw materials and consumables		5,901	8,860
Contractor costs		1,169	682
Audit Fees	F2-1	84	55
<b>Previously other expenses:</b>			
Councillor and Mayoral fees and associated expenses	F1-2	179	173
Advertising		158	161
Bank charges		43	36
Cleaning		33	28
Computer software charges		823	772
Electricity and heating		752	574
Insurance		31	1,117
Office expenses (including computer expenses)		28	33
Postage		45	38
Printing and stationery		29	35
Street lighting		–	1
Subscriptions and publications		237	137
Telephone and communications		125	144
Valuation fees		48	89
Protective clothing		32	71
Travel expenses		39	35
Annual rates and charges		4	234
Training costs (other than salaries and wages)		165	132
Other expenses		603	216
Lease fees and rentals		187	101
Security services		33	45
<b>Legal expenses:</b>			
– Legal expenses: planning and development		10	33
– Legal expenses: debt recovery		42	1
– Legal expenses: other		1	–
<b>Total materials and services</b>		<b>10,801</b>	<b>13,803</b>
<b>Total materials and services</b>		<b>10,801</b>	<b>13,803</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 \$ '000	2023 \$ '000
<b>(i) Interest bearing liability costs</b>		
Interest on leases	34	50
Interest on loans	435	506
<b>Total interest bearing liability costs</b>	<b>469</b>	<b>556</b>
<b>Total interest bearing liability costs expensed</b>	<b>469</b>	<b>556</b>
<b>Total borrowing costs expensed</b>	<b>469</b>	<b>556</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 \$ '000	2023 \$ '000
<b>Depreciation and amortisation</b>			
Plant and equipment	C1-7	909	670
Office equipment		10	10
Furniture and fittings		16	8
<b>Infrastructure:</b>			
– Buildings	C1-7	1,186	1,167
– Other structures		290	168
– Roads (general)		3,646	3,120
– Roads (causeways)		102	86
– Roads (carparks)		39	19
– Bridges		826	746
– Footpaths		70	65
– Stormwater drainage		209	208
– Water supply network		718	553
– Sewerage network		537	507
– Swimming pools		52	47
– Other open space/recreational assets		93	72
– Kerb and gutter		167	158
– Major street furniture		66	63
Right of use assets <sup>1</sup>	C2-1	287	92
<b>Other assets:</b>			
– Library books		84	156
<b>Reinstatement, rehabilitation and restoration assets:</b>			
– Tip assets	C1-7	377	242
<b>Total gross depreciation and amortisation costs</b>		<b>9,684</b>	<b>8,157</b>
<b>Total depreciation and amortisation costs</b>		<b>9,684</b>	<b>8,157</b>
<b>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT OF NON-FINANCIAL ASSETS</b>		<b>9,684</b>	<b>8,157</b>

### Accounting policy for depreciation, amortisation and impairment of non-financial assets

#### 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 C1-7 for IPPE 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 no longer required to be tested for impairment under AASB 136. This is because 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 that have an indefinite useful life, or are 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 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). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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.

(1) Amortisation of Right of use assets has been adjusted in the current year to reflect leased plant and equipment depreciated and amortised in the prior years of 2021 and 2022. Without the adjustment, the expense would be \$287k

## B3-5 Other expenses

	Notes	2024 \$ '000	2023 \$ '000
<b>Receivables write-off</b>			
Rates and annual charges		41	–
User charges and fees		29	–
<b>Total impairment of receivables</b>	C1-4	<b>70</b>	<b>–</b>
<b>Other</b>			
Contributions/levies to other levels of government			
– Emergency services levy (includes FRNSW, SES, and RFS levies)		41	119
– NSW rural fire service levy		443	403
– Other contributions/levies		111	123
Donations, contributions and assistance to other organisations (Section 356)		134	238
<b>Total other</b>		<b>729</b>	<b>883</b>
<b>Total other expenses</b>		<b>799</b>	<b>883</b>

### Material accounting policy information

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

Impairment expenses are recognised when identified.

## B4 Gains or losses

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

	Notes	2024 \$ '000	2023 \$ '000
<b>Gain (or loss) on disposal of plant and equipment</b>	C1-7		
Proceeds from disposal – plant and equipment		230	90
Less: carrying amount of plant and equipment assets sold/written off		(77)	(14)
<b>Gain (or loss) on disposal</b>		<b>153</b>	<b>76</b>
<b>Gain (or loss) on disposal of infrastructure</b>	C1-7		
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure assets sold/written off		(961)	(1,172)
<b>Gain (or loss) on disposal</b>		<b>(961)</b>	<b>(1,172)</b>
<b>Net gain (or loss) from disposal of assets</b>		<b>(808)</b>	<b>(1,096)</b>

#### Material accounting policy information

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Income Statement.

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 derecognised.

## B5 Performance against budget

### B5-1 Material budget variations

Council's original budget was adopted by the Council on 22 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 Budget	2024 Actual	2024 ----- Variance -----	
<b>Revenues</b>				
<b>Rates and annual charges</b>	13,274	12,973	(301)	(2)% <b>U</b>
<b>User charges and fees</b>	7,784	3,954	(3,830)	(49)% <b>U</b>
The unfavourable variance is due to the budget including internal sales of Quarry materials eliminated \$3,721k				
<b>Other revenues</b>	665	1,410	745	112% <b>F</b>
This favourable variance of \$745k includes unbudgeted other revenue of \$579k.				
<b>Operating grants and contributions</b>	11,816	10,194	(1,622)	(14)% <b>U</b>
<b>Capital grants and contributions</b>	12,000	20,683	8,683	72% <b>F</b>
This variance is the result of implementing the grants register in July 2024 as no budget amendments in respect of capital grants and contributions income were made by the Council during the year.				
<b>Interest and investment revenue</b>	636	1,244	608	96% <b>F</b>
The actual amount of interest received was over budget by \$608K. This favourable increase was the result of reducing the original budget to reflect anticipated downward movement in investments returns which did not eventuate. With the assistance of Council's Investment advisor, Council was able to generate a higher average investment return than was anticipated during 2023-2024.				
<b>Other income</b>	386	104	(282)	(73)% <b>U</b>
The original budget did not provide for a fair value (unrealised) loss of \$134k on investment properties.				
<b>Expenses</b>				
<b>Employee benefits and on-costs</b>	13,383	11,679	1,704	13% <b>F</b>
This favourable variance is primarily a result of less costs associated with the expenditure of employee LSL and terminations payouts compared to previous periods.				
<b>Materials and services</b>	13,646	10,801	2,845	21% <b>F</b>
This favourable variance is mainly due to the elimination of Internal Sale of Quarry materials of \$3,721k and \$552k insurance premiums for 2023/24 prepaid in 2022/23.				
<b>Borrowing costs</b>	292	469	(177)	(61)% <b>U</b>
The variance is predominately due to low interest rates originally budgeted for current year.				
<b>Depreciation, amortisation and impairment of non-financial assets</b>	9,010	9,684	(674)	(7)% <b>U</b>
<b>Other expenses</b>	810	799	11	1% <b>F</b>

**B5-1 Material budget variations (continued)**

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
<b>Net losses from disposal of assets</b>	–	808	(808)	∞ <b>U</b>
This variation is majorly as a result of disposal of renewed infrastructure assets of \$961k				
<b>Statement of cash flows</b>				
<b>Cash flows from operating activities</b>	18,429	22,700	4,271	23% <b>F</b>
The variation is due to additional expenditure not budgeted for now recognised as a result of the reconciliation of the grant register.				
<b>Cash flows from investing activities</b>	(149)	(18,942)	(18,793)	12,613% <b>U</b>
Original budget did not include some major asset projects which had been earlier deferred.				
<b>Cash flows from financing activities</b>	(1,889)	(1,889)	–	0% <b>F</b>

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

	2024 \$ '000	2023 \$ '000
<b>Cash assets</b>		
Cash on hand and at bank	11,475	9,581
Cash equivalent assets		
– Deposits at call	–	25
<b>Total cash and cash equivalents</b>	<b>11,475</b>	<b>9,606</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	11,475	9,606
<b>Balance as per the Statement of Cash Flows</b>	<b>11,475</b>	<b>9,606</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 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
<b>Financial assets at amortised cost</b>				
Term deposits	15,200	–	18,700	–
<b>Total</b>	<b>15,200</b>	<b>–</b>	<b>18,700</b>	<b>–</b>
<b>Total financial investments</b>	<b>15,200</b>	<b>–</b>	<b>18,700</b>	<b>–</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>26,675</b>	<b>–</b>	<b>28,306</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.

## C1-2 Financial investments (continued)

### Amortised cost

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. Term deposits with an initial term of more than 3 months are classified as investments rather than cash and cash equivalents.

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 \$ '000	2023 \$ '000
(a) Externally restricted cash, cash equivalents and investments		
<b>Total cash, cash equivalents and investments</b>	<b>26,675</b>	<b>28,306</b>
Less: Externally restricted cash, cash equivalents and investments	<u>(27,870)</u>	<u>(24,948)</u>
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>(1,195)</b>	<b>3,358</b>
<b>External restrictions</b>		
<b>External restrictions – included in liabilities</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Trust funds	–	36
Specific purpose unexpended grants – general fund	10,671	11,439
Life Choices Program - CHSP & HCP	402	595
<b>External restrictions – included in liabilities</b>	<b>11,073</b>	<b>12,070</b>
<b>External restrictions – other</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	1,094	870
Specific purpose unexpended grants (recognised as revenue) – general fund	3,090	–
Water fund	1,308	1,655
Sewer fund	4,899	4,444
Waste management	5,189	4,359
Drainage management	827	1,143
Glen Innes Aggregates	–	–
Council committees	390	407
<b>External restrictions – other</b>	<b>16,797</b>	<b>12,878</b>
<b>Total external restrictions</b>	<b>27,870</b>	<b>24,948</b>

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 \$ '000	2023 \$ '000
(b) Internal allocations		
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>(1,195)</b>	<b>3,358</b>

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

	<b>2024</b>	2023
	<b>\$ '000</b>	\$ '000
Less: Internally restricted cash, cash equivalents and investments	—	—
<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>(1,195)</b>	<b>3,358</b>
Glen Innes Aggregates	—	—
Election costs	—	—
<b>Total internal allocations</b>	<b>—</b>	<b>—</b>

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

	<b>2024</b>	2023
	<b>\$ '000</b>	\$ '000
(c) Unrestricted and unallocated		
<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>(1,195)</b>	<b>3,358</b>



## C1-4 Receivables

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Rates and annual charges	2,044	181	3,165	46
User charges and fees	977	–	2,040	–
Accrued revenues				
– Interest on investments	473	–	397	–
– Other income accruals	838	–	110	–
Net GST receivable	28	–	389	–
Other debtors	15	–	–	–
<b>Total</b>	<b>4,375</b>	<b>181</b>	<b>6,101</b>	<b>46</b>
<b>Less: provision for impairment</b>				
Rates and annual charges	(74)	(24)	(34)	(24)
User charges and fees	(33)	–	(4)	–
<b>Total provision for impairment – receivables</b>	<b>(107)</b>	<b>(24)</b>	<b>(38)</b>	<b>(24)</b>
<b>Total net receivables</b>	<b>4,268</b>	<b>157</b>	<b>6,063</b>	<b>22</b>
<b>Externally restricted receivables</b>				
<b>Water supply</b>				
– Rates and availability charges	1,375	–	2,027	–
– Other	1,710	–	–	–
<b>Sewerage services</b>				
– Rates and availability charges	344	–	336	–
– Other	(2)	–	–	–
<b>Total external restrictions</b>	<b>3,427</b>	<b>–</b>	<b>2,363</b>	<b>–</b>
<b>Unrestricted receivables</b>	<b>841</b>	<b>157</b>	<b>3,700</b>	<b>22</b>
<b>Total net receivables</b>	<b>4,268</b>	<b>157</b>	<b>6,063</b>	<b>22</b>

	2024 \$ '000	2023 \$ '000
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year	62	61
<b>Balance at the end of the year</b>	<b>62</b>	<b>61</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 for rates debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. For non-rates debtors, Council uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

## C1-4 Receivables (continued)

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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 (for non-rates debtors) 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.

Receivables with a contractual amount of \$500.00 written off during the reporting period are still 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.

Rates and annual charges outstanding are secured against the property.

## C1-5 Inventories

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
<b>(i) Inventories at cost</b>				
Stores and materials	333	–	369	–
Trading stock (Quarry & Visitor Information Stock)	1,482	–	858	–
<b>Total inventories at cost</b>	<b>1,815</b>	<b>–</b>	<b>1,227</b>	<b>–</b>
<b>Total inventories</b>	<b>1,815</b>	<b>–</b>	<b>1,227</b>	<b>–</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.

## C1-6 Contract assets

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Contract assets	9,169	–	7,179	–
<b>Total contract assets</b>	<b>9,169</b>	<b>–</b>	<b>7,179</b>	<b>–</b>

### Contract assets

Accrued Income	–	–	–	–
Grant Contract Assets	9,169	–	7,179	–
<b>Total contract assets</b>	<b>9,169</b>	<b>–</b>	<b>7,179</b>	<b>–</b>

#### Significant changes in contract assets

No significant changes year over year.

### Material accounting policy information

#### Contract assets

Contract assets represent Councils right to payment in exchange for goods or services the Council has transferred to a customer when that right is conditional on something other than the passage of time.

Contract assets arise when the amounts billed to customers are based on the achievement of various milestones established in the contract and therefore the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer. Once an invoice or payment claim is raised or the relevant milestone is reached, Council recognises a receivable.

Impairment of contract assets is assessed using the simplified expected credit loss model where lifetime credit losses are recognised on initial recognition.

## C1-7 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	WIP transfers	Adjustments and transfers	Reclassifications	Carrying value of contributed assets	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	\$ '000
Capital work in progress	9,611	–	9,611	11,090	12,636	–	–	(23,729)	–	–	–	–	9,362	–	9,362
Plant and equipment	12,464	(6,782)	5,682	–	–	(76)	(909)	1,425	–	–	–	–	13,483	(7,361)	6,122
Office equipment	305	(278)	27	–	–	–	(10)	–	–	–	–	–	305	(288)	17
Furniture and fittings	304	(232)	72	–	–	–	(16)	29	–	–	–	–	333	(248)	85
<b>Land:</b>															
– Crown land	1,801	–	1,801	–	–	–	–	–	–	–	–	–	1,801	–	1,801
– Operational land	9,247	–	9,247	–	–	–	–	–	–	–	–	643	9,890	–	9,890
– Community land	3,177	–	3,177	–	–	–	–	–	–	–	–	–	3,177	–	3,177
Land improvements – depreciable	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Infrastructure:</b>															
– Buildings	66,615	(32,153)	34,462	–	–	(4)	(1,186)	374	–	(363)	–	1,734	68,686	(33,669)	35,017
– Other structures	13,592	(3,938)	9,654	–	–	–	(290)	9	–	–	–	305	14,043	(4,365)	9,678
– Roads (general)	164,831	(68,215)	96,616	–	–	(696)	(3,646)	11,124	–	–	47	4,455	177,331	(69,429)	107,902
– Roads (causeways)	8,608	(5,311)	3,297	–	–	–	(102)	–	–	–	–	171	9,070	(5,703)	3,367
– Roads (carparks)	2,443	(588)	1,855	–	–	–	(39)	42	–	–	–	63	2,563	(642)	1,921
– Bridges	76,909	(29,363)	47,546	–	–	–	(826)	3,298	–	–	–	2,484	83,261	(30,760)	52,501
– Footpaths (road related)	5,578	(1,567)	4,011	–	–	(53)	(70)	614	–	–	–	209	6,356	(1,646)	4,710
– Bulk earthworks (non-depreciable)	77,945	–	77,945	–	–	–	–	1,473	–	–	–	4,180	83,598	–	83,598
– Stormwater drainage	18,943	(8,272)	10,671	–	–	–	(209)	611	–	–	–	530	20,514	(8,911)	11,603
– Water supply network	52,664	(25,117)	27,547	–	–	(19)	(718)	1,143	–	–	–	1,359	56,381	(27,070)	29,311
– Sewerage network	40,012	(17,841)	22,171	–	–	(132)	(537)	610	–	–	–	1,095	42,230	(19,023)	23,207
– Swimming pools	3,510	(1,238)	2,272	–	–	(44)	(52)	100	–	–	–	74	3,675	(1,325)	2,350
– Other open space/recreational assets (general)	5,600	(1,416)	4,184	–	–	(13)	(93)	2,796	–	–	–	–	8,375	(1,501)	6,874
– Other infrastructure (kerb and gutter)	13,606	(7,109)	6,497	–	–	–	(167)	81	–	–	–	339	14,417	(7,666)	6,751
– Other infrastructure (major street furniture)	2,783	(638)	2,145	–	–	–	(65)	–	–	–	–	112	2,932	(741)	2,191
<b>Other assets:</b>															
– Library books	959	(803)	156	–	–	–	(84)	–	–	–	–	–	959	(887)	72
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>															
– Tip assets	3,819	(620)	3,199	–	–	–	(377)	–	(1,193)	–	–	–	2,437	(808)	1,629
<b>Total infrastructure, property, plant and equipment</b>	<b>595,326</b>	<b>(211,481)</b>	<b>383,845</b>	<b>11,090</b>	<b>12,636</b>	<b>(1,037)</b>	<b>(9,396)</b>	<b>–</b>	<b>(1,193)</b>	<b>(363)</b>	<b>47</b>	<b>17,753</b>	<b>635,179</b>	<b>(222,043)</b>	<b>413,136</b>

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

## C1-7 Infrastructure, property, plant and equipment (continued)

	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	WIP transfers	Adjustments and transfers	Other movements Accumulated Depreciation Renewal	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>By aggregated asset class</b>	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress	13,722	–	13,722	3,427	9,722	–	–	(18,081)	–	–	–	–	9,611	–	9,611
Plant and equipment	11,413	(6,337)	5,076	413	962	(14)	(670)	–	–	–	–	–	12,464	(6,782)	5,682
Office equipment	305	(267)	38	–	–	–	(10)	–	–	–	–	–	305	(278)	27
Furniture and fittings	304	(224)	80	–	–	–	(8)	–	–	–	–	–	304	(232)	72
<b>Land:</b>															
– Operational land	8,952	–	8,952	–	–	–	–	–	–	–	–	295	9,247	–	9,247
– Community land	2,999	–	2,999	–	–	–	–	–	–	–	–	178	3,177	–	3,177
– Crown land	1,868	–	1,868	–	–	–	–	–	–	–	(67)	–	1,801	–	1,801
Land improvements – depreciable	–	–	–	–	–	–	86	–	–	–	–	–	–	–	–
<b>Infrastructure:</b>															
– Buildings	53,575	(32,001)	21,574	508	5,589	(33)	(1,167)	–	–	(325)	–	8,315	66,615	(32,153)	34,462
– Other structures	11,853	(6,821)	5,032	–	–	(18)	(168)	–	–	–	–	4,808	13,592	(3,938)	9,654
– Roads	154,903	(64,841)	90,062	5,411	–	–	(3,120)	–	–	–	–	5,008	164,831	(68,215)	96,616
– Bridges	70,850	(27,062)	43,788	1,966	–	(53)	(746)	–	–	–	–	2,590	76,909	(29,363)	47,546
– Footpaths	5,236	(1,421)	3,815	51	–	(16)	(65)	–	–	–	–	226	5,578	(1,567)	4,011
– Bulk earthworks (non-depreciable)	73,370	–	73,370	789	–	(180)	–	–	–	–	–	3,965	77,945	–	77,945
– Stormwater drainage	18,943	(8,064)	10,879	–	–	–	(208)	–	–	–	–	–	18,943	(8,272)	10,671
– Water supply network	43,677	(15,570)	28,107	774	34	(36)	(553)	–	–	325	(1,105)	–	52,664	(25,117)	27,547
– Sewerage network	34,131	(11,870)	22,261	864	19	(81)	(507)	–	–	–	(384)	–	40,012	(17,841)	22,171
– Swimming pools	3,642	(1,678)	1,964	–	–	–	(47)	–	–	–	–	355	3,510	(1,238)	2,272
– Other open space/recreational assets	4,237	(1,171)	3,066	–	–	(8)	(72)	–	–	–	–	1,199	5,600	(1,416)	4,184
– Roads (causeways)	8,128	(4,965)	3,163	34	–	(747)	(86)	–	–	–	–	187	8,608	(5,311)	3,297
– Roads (carparks)	1,677	(538)	1,139	–	667	–	(19)	–	–	–	–	67	2,443	(588)	1,855
– Other infrastructure (kerb and gutter)	12,847	(6,563)	6,284	–	–	–	(158)	–	–	–	–	372	13,606	(7,109)	6,497
– Other infrastructure (major street furniture)	2,628	(543)	2,085	–	–	–	(63)	–	–	–	–	123	2,783	(638)	2,145
<b>Other assets:</b>															
– Library books	959	(647)	312	–	–	–	(156)	–	–	–	–	–	959	(803)	156
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>															
– Tip assets	2,722	(496)	2,226	–	–	–	(242)	–	1,215	–	–	–	3,819	(620)	3,199
<b>Total infrastructure, property, plant and equipment</b>	<b>542,941</b>	<b>(191,079)</b>	<b>351,862</b>	<b>14,237</b>	<b>16,993</b>	<b>(1,186)</b>	<b>(7,979)</b>	<b>(18,081)</b>	<b>1,215</b>	<b>–</b>	<b>(1,556)</b>	<b>27,688</b>	<b>595,326</b>	<b>(211,481)</b>	<b>383,845</b>

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

## C1-7 Infrastructure, property, plant and equipment (continued)

### Material accounting policy information

Infrastructure, property, plant and equipment are held at fair value. Independent valuations are performed at least every five years, however the carrying amount of assets is assessed 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 & Environment.

Increases in the carrying amounts arising on revaluation are credited to the 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 revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

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.

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

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:

<b>Plant and equipment</b>	Years	<b>Other equipment</b>	Years
Office equipment	5 to 15	Playground equipment	5 to 15
Office furniture	5 to 20	Benches, seats etc.	10 to 20
Vehicles	5 to 10		
Plant	7 to 40	<b>Buildings</b>	
Heavy Plant	10 to 30	Buildings: masonry	50 to 100
		Buildings: other	20 to 40
<b>Water and sewer assets</b>		<b>Stormwater assets</b>	
Reservoirs	25 to 150	Conduits	60 to 90
Reticulation pipes	90	Pits	90
Treatment Works	10 to 120		
Weirs	25 to 100	<b>Other infrastructure assets</b>	
Pump Stations	10 to 100	Bulk earthworks	Infinite
Bores	35 to 75	Swimming pools	50
		Other open space/recreational assets	20
<b>Transportation assets</b>		Other infrastructure	20
Sealed roads: surface	15	Monuments	100
Sealed roads: base	45		
Unsealed roads: surface	30		
Sub-base	Infinite		
Bridge: concrete	60 to 120		
Bridge: timber	60 to 100		
Kerb, gutter and footpaths	80		

Depreciation starts in the year following the year of acquisition of an asset

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement.

### Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips.

Council has elected not to recognise land under roads acquired before 1 July 2008. Land under roads acquired after 1 July 2008 is recognised in accordance with the IPPE accounting policy.

## C1-7 Infrastructure, property, plant and equipment (continued)

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### **Crown reserves**

Crown reserves under Council's care and control as well as Crown land devolved to Council are recognised as assets of the Council. While ownership of the land remains with the Crown, Council retains operational control of the land and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated. Where the Crown land is under a lease arrangement they are accounted for under AASB 16 *Leases*.

Improvements on Crown reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating to the reserves are recognised within Council's Income Statement.

### **Rural Fire Service assets**

Under Section 119 of the *Rural Fire Services Act 1997 (NSW)*, all Rural Fire Fighting Equipment purchased or constructed wholly or partly from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the Fire Fighting Equipment have been purchased or constructed. Furthermore, Council must not sell or otherwise dispose of any Fire Fighting Equipment purchased or constructed wholly or partly from money to the credit of the Fund without the written consent of the Commissioner. In case of disposal, all proceeds are to be paid to the credit of the Fund.

In light of the above legislative requirements and based on the analysis of the existing Council's Rural Fire District Service Agreement with the Commissioner of the NSW Rural Fire Service, Council determined that, in substance, the Commissioner bears substantially all risks and rewards as well as rights and obligations in respect to all the Rural Fire Fighting Equipment (Red Fleet Assets) and Buildings (Premises) on Council controlled land "vested" in the Council, for the foreseeable future.

Council concludes that the abovementioned assets do not meet asset definition and recognition criteria as required by the Australian Accounting Standards due to lack of control over economic benefits which are expected to flow from the asset. As a result, Council has continued not to recognise in its Financial Statements any Rural Fire Fighting Equipment (Red Fleet Assets) or any Rural Fire Service Buildings on Council's controlled land that have been "vested" in Council.

## C1-8 Owned Investment property

	2024 \$ '000	2023 \$ '000
<b>Owned investment property</b>		
Investment property on hand at fair value	725	250
<b>Total owned investment property</b>	<b>725</b>	<b>250</b>

### Owned investment property

#### At fair value

Opening balance at 1 July	250	205
Net gain/(loss) from fair value adjustments	(134)	45
Other movements	609	–
<b>Closing balance at 30 June</b>	<b>725</b>	<b>250</b>

#### Material accounting policy information

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Council.

Changes in Fair Values are recorded in the Income Statement as part of other income.

## C1-9 Other

### Other assets

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Prepayments	–	–	5	–
<b>Total other assets</b>	<b>–</b>	<b>–</b>	<b>5</b>	<b>–</b>

### Externally restricted assets

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
<b>Water</b>				
Prepayments	(148)	–	–	–
<b>Total water</b>	<b>(148)</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Sewerage</b>				
Prepayments	320	–	267	–
<b>Total sewerage</b>	<b>320</b>	<b>–</b>	<b>267</b>	<b>–</b>

### Current other assets not anticipated to be settled within the next 12 months

The following other assets, even though classified as current are not expected to be recovered in the next 12 months;

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Total externally restricted assets	172	–	267	–
Total internally restricted assets	–	–	–	–

continued on next page ...



## C1-9 Other (continued)

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Total unrestricted assets	(172)	–	(262)	–
<b>Total other assets</b>	<b>–</b>	<b>–</b>	<b>5</b>	<b>–</b>

## C2 Leasing activities

### C2-1 Council as a lessee

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

#### Terms and conditions of lease

Terms and conditions of leases are detailed in the Lease Agreement.

#### Vehicles

Council leases vehicles and equipment with lease terms varying from 5 to 10 years; the lease payments are fixed during the lease term and there is generally no renewal option.

#### Office and IT equipment

Leases for office and IT equipment are generally for low value assets, except for significant items such as photocopiers. The leases are for between 3 and 5 years with no renewal option, the payments are fixed, however some of the leases include variable payments based on usage.

#### Extension options

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

Potential future lease payments are not included in lease liabilities as Council has assessed that the exercise of the option is not reasonably certain.

#### (a) Right of use assets

	Plant & Equipment \$ '000	Total \$ '000
<b>2024</b>		
Opening balance at 1 July	811	811
Depreciation charge	(287)	(287)
<b>Balance at 30 June</b>	<b>524</b>	<b>524</b>
<b>2023</b>		
Opening balance at 1 July	1,023	1,023
Depreciation charge	(212)	(212)
<b>Balance at 30 June</b>	<b>811</b>	<b>811</b>

#### (b) Lease liabilities

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Lease liabilities	239	673	430	912
<b>Total lease liabilities</b>	<b>239</b>	<b>673</b>	<b>430</b>	<b>912</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:

	< 1 year \$ '000	1 – 5 years \$ '000	> 5 years \$ '000	Total \$ '000	Total per Statement of Financial Position \$ '000
<b>2024</b>					
Cash flows	463	673	–	1,136	912
<b>2023</b>					
Cash flows	337	–	–	337	1,342

### (d) Income Statement

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

	2024 \$ '000	2023 \$ '000
Interest on lease liabilities	34	50
Depreciation of right of use assets	287	92
	<b>321</b>	<b>142</b>

### (e) Statement of Cash Flows

Total cash outflow for leases	463	–
	<b>463</b>	<b>–</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 asset 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.

### Exceptions to lease accounting

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

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.

### Leases at significantly below market value / Concessionary leases

Council has elected to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability at initial recognition.

## C2-2 Council as a lessor

### Operating leases

Council leases out a number of properties and /or plant and equipment to community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included as investment property (refer note C1-8) and/or IPP&E (refer in this note part (v) below) in the Statement of Financial Position.

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

	2024	2023
	\$ '000	\$ '000

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

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

Lease income (excluding variable lease payments not dependent on an index or rate)	113	109
<b>Total income relating to operating leases for investment property assets</b>	<b>113</b>	<b>109</b>

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

Lease income (excluding variable lease payments not dependent on an index or rate)	125	114
<b>Total income relating to operating leases for Council assets</b>	<b>125</b>	<b>114</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

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Goods and services – operating expenditure	639	–	1,191	–
Goods and services – capital expenditure	731	–	821	–
Accrued expenses:				
– Borrowings	51	–	56	–
– Salaries and wages	148	–	154	–
Advances	13	–	13	–
Prepaid rates	77	–	498	–
Other	(173)	–	(208)	178
<b>Total payables</b>	<b>1,486</b>	<b>–</b>	<b>2,525</b>	<b>178</b>

#### Payables relating to restricted assets

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
<b>Externally restricted payables</b>				
Water	303	–	237	–
Sewer	74	–	55	–
Payables relating to externally restricted assets	377	–	292	–
<b>Total payables relating to restricted assets</b>	<b>377</b>	<b>–</b>	<b>292</b>	<b>–</b>
<b>Total payables relating to unrestricted assets</b>	<b>1,109</b>	<b>–</b>	<b>2,233</b>	<b>178</b>
<b>Total payables</b>	<b>1,486</b>	<b>–</b>	<b>2,525</b>	<b>178</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

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

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
<b>Grants and contributions received in advance:</b>				
Unexpended capital grants (to construct Council controlled assets) (i)	10,694	–	11,464	–
Life Choice Program upfront fees (iii)	402	–	595	–
<b>Total grants received in advance</b>	<b>11,096</b>	<b>–</b>	<b>12,059</b>	<b>–</b>
<b>Total contract liabilities</b>	<b>11,096</b>	<b>–</b>	<b>12,059</b>	<b>–</b>

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## C3-2 Contract Liabilities (continued)

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### Notes

(i) Council has received funding to construct assets including sporting facilities, bridges, library and other infrastructure. The funds received are under an enforceable contract which require Council to construct an identified asset which will be under Council's control on completion. The revenue is recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue. The revenue is expected to be recognised in the next 12 months.

(ii) The contract liability relates to grants received prior to the revenue recognition criteria in AASB 15 being satisfied since the performance obligations are ongoing.

(iii) Upfront client fees and grant funds for the CHP and CHSP programs are payments for delivery of services to external customers. Therefore the funds received are recorded as a contract liability on receipt and recognised as revenue when services are delivered.

## C3-2 Contract Liabilities (continued)

### Revenue recognised that was included in the contract liability balance at the beginning of the period

	2024 \$ '000	2023 \$ '000
<b>Grants and contributions received in advance:</b>		
Capital grants (to construct Council controlled assets)	12,032	11,996
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>12,032</b>	<b>11,996</b>

### Significant changes in contract liabilities

Increase by \$2.5M is due to an overall increase in new capital grants, coupled with resourcing constraints due to existing committed works during the year.

### 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 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Loans – secured <sup>1</sup>	1,370	5,225	1,459	6,595
<b>Total borrowings</b>	<b>1,370</b>	<b>5,225</b>	<b>1,459</b>	<b>6,595</b>

(1) Loans are secured over the general rating income of Council.

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note E1-1.

### Borrowings relating to restricted assets

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
<b>Externally restricted borrowings</b>				
Water	112	1,265	224	1,265
Sewer	218	239	405	257
Borrowings relating to externally restricted assets	330	1,504	629	1,522
<b>Total borrowings relating to restricted assets</b>	<b>330</b>	<b>1,504</b>	<b>629</b>	<b>1,522</b>
<b>Total borrowings relating to unrestricted assets</b>	<b>1,040</b>	<b>3,721</b>	<b>830</b>	<b>5,073</b>
<b>Total borrowings</b>	<b>1,370</b>	<b>5,225</b>	<b>1,459</b>	<b>6,595</b>

### C3-3 Borrowings (continued)

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

	2023		Non-cash movements				2024
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	8,054	(1,459)	–	–	–	–	6,595
Lease liability (Note C2-1b)	1,342	(430)	–	–	–	–	912
<b>Total liabilities from financing activities</b>	<b>9,396</b>	<b>(1,889)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>7,507</b>

	2022		Non-cash movements				2023
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	9,686	(1,632)	–	–	–	–	8,054
Lease liability (Note C2-1b)	1,548	(206)	–	–	–	–	1,342
<b>Total liabilities from financing activities</b>	<b>11,234</b>	<b>(1,838)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>9,396</b>

#### (b) Financing arrangements

	2024 \$ '000	2023 \$ '000
<b>Total facilities</b>		
Total financing facilities available to Council at the reporting date are:		
Bank overdraft facilities <sup>1</sup>	200	200
Credit cards/purchase cards	50	50
<b>Total financing arrangements</b>	<b>250</b>	<b>250</b>
<b>Drawn facilities</b>		
Financing facilities drawn down at the reporting date are:		
– Credit cards/purchase cards	47	43
<b>Total drawn financing arrangements</b>	<b>47</b>	<b>43</b>
<b>Undrawn facilities</b>		
Undrawn financing facilities available to Council at the reporting date are:		
– Bank overdraft facilities	200	200
– Credit cards/purchase cards	3	7
<b>Total undrawn financing arrangements</b>	<b>203</b>	<b>207</b>

#### Additional financing arrangements information

##### Breaches and defaults

During the current and prior year, there were no defaults or breaches on any of the loans.

##### Security over loans

Loan liabilities are secured over future Council rates. Leased liabilities are secured by the underlying leased assets.

##### Bank overdrafts

The bank overdraft of Council is secured by a charge over Council rates.

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



### C3-3 Borrowings (continued)

#### 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.

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

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Annual leave	729	–	752	–
Long service leave	1,034	136	1,216	160
ELE on-costs	213	17	49	4
<b>Total employee benefit provisions</b>	<b>1,976</b>	<b>153</b>	<b>2,017</b>	<b>164</b>

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

	2024 \$ '000	2023 \$ '000
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	721	753
	<b>721</b>	<b>753</b>

#### Material accounting policy information

The obligations are presented as current liabilities in the Statement of Financial Position if the 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, annual leave and accumulating sick 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 and accumulating sick 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.

### C3-4 Employee benefit provisions (continued)

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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.

## C3-5 Provisions

	2024 Current \$ '000	2024 Non-Current \$ '000	2023 Current \$ '000	2023 Non-Current \$ '000
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	–	3,292	–	4,485
<b>Sub-total – asset remediation/restoration</b>	<b>–</b>	<b>3,292</b>	<b>–</b>	<b>4,485</b>
<b>Total provisions</b>	<b>–</b>	<b>3,292</b>	<b>–</b>	<b>4,485</b>
<b>Provisions relating to restricted assets</b>				
<b>Total provisions relating to restricted assets</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total provisions relating to unrestricted assets</b>	<b>–</b>	<b>3,292</b>	<b>–</b>	<b>4,485</b>
<b>Total provisions</b>	<b>–</b>	<b>3,292</b>	<b>–</b>	<b>4,485</b>

## Description of and movements in provisions

	Asset remediation \$ '000	Other provisions Total \$ '000
<b>2024</b>		
At beginning of year	4,485	4,485
Remeasurement effects	(1,193)	(1,193)
Total other provisions at end of year	3,292	3,292
<b>2023</b>		
At beginning of year	3,271	3,271
Remeasurement effects	1,214	1,214
Total other provisions at end of year	4,485	4,485

## Nature and purpose of provisions

### Asset remediation

Council has a legal/public obligation to make, restore, rehabilitate and reinstate the Council tip. The asset remediation provision represents the present value estimate of future costs Council will incur to restore, rehabilitate and reinstate the tip as a result of past operations.

### Self-insurance

Council does not self-insure.

## Material accounting policy information

Provisions are recognised when Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a borrowing cost.

## C3-5 Provisions (continued)

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### **Asset remediation – tips and quarries**

Close-down and restoration costs include the dismantling and demolition of infrastructure, and the removal of residual materials and remediation of disturbed areas. Estimated close-down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs. Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

The ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors, including changes to the relevant legal requirements, the emergence of new restoration techniques, or experience at other locations. The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates. As a result, there could be significant adjustments to the provision for close down and restoration and environmental clean-up, which would affect future financial results.

Other movements in the provisions for close-down and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations, and revisions to discount rates, are capitalised within infrastructure, property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

## 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 Council structure

### D1 Results by fund

General fund refers to all Council activities other than water and sewer. All amounts disclosed in this note are gross i.e. inclusive of internal charges and recoveries made between the funds. Assets and liabilities shown in the water and sewer columns are restricted for use for these activities.

#### D1-1 Income Statement by fund

	<b>General 2024 \$ '000</b>	<b>Water 2024 \$ '000</b>	<b>Sewer 2024 \$ '000</b>
<b>Income from continuing operations</b>			
Rates and annual charges	9,741	1,388	1,844
User charges and fees	2,412	1,514	28
Interest and investment revenue	947	118	179
Other revenues	1,360	13	37
Grants and contributions provided for operating purposes	9,911	283	–
Grants and contributions provided for capital purposes	20,683	–	–
Other income	104	–	–
<b>Total income from continuing operations</b>	<b>45,158</b>	<b>3,316</b>	<b>2,088</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	11,027	440	212
Materials and services	9,669	847	285
Borrowing costs	317	114	38
Depreciation, amortisation and impairment of non-financial assets	8,383	755	546
Other expenses	82	396	321
Net losses from the disposal of assets	656	19	133
<b>Total expenses from continuing operations</b>	<b>30,134</b>	<b>2,571</b>	<b>1,535</b>
<b>Operating result from continuing operations</b>	<b>15,024</b>	<b>745</b>	<b>553</b>
<b>Net operating result for the year</b>	<b>15,024</b>	<b>745</b>	<b>553</b>
<b>Net operating result attributable to each council fund</b>	<b>15,024</b>	<b>745</b>	<b>553</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(5,659)</b>	<b>745</b>	<b>553</b>

## D1-2 Statement of Financial Position by fund

	<b>General 2024 \$ '000</b>	<b>Water 2024 \$ '000</b>	<b>Sewer 2024 \$ '000</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	9,486	196	1,793
Investments	10,982	1,112	3,106
Receivables	841	3,085	342
Inventories	1,926	(103)	(8)
Contract assets and contract cost assets	9,169	–	–
Other	(172)	(148)	320
<b>Total current assets</b>	<b>32,232</b>	<b>4,142</b>	<b>5,553</b>
<b>Non-current assets</b>			
Receivables	157	–	–
Infrastructure, property, plant and equipment	354,412	33,711	25,013
Investment property	725	–	–
Right of use assets	524	–	–
<b>Total non-current assets</b>	<b>355,818</b>	<b>33,711</b>	<b>25,013</b>
<b>Total assets</b>	<b>388,050</b>	<b>37,853</b>	<b>30,566</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	1,109	303	74
Contract liabilities	11,096	–	–
Lease liabilities	239	–	–
Borrowings	1,040	112	218
Employee benefit provision	1,958	15	3
<b>Total current liabilities</b>	<b>15,442</b>	<b>430</b>	<b>295</b>
<b>Non-current liabilities</b>			
Borrowings	3,721	1,265	239
Lease liabilities	673	–	–
Employee benefit provision	98	33	22
Provisions	3,292	–	–
<b>Total non-current liabilities</b>	<b>7,784</b>	<b>1,298</b>	<b>261</b>
<b>Total liabilities</b>	<b>23,226</b>	<b>1,728</b>	<b>556</b>
<b>Net assets</b>	<b>364,824</b>	<b>36,125</b>	<b>30,010</b>
<b>EQUITY</b>			
Accumulated surplus	153,206	16,382	15,017
Revaluation reserves	211,618	19,743	14,993
<b>Council equity interest</b>	<b>364,824</b>	<b>36,125</b>	<b>30,010</b>
<b>Total equity</b>	<b>364,824</b>	<b>36,125</b>	<b>30,010</b>

## D2 Interests in other entities

### D2-1 Subsidiaries, joint arrangements and associates not recognised

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#### **New England Joint Organisation (NEJO)**

The NEJO was established on 11 May 2018 and is a separately constituted entity pursuant to Part 7 (Sections 400O to 400ZH) of the Local Government Act (NSW) 1993, as amended, and the Local Government (General) Regulation 2008.

The principle purpose of the NEJO is to establish strategic regional priorities and to provide regional leadership to the geographical area for which it serves, and to identify and take up opportunities for intergovernmental cooperation on matters relating to the joint organisation area.

NEJO comprises of seven voting member councils: Armidale Regional Council, Glen Innes Severn Council, Inverell Shire Council, Moree Plains Shire Council, Narrabri Shire Council, Tenterfield Shire Council and Uralla Shire Council.

The Board of NEJO consists of:

- The Mayors of each Member Council, who are entitled to one (1) vote at Meetings;
- A non-voting representative of the NSW Government, who is the Regional Director of the Department of Premier and Cabinet.

The Chairperson is to be elected by the voting representatives of the Board from one (1) of the Mayoral representatives. Chairperson does not have a casting vote.

A decision of the Board is supported by a majority at which a quorum is present is a decision of NEJO.

Glen Innes Severn Council, as a member of the NEJO, has a one seventh voting right in respect to the decisions of the Board. Considering the fact that decision making is based on majority votes, council does not have control, joint control or significant influence over relevant activities of the organisation.

In accordance with the Charter each member of the NEJO contributes annual fees towards the operation of the joint organisation. No annual fees were paid during 2023/2024.

#### **New England Weeds Authority**

New England Weeds Authority (NEWA) is the registered trading name of The New England Tablelands Noxious Plants County Council. NEWA is a single purpose Council which is a Local Control Authority for priority and invasive weeds under the NSW Biosecurity Act, 2015. The present area of operation of NEWA is the local government areas of Uralla Shire Council, Armidale Regional Council, Walcha Shire Council, and Glen Innes Severn Council (under a Memorandum of Understanding). These Councils are located in the Northern Tablelands region of New South Wales.

The County Council's governance is in accordance with the Local Government Act 1993 (LGA 1993) with the Country Council first proclaimed in 1947.

NEWA is funded by contributions from its four Constituent Councils, grants and private works. In 2023/2024 the contribution paid by Glen Innes Severn Council was \$164,823. Each Constituent Council has delegated its Noxious weeds control function to NEWA and contributes in accordance with NEWA's proclamation. NEWA's governing body consists of five Councillors elected by each of the Constituent Councils.

Council does not have control, joint control or significant influence over decision making or the overall activities of the organisation.



## E Risks and accounting uncertainties

### E1-1 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 Council.

Council's objective is to maximise its return on cash and investments while maintaining an adequate level of liquidity and preserving capital. The finance team manage the cash and investments portfolio with the assistance of independent advisers. Council has an investment policy which complies with 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 NSW Council setting out the make-up and 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 receivables, loans, investments and financial liabilities approximates the carrying amount. The risks associated with the financial instruments held are:

- 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 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 its independent advisers before placing any cash and investments.

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

	<b>2024</b>	2023
	<b>\$ '000</b>	\$ '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	<b>207</b>	201

#### (b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and fees.

The major risk associated with these receivables is credit risk – the risk that debts due and payable to Council may not be repaid in full.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land relating to the debts – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates which further encourages the payment of debt.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

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 most non-rate debtors.

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

## E1-1 Risks relating to financial instruments held (continued)

A profile of Council's receivables credit risk at balance date follows:

### Credit risk profile

#### Receivables – rates and annual charges

Credit risk on rates and annual charges is minimised by the ability of Council to recover these debts as a secured charge over the land; that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates which further encourages payment.

	Not yet overdue \$ '000	overdue rates and annual charges		Total \$ '000
		< 5 years \$ '000	≥ 5 years \$ '000	
<b>2024</b>				
Gross carrying amount	–	2,044	181	2,225
<b>2023</b>				
Gross carrying amount	–	3,097	114	3,211

#### Receivables - non-rates and annual charges and contract assets

Council applies the simplified approach for non-rates and annual charges debtors and contract assets to provide for expected credit losses, which permits the use of the lifetime expected loss provision at inception. To measure the expected credit losses, non-rates and annual charges debtors and contract assets 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.

	Not yet overdue \$ '000	Overdue debts				Total \$ '000
		0 - 30 days \$ '000	31 - 60 days \$ '000	61 - 90 days \$ '000	> 91 days \$ '000	
<b>2024</b>						
Gross carrying amount	11,500	–	–	–	–	11,500
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	4.00%	0.00%
<b>ECL provision</b>	–	–	–	–	–	–
<b>2023</b>						
Gross carrying amount	10,115	–	–	–	–	10,115
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	4.00%	0.00%
<b>ECL provision</b>	–	–	–	–	–	–

## E1-1 Risks relating to financial instruments held (continued)

### (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(c)(i) 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.

	Weighted average interest rate %	Subject to no maturity \$ '000	payable in: ≤ 1 Year \$ '000	1 - 5 Years \$ '000	> 5 Years \$ '000	Total cash outflows \$ '000	Actual carrying values \$ '000
<b>2024</b>							
Payables	0.00%	–	1,486	–	–	1,486	1,486
Loans	5.58%	–	444	1,822	4,329	6,595	6,595
<b>Total financial liabilities</b>		<b>–</b>	<b>1,930</b>	<b>1,822</b>	<b>4,329</b>	<b>8,081</b>	<b>8,081</b>
<b>2023</b>							
Payables	0.00%	–	–	–	–	–	2,703
Loans	0.00%	–	–	–	–	–	8,054
<b>Total financial liabilities</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>10,757</b>

## E2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Investment property
- Financial assets and liabilities

The fair value of assets and liabilities must be estimated in accordance with various accounting standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be 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:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### Recurring fair value measurements

\$ '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>Investment property</b>	C1-8								
Jamesies Fuel and Fix		30/06/24	30/06/23	725	258	–	–	725	258
<b>Total investment property</b>				<b>725</b>	<b>258</b>	<b>–</b>	<b>–</b>	<b>725</b>	<b>258</b>
<b>Infrastructure, property, plant and equipment</b>	C1-7								
Plant and equipment		30/06/24	30/06/16	–	–	6,122	5,682	6,122	5,682
Office equipment		30/06/24	30/06/18	–	–	17	27	17	27
Furniture and fittings		30/06/24	30/06/18	–	–	85	72	85	72
- Crown Land		30/06/24	30/06/23	–	–	1,801	1,801	1,801	1,801
– Operational land		30/06/24	30/06/23	–	–	9,890	9,247	9,890	9,247
– Community land		30/06/24	30/06/23	–	–	3,177	3,177	3,177	3,177
Buildings		30/06/24	30/06/23	–	–	35,017	34,462	35,017	34,462
Other structures		30/06/24	30/06/23	–	–	9,678	9,653	9,678	9,653
– Roads (General)		30/06/24	30/06/20	–	–	107,899	96,616	107,899	96,616
– Roads (Causeways)		30/06/24	30/06/20	–	–	3,367	3,297	3,367	3,297
– Roads (Car Parks)		30/06/24	30/06/20	–	–	1,921	1,855	1,921	1,855
– Bridges		30/06/24	30/06/21	–	–	52,501	47,546	52,501	47,546
– Footpaths (Road Related)		30/06/24	30/06/20	–	–	4,710	4,011	4,710	4,011
– Bulk earthworks (non-depreciable)		30/06/24	30/06/20	–	–	83,598	77,945	83,598	77,945
– Stormwater drainage		30/06/24	30/06/20	–	–	11,603	10,671	11,603	10,671
– Water supply network		30/06/24	30/06/23	–	–	29,311	27,547	29,311	27,547
– Sewerage network		30/06/24	30/06/23	–	–	23,207	22,171	23,207	22,171
– Swimming pools		30/06/24	30/06/23	–	–	2,350	2,272	2,350	2,272
– Other open space/recreational assets (General)		30/06/24	30/06/23	–	–	6,874	4,184	6,874	4,184
– Other infrastructure (Kerb and Gutter)		30/06/24	30/06/20	–	–	6,751	6,497	6,751	6,497
– Other infrastructure (Major Street Furniture)		30/06/24	30/06/20	–	–	2,191	2,145	2,191	2,145
– Library books		30/06/24	30/06/16	–	–	72	156	72	156
<b>Total infrastructure, property, plant and equipment</b>				<b>–</b>	<b>–</b>	<b>402,142</b>	<b>371,034</b>	<b>402,142</b>	<b>371,034</b>

continued on next page ...

## E2-1 Fair value measurement (continued)

### Transfers between level 1 and level 2 fair value hierarchies

During the year, there were no transfers between level 1 and level 2 fair value hierarchies for recurring fair value measurements.

### Valuation techniques

#### Fair value Hierarchy

AASB 13 Fair Value Measurement requires disclosure of fair value measurement by level of input, using the following hierarchy:

-Level 1 – Quoted prices (unadjusted) 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 asset or liability.

#### Fair Value – Valuation techniques

The valuation techniques prescribed by AASB 13 can be summarised as:

**Cost Approach:** A valuation technique that reflects the amount that would be required to replace the service capacity of an asset (current replacement cost).

**Income Approach:** Valuation technique that converts future amounts (cash flows inflows/outflows) to signal the current (i.e. discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about these future amounts.

**Market Approach:** A valuation technique that uses prices and other relevant information, generated by market transactions involving identical or comparable (similar) assets, liabilities or a group of assets and liabilities such as a business.

#### Valuation techniques used to derive Level 2 and Level 3 Fair Values

Where Council is unable to derive Fair Valuations using quoted market prices of identical assets (i.e. Level 1 inputs), Council instead utilises a spread of both observable inputs (Level 2 inputs) and unobservable inputs (Level 3 inputs).

The Fair Valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows:

Level 2 valuation process for some asset classes where the basis was Cost Approach under Level 2 input which were determined based on whereby maximising observable inputs and minimising unobservable inputs as below:

- Quoted prices for a similar asset in active markets
- Current replacement cost concept
- Purchase price
- Useful life

Level 3 valuation process for some asset classes where the basis was Cost Approach. The inputs used:

- Pattern of consumption
- Residual Value
- Asset Condition
- Unit rates
- Useful life

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).

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

#### Investment property

Glen Innes Severn Council currently holds one investment property (known as Jamesies Fuel and Fix). Council obtains an independent valuation of its investment property on a regular basis and at the end of each reporting period the financial statements reflect the latest valuation.

## E2-1 Fair value measurement (continued)

The best evidence of Fair Value is the current price in an active market for similar assets. The following information is used where necessary;

- Current prices in an active market for different types of properties or similar properties in a less active market.
- Expected future rental income generated from the property based on a discounted cash flow.

The investment property held by Council has been valued with the Valuer using calculation techniques that are appropriate minimising unobservable inputs (namely level 2 inputs).

The property was valued by Mike Williams Valuations (Glen Innes Valuation Services) AAPI, FREAV, Registered Valuer 619, Certified Practising Valuer on 30 June 2021.

There are no valuation changes from prior years.

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

#### Transportation assets

Transportation assets is a valuation class of asset for the purposes of AASB 13 *Fair Value Measurement* which combines following classes of assets from Note C1-7: roads, bridges, footpaths, bulk earthworks, stormwater drainage, kerb and gutter, major street furniture.

Transportation assets have been valued internally in 2020 except bridges. Also, Council performed update of the values of unsealed roads on new condition data. Council engaged external valuer APV Valuers and Asset Management to perform comprehensive valuation of bridges as at 30 June 2021.

Council fair values road infrastructure assets using Level 3 inputs at a component level.

The 'Cost Approach' is used to value transportation assets by componentising the assets into significant parts and then rolling up these component values to provide an overall asset valuation within Council's Asset System. In between full revaluations, Council undertakes annual indexation of stormwater drainage assets in accordance with the latest indices provided in the Rates Reference Manual issued by Crown Lands and Water (CLAW); and up-to-date ABS Road & Bridge construction index for all other transportation assets.

Valuations for transportation assets have been indexed at 30 June 2022 to account for material changes in indices, as a result significant increases in input costs.

Due to specialised nature and significant judgement involved, the transportation assets have been valued using unobservable Level 3 inputs which include:

- Unit rates per measurement basis (m<sup>2</sup>, m, etc)
- Useful life
- Asset Condition

#### Buildings

Buildings assets are valued externally. Council engaged Scott Fullarton Valuations Pty Ltd to perform a comprehensive valuation of buildings assets as at 30 June 2018.

Most of the Council's buildings are specialised by nature and were valued utilising the cost approach. The approach estimated the replacement cost of each building and componentising of significant parts of specific buildings with different useful lives and taking into account a range of factors. Where the unit rates could be supported by market evidence, Level 2 inputs were utilised. Other inputs (such as estimates of useful life, asset condition and componentisation) required extensive professional judgement and impacted significantly on the final determination of fair value. As such, these assets have been valued utilising Level 3 inputs.

Valuations for Buildings assets have been indexed at 30 June 2022 to account for material changes in indices, as a result significant increases in input costs.

#### Land

Land is valued externally. Council engaged Scott Fullarton Valuations Pty Ltd to perform a comprehensive valuation of its land as at 30 June 2018.

Land is a valuation class of asset for the purposes of AASB 13 *Fair Value Measurement* which combines following classes of assets from Note C1-7: Operational Land and Community Land.

Council's "Operational" land by definition has no special restriction other than those that may apply to any piece of land.



## E2-1 Fair value measurement (continued)

Council's "Community" land (including owned by Council, the Crown and various other Government Agencies that is managed by Council) by definition from the LG Act 1993 is land intended for public access and use or where other restrictions applying to the land create some obligation to maintain public access (such as a trust deed, dedication under section 94 of the Environment Planning and Assessment Act 1979). This gives rise to the restrictions in the Act, intended to preserve the qualities of the land. Indeed, Community Land cannot be sold; cannot be leased, licensed, or any other estate granted over the land for more than 21 years; and must have a plan of management for it.

Land has been valued at market value, having regard to the "highest and best use", after identifying all elements (restrictions) that would be taken into account by buyers and sellers in settling the price, including but not limited to:

- The land's description and/or dimensions;
- Planning (zoning) and other constraints on development; and
- The potential for alternative use.

The criteria that highest and best use must meet are physical possibility, legal permissibility and financial feasibility. Implied within these criteria is the recognition of the contribution of that specific use to community environment or to community development goals, in addition to wealth maximisation of the individual property owner.

Council's community land has been zoned for public open space, conservation areas and other similar locality specific areas. Council has placed these zonings on their land and they, predominantly, only apply to Council owned land. These zonings are not representative of surrounding land uses and their level of development restrictions may not be considered normal in the open market. As a result of that, fair value of community land represents the cost to Council to acquire the property, i.e. in an open market situation, if it is considered feasible that these properties could be zoned similarly to surrounding use areas in the relatively near future (say 5 years) rather than at some remote future date.

There were no changes in valuation technique from prior year.

### Office Equipment and Furniture and Fittings

This class of assets was externally revalued by independent valuer, Andrew Nock AAPI (P&M) MAVAA, as at 30 June 2018.

Assets were valued using cost approach with a combination of depreciated replacement cost and market valuation techniques. Level 3 input was applied to most of the assets due to the significant professional judgment involved in determination of the obsolescence factor.

There were no changes in valuation technique from prior year.

### Water and Sewerage assets

Council engaged APV Valuers & Asset Management, independent professional valuer firm, to perform a comprehensive revaluation of its water and sewerage supply network assets as at 30 June 2018.

Due to specialised nature of the assets all water and sewer network assets were valued using cost approach with the Level 3 input dominating the valuation.

Valuer applied significant judgement in determining following inputs into the valuation process:

- Unit rates
- Condition assessment and obsolescence
- Useful life.

Valuations for water and sewerage assets have been indexed at 30 June 2022 to account for material changes in indices, as a result significant increases in input costs.

### Other structures

Assets in this class are valued at fair value, with a comprehensive physical inspection undertaken of all assets during each revaluation.

Due to the varying nature of physical assets in this asset class, some elements of value may be supported from market evidence (Level 2 inputs) other inputs such as, estimates of pattern of consumption, unit rates, asset condition and useful life, will impact significantly on the final determination of fair value.

These assets have been classified as Level 3 valuation inputs.

Assets within this class comprise waste depot, structures other than buildings, saleyards, fences, street furniture, bollards.

The latest valuation has been conducted in accordance with current asset valuation techniques and methodologies in compliance with all relevant Accounting Standards and pronouncements. Valuation of Other Structures has been indexed at 30 June 2022, to account for increases in cost indices since the last comprehensive revaluation.

## E2-1 Fair value measurement (continued)

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### Swimming pools

This class of assets is valued at fair value, with a comprehensive physical inspection undertaken of all assets.

Some elements of value may be supported from market evidence (Level 2 inputs) other inputs such as, estimates of pattern of consumption, unit rates, asset condition and useful life, will impact significantly on the final determination of fair value.

These assets have been classified as Level 3 valuation inputs.

Assets within this class comprise swimming pools, wading pools and associated infrastructure.

The latest valuation has been conducted in accordance with current asset valuation techniques and methodologies in compliance with all relevant Accounting Standards and pronouncements. Valuation of Swimming Pool assets has been indexed at 30 June 2022, to account for increases in cost indices since the last comprehensive revaluation.

### Open spaces/recreational assets

This class of assets is valued at fair value, with a comprehensive physical inspection undertaken of all assets.

Some elements of value may be supported from market evidence (Level 2 inputs) other inputs such as, estimates of pattern of consumption, unit rates, asset condition and useful life, will impact significantly on the final determination of fair value.

These assets have been classified as Level 3 valuation inputs.

Assets within this class comprise leisure and sporting equipment and facilities within cemeteries, parks, ovals sporting complexes and other recreational areas.

The Cost Approach is utilised with each asset being componentised into significant parts, with different useful lives and taking into account a range of factors. These assets have been classified as Level 3 valuation inputs.

The latest valuation has been conducted in accordance with current asset valuation techniques and methodologies in compliance with all relevant Accounting Standards and pronouncements. Valuation of Open Space assets has been indexed at 30 June 2022, to account for increases in cost indices since the last comprehensive revaluation.

### Other assets

Other Assets is a valuation class of asset for the purposes of AASB 13 *Fair Value Measurement* which combines following classes of assets from Note C1-7: Library Books and Tip Assets.

These assets are valued at depreciated historical cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the short useful life. Therefore, the main significant unobservable Level 3 input utilised in valuation is condition of the assets.

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

There were no movement between valuation hierarchy levels during the year. Therefore, for all the changes in value of assets please refer to Note C1-7.

### Highest and best use

Council's determined that current use of its assets are at highest and best use.



## E3-1 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; 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 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 per annum for 1 January 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.

## E3-1 Contingencies (continued)

The amount of employer contributions to the defined benefit section of the Fund and recognised as an expense for the year ending 30 June 2024 was \$47,289.86. The last formal valuation of the Fund was undertaken by the Fund Actuary, Richard Boyfield FIAA as at 30 June 2023.

Council's expected contribution to the plan for the next annual reporting period is \$34,883.57.

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 share of any funding surplus or deficit that can be attributed to council is 0.16%.

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 2.5% per annum thereafter

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.

### (ii) Statewide Limited

Council is a member of Statewide Mutual, a mutual pool scheme providing liability insurance to local government.

Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the net assets or liabilities reflects Council's contributions to the pool and the result of insurance claims within each of the fund years.

The future realisation and finalisation of claims incurred but not reported to 30 June 2024 may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

### (iii) StateCover Limited

Council is a member of StateCover Mutual Limited and holds a partly paid share in the entity.

StateCover is a company providing workers compensation insurance cover to the NSW local government industry and specifically Council.

Council has a contingent liability to contribute further equity in the event of the erosion of the company's capital base as a result of the company's past performance and/or claims experience or as a result of any increased prudential requirements from APRA.

These future equity contributions would be required to maintain the company's minimum level of net assets in accordance with its licence requirements.

### (iv) Other guarantees

Council has provided no other guarantees other than those listed above.

## E3-1 Contingencies (continued)

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### 2. Other

#### (i) Third party claims

The Council is involved from time to time in various claims incidental to the ordinary course of business including claims for damages relating to its services.

Council believes that it is appropriately covered for all claims through its insurance coverage and does not expect any material liabilities to eventuate.

#### (ii) Potential land acquisitions due to planning restrictions imposed by Council

Council has classified a number of privately owned land parcels as local open space or bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

At reporting date, reliable estimates as to the value of any potential liability (and subsequent land asset) from such potential acquisitions has not been possible.

#### (iii) Grants reconciliation process

Council implemented a grants reconciliation process to actively track funds received and completion of performance obligations. The resulting register was implemented in July 2024 and used to calculate contract assets and liabilities as at 30 June 2024.

Council has commenced, but not completed, a quality review of the register.. There are 119 grants in the grant register with a balance as at 30 June 2024. Of those, 62 have a balance greater than \$50,000 and 18 of those grant deeds have been analysed. Their income and balance are fully and completely recognised in these financial statements.

The draft financial statements may require a subsequent event disclosure if the quality review reveals the need to update the register resulting in an amendment to the calculation of contract assets and/or liabilities as at 30 June 2024.

### ASSETS NOT RECOGNISED

#### (i) Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips.

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051 Land Under Roads.

Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 Property, Plant and Equipment.

#### (ii) Infringement notices/fines

Fines and penalty income, the result of Council issuing infringement notices is followed up and collected by the Infringement Processing Bureau.

Council's revenue recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at year end, there is a potential asset due to Council representing issued but unpaid infringement notices.

Due to the limited information available on the status, value and duration of outstanding notices, Council is unable to determine the value of outstanding income.

## F People and relationships

### F1 Related party disclosures

#### F1-1 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:

	2024 \$ '000	2023 \$ '000
<b>Compensation:</b>		
Short-term benefits	1,681	1,872
Other long-term benefits	178	153
<b>Total</b>	<b>1,859</b>	<b>2,025</b>

#### Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of Council delivering a public service objective (e.g. access to library or Council swimming pool by KMP) will not be disclosed.

Nature of the transaction	Transactions during the year \$ '000	Outstanding balances including commitments \$ '000	Terms and conditions	Impairment provision on outstanding balances \$ '000	Impairment expense \$ '000
<b>2024</b>					
Donations	-	-	Standard terms	-	-
Plumbing	-	-	Standard terms	-	-
Freight and delivery	-	-	Standard terms	-	-
<b>2023</b>					
Donations	-	-	Standard terms	-	-
Plumbing	-	-	Standard terms	-	-
Freight and delivery	-	-	Standard terms	-	-

## F1-2 Councillor and Mayoral fees and associated expenses

	2024 \$ '000	2023 \$ '000
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	42	46
Councillors' fees	87	79
Other Councillors' expenses (including Mayor)	50	48
<b>Total</b>	<b>179</b>	<b>173</b>

## F2 Other relationships

### F2-1 Audit fees

	2024 \$ '000	2023 \$ '000
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	84	55
<b>Remuneration for audit and other assurance services</b>	<b>84</b>	<b>55</b>
<b>Total Auditor-General remuneration</b>	<b>84</b>	<b>55</b>
<b>Total audit fees</b>	<b>84</b>	<b>55</b>

## G Other matters

### G1-1 Statement of Cash Flows information

#### Reconciliation of Operating Result

	2024 \$ '000	2023 \$ '000
<b>Net operating result from Income Statement</b>	<b>16,322</b>	12,547
<b>Add / (less) non-cash items:</b>		
Depreciation and amortisation	9,684	8,157
(Gain) / loss on disposal of assets	808	1,096
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investment property	134	(45)
<b>Movements in operating assets and liabilities and other cash items:</b>		
(Increase) / decrease of receivables	1,591	(4,192)
Increase / (decrease) in provision for impairment of receivables	69	1
(Increase) / decrease of inventories	(588)	699
(Increase) / decrease of other current assets	5	–
(Increase) / decrease of contract asset	(1,990)	(5,328)
Increase / (decrease) in payables	(552)	(560)
Increase / (decrease) in accrued interest payable	(5)	(15)
Increase / (decrease) in other accrued expenses payable	(6)	4
Increase / (decrease) in other liabilities	(564)	(251)
Increase / (decrease) in contract liabilities	(963)	2,121
Increase / (decrease) in employee benefit provision	(52)	(267)
Increase / (decrease) in other provisions	(1,193)	1,214
<b>Net cash flows from operating activities</b>	<b>22,700</b>	<b>15,181</b>

## G2-1 Commitments

### Capital commitments (exclusive of GST)

	2024 \$ '000	2023 \$ '000
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Roads	4,940	1,451
Plant	135	–
Other	2,175	2,423
Road infrastructure	–	141
<b>Total commitments</b>	<b>7,250</b>	<b>4,015</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	7,250	4,015
<b>Total payable</b>	<b>7,250</b>	<b>4,015</b>
<b>Sources for funding of capital commitments:</b>		
Unrestricted general funds	1,762	117
Future grants and contributions	5,288	3,524
Internally restricted reserves	200	74
New loans (to be raised)	–	300
<b>Total sources of funding</b>	<b>7,250</b>	<b>4,015</b>

#### Details of capital commitments

Capital commitments relate to a range of capital items where purchase orders have been raised but invoices not received as at 30 June 2024.



## G3-1 Events occurring after the reporting date

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### Pre-amble

Council is aware of the following 'non-adjusting events' that merit disclosure:

A review of the costs incurred to complete the audit of the Glen Innes Severn Council financial statements for 30 June 2023 has identified that significant additional costs have arisen due to the protracted nature of the engagement and the significant effort by the engagement team to progress the audit to a point where an appropriate audit opinion could be issued based upon the evidence available.

In particular, the following key factors resulted in additional costs:

- Significant delays and deferral of agreed deliverable dates
- Significant time investment in tracking the status of the financial statements and issues with the Ready Tech System with management
- Utilisation of additional audit resources including an additional principal and audit team members during the audit process
- The quantum of the issues identified and discussed at length with management and governance
- Technical assessment and deliberation resulting in a disclaimed audit opinion.

Management approved additional costs of \$89,000 (GST exclusive) on 25 September 2024.

At the meeting of Council held on 25 July 2024, it was resolved:

"That Council:

1. Endorses the winding up of the New England Weeds Authority (NEWA).
2. Requests the Minister for Local Government to extend the period of administration for a further three months.
3. Supports the General Managers of the member Councils developing future service delivery models noting the importance of maintaining necessary service levels into the future."

## G4 Statement of developer contributions

### G4-1 Summary of developer contributions

	Opening balance at 1 July 2023 \$ '000	Contributions received during the year			Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2024 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000	Non-cash Other \$ '000					
Other	244	–	–	–	–	–	244	–	
<b>S7.11 contributions – under a plan</b>	<b>244</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>244</b>	<b>–</b>	
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>244</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>244</b>	<b>–</b>	
S7.11 not under plans	476	353	–	–	–	–	829	–	
S64 contributions	21	35	–	–	(35)	–	21	–	
<b>Total contributions</b>	<b>741</b>	<b>388</b>	<b>–</b>	<b>–</b>	<b>(35)</b>	<b>–</b>	<b>1,094</b>	<b>–</b>	

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.

### G4-2 Developer contributions by plan

	Opening balance at 1 July 2023 \$ '000	Contributions received during the year			Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2024 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000	Non-cash Other \$ '000					
<b>CONTRIBUTION PLAN NUMBER 1 - Community facilities</b>									
Other	244	–	–	–	–	–	244	–	
<b>Total</b>	<b>244</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>244</b>	<b>–</b>	

### G4-3 Contributions not under plans

<b>Roads</b>									
Roads	476	353	–	–	–	–	829	–	
<b>Total</b>	<b>476</b>	<b>353</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>829</b>	<b>–</b>	

## G5 Statement of performance measures

### G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2024	Indicator 2024	Indicators 2023      2022		Benchmark
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>(3,349)</b>	<b>(11.16)%</b>	4.40%	1.23%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>30,013</b>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>19,819</b>	<b>39.09%</b>	42.70%	45.80%	> 60.00%
Total continuing operating revenue <sup>1</sup>	<b>50,696</b>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	<b>10,569</b>	<b>2.64x</b>	2.86x	1.30x	> 1.50x
Current liabilities less specific purpose liabilities	<b>4,010</b>				
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>6,804</b>	<b>2.89x</b>	4.54x	3.39x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>2,358</b>				
<b>5. Rates and annual charges outstanding percentage</b>					
Rates and annual charges outstanding	<b>2,127</b>	<b>13.07%</b>	22.65%	5.21%	< 10.00%
Rates and annual charges collectable	<b>16,269</b>				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<b>26,675</b>	<b>11.22 months</b>	12.16 months	11.97 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	<b>2,377</b>				

(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.

## G5-2 Statement of performance measures by fund

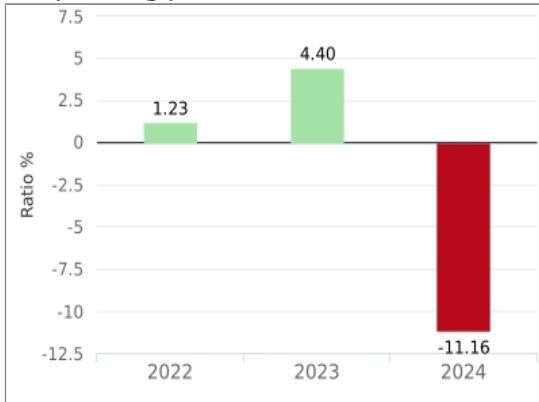
\$ '000	General Indicators <sup>3</sup>		Water Indicators		Sewer Indicators		Benchmark
	2024	2023	2024	2023	2024	2023	
<b>1. Operating performance ratio</b>							
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>(18.88)%</b>	(0.30)%	<b>22.47%</b>	25.66%	<b>26.48%</b>	38.57%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>							
<b>2. Own source operating revenue ratio</b>							
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>32.45%</b>	35.80%	<b>91.47%</b>	92.99%	<b>100.00%</b>	100.00%	> 60.00%
Total continuing operating revenue <sup>1</sup>							
<b>3. Unrestricted current ratio</b>							
Current assets less all external restrictions	<b>2.64x</b>	2.86x	<b>9.63x</b>	7.33x	<b>18.82x</b>	10.96x	> 1.50x
Current liabilities less specific purpose liabilities							
<b>4. Debt service cover ratio</b>							
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>1.84x</b>	3.48x	<b>14.16x</b>	13.66x	<b>29.92x</b>	26.44x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
<b>5. Rates and annual charges outstanding percentage</b>							
Rates and annual charges outstanding	<b>16.32%</b>	29.57%	<b>0.00%</b>	0.00%	<b>0.00%</b>	0.00%	< 10.00%
Rates and annual charges collectable							
<b>6. Cash expense cover ratio</b>							
Current year's cash and cash equivalents plus all term deposits	<b>10.39 months</b>	11.74 months	∞	∞	∞	∞	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

(1) - (2) Refer to Notes at Note G6-1 above.

(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

**End of the audited financial statements**

**1. Operating performance ratio**



**Purpose of operating performance ratio**

This ratio measures Council's achievement of containing operating expenditure within operating revenue.

Commentary on 2023/24 result	
2023/24 ratio	(11.16)%

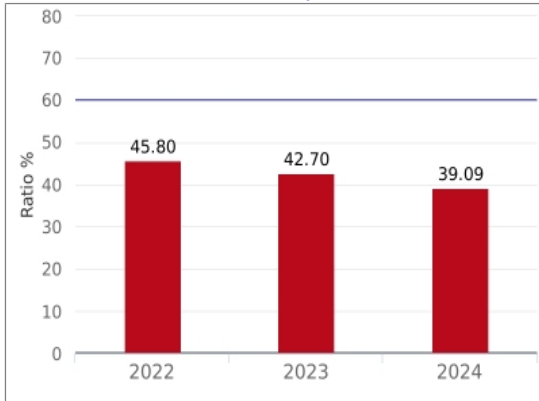
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

**2. Own source operating revenue ratio**



**Purpose of own source operating revenue ratio**

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.

Commentary on 2023/24 result	
2023/24 ratio	39.09%

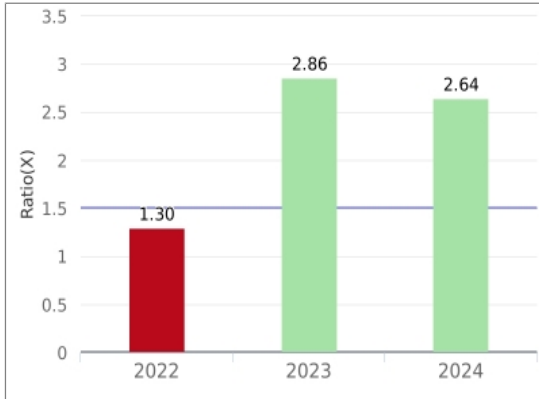
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

**3. Unrestricted current ratio**



**Purpose of unrestricted current ratio**

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.

Commentary on 2023/24 result	
2023/24 ratio	2.64x

Benchmark: — > 1.50x

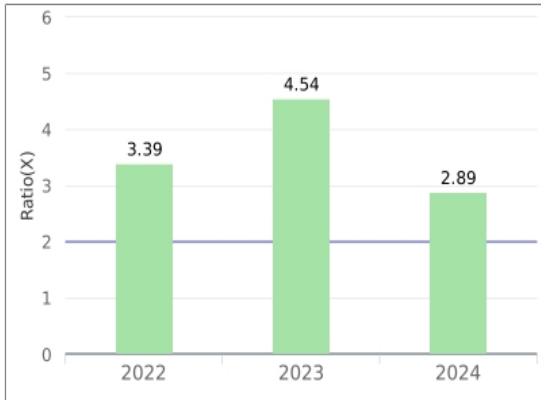
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

**4. Debt service cover ratio**

## H1-1 Statement of performance measures – consolidated results (graphs) (continued)



### Purpose of debt service cover ratio

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

### Commentary on 2023/24 result

2023/24 ratio 2.89x

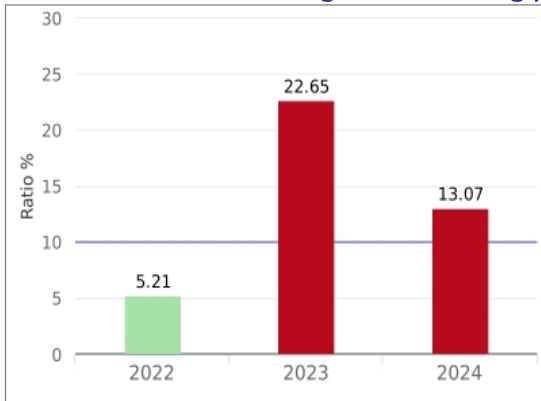
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ Ratio achieves benchmark

■ Ratio is outside benchmark

### 5. Rates and annual charges outstanding percentage



### Purpose of rates and annual charges outstanding percentage

To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

### Commentary on 2023/24 result

2023/24 ratio 13.07%

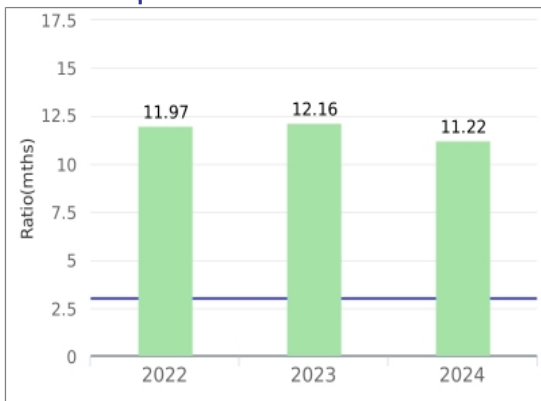
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ Ratio achieves benchmark

■ Ratio is outside benchmark

### 6. Cash expense cover ratio



### Purpose of cash expense cover ratio

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.

### Commentary on 2023/24 result

2023/24 ratio 11.22 months

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ Ratio achieves benchmark

■ Ratio is outside benchmark

## H Additional Council disclosures (unaudited)

### H1-2 Council information and contact details

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**Principal place of business:**

265 Grey Street  
Glen Innes NSW 2370

**Contact details**

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**Email:** [council@gisc.nsw.gov.au](mailto:council@gisc.nsw.gov.au)

**Officers**

**GENERAL MANAGER**

Bernard Smith

**RESPONSIBLE ACCOUNTING OFFICER**

Shageer Mohammed

**PUBLIC OFFICER**

Dennis McIntyre

**AUDITORS**

The Audit Office of New South Wales  
Darling Park Tower 2,  
Level 19, 201 Sussex Street  
GPO Box 12,  
SYDNEY NSW 2001

**Elected members**

**MAYOR**

Rob BANHAM

**COUNCILLORS**

Deputy Mayor Troy ARANDALE

Councillor Tim ALT

Councillor Lara GRESHAM

Councillor Andrew PARSONS

Councillor Jack PARRY

Councillor Carol SPARKS

**Other information**

**ABN:** 81 365 002 718

## Glen Innes Severn 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**





## INDEPENDENT AUDITOR'S REPORT

### Report on the general purpose financial statements

#### Glen Innes Severn Council

To the Councillors of Glen Innes Severn Council

#### Disclaimer of Opinion

I am required to audit the accompanying financial statements of Glen Innes Severn Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2024, the Statement of Financial Position as at 30 June 2024, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

I do not express an opinion on the accompanying financial statements of the Council. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

#### Basis for Disclaimer of Opinion

On 1 July 2022, Council implemented a new financial management information system. That process resulted in the loss of supporting data for a significant number of financial statement line items. This and other matters incidental to the implementation of the new financial management information system have been acknowledged in the Statement by Councillors and Management (the Statement) under section 413(2)(c) of the *Local Government Act 1993* (the LG Act). These matters, including deficiencies in Council's books and records, means I have been unable to obtain sufficient appropriate audit evidence or perform alternative testing procedures to enable me to conclude on the completeness and accuracy of the Statement and the balances and related notes in the Council's financial statements. Section 412 of the LG Act requires the Council to maintain such accounting records as are necessary to correctly record and explain its financial transactions and its financial position.

Accordingly, I have been unable to determine whether adjustments might have been necessary in respect of the reported balances and amounts. The pervasiveness of these issues means I cannot express an opinion on the accompanying financial statements for the year ended 30 June 2024.

#### The Councillors' Responsibilities for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the LG Act, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

However, because of the matters described in the 'Basis for Disclaimer of Opinion' section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.



Jan-Michael Perez  
Delegate of the Auditor-General for New South Wales

13 February 2025  
SYDNEY

## Glen Innes Severn Council

### General Purpose Financial Statements

for the year ended 30 June 2024

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

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On the Conduct of the Audit (Sect 417 [3])

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



Mayor Margot Davis  
Glen Innes Severn Council  
PO BOX 61  
GLEN INNES NSW 2370

Contact: Jan-Michael Perez  
Phone no: 02 9275 7115  
Our ref:

13 February 2025

Dear Mayor Davis

**Report on the Conduct of the Audit  
for the year ended 30 June 2024  
Glen Innes Severn Council**

I have audited the general purpose financial statements (GPFS) of the Glen Innes Severn Council (the Council) for the year ended 30 June 2024 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed a disclaimer of opinion on the Council's GPFS.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2024 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

## **SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS**

The following significant matter came to my attention during the audit:

On 1 July 2022, Council implemented a new financial management information system. That process resulted in the loss of supporting data for a significant number of financial statement line items. This and other matters incidental to the implementation of the new financial management information system have been acknowledged in the Statement by Councillors and Management (the Statement) under section 413(2)(c) of the *Local Government Act 1993* (the LG Act). These matters, including deficiencies in Council's books and records, means I have been unable to obtain sufficient appropriate audit evidence or perform alternative testing procedures to enable me to conclude on the completeness and accuracy of the Statement and the balances and related notes in the Council's financial statements. Section 412 of the LG Act requires the Council to maintain such accounting records as are necessary to correctly record and explain its financial transactions and its financial position.

Because I have been unable to determine whether adjustments might have been necessary in respect of the reported balances and amounts, I cannot express an opinion on council's general purpose financial statements for the year ended 30 June 2024.

## **FINANCIAL INFORMATION AND PERFORMANCE RATIOS**

In the circumstances as described above, I do not believe it is meaningful to provide commentary on financial information or performance ratios in this report.

## **OTHER MATTERS**

### **Legislative compliance**

My audit procedures identified non-compliance with legislative requirements.

### **Maintenance of Accounting Records**

The council did not maintain adequate accounting records as required by Section 412 of the Act. Council staff were unable to provide all accounting records and information relevant to the audit.

A handwritten signature in black ink, appearing to read 'JMP', is located below the text of the 'Maintenance of Accounting Records' section.

Jan-Michael Perez  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

# Glen Innes Severn Council

## SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2024

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*"Embracing Change, Building on History"*



# Glen Innes Severn Council

## Special Purpose Financial Statements

for the year ended 30 June 2024

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Income Statement of sewerage business activity	5
Income Statement of Glen Innes Aggregates	6
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Statement of Financial Position of sewerage business activity	8
Statement of Financial Position of Glen Innes Aggregates	9
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<b>Auditor's Report on Special Purpose Financial Statements</b>	<b>13</b>

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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).



## Glen Innes Severn Council

### Special Purpose Financial Statements

for the year ended 30 June 2024

### Statement by Councillors and Management

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

It is acknowledged that the following matters existed at balance date

- The new system had known issues at Go-live date which resulted in data leakage affecting reporting, reconciliations, interfund accounting and business as usual functions being impaired including allocating receipts, water billing and rates
- Difficulties in obtaining support and resolutions from the vendor. A number of critical issues remained unresolved for over 12 months and are still ongoing
- Inability to generate complete and accurate sub ledgers for key financial classes of transactions including property and rating, creditors and receivables
- Council implemented a grants reconciliation process in July 2024 to actively track funds received, completion of performance obligations and calculate contract assets and liabilities as at 30 June 2024. Council has commenced, but not completed, a quality review of the register.
- Council's negative unrestricted cash of \$1.195 million as at 30th June, 2024 represents a breach of section 409(3) of the LG Act at that time. Due to timing differences in the receipt of payments of funds for infrastructure projects in the final quarter of 2023/24 Council has utilised restricted funds to keep these projects progressing. The Council is unable to verify that funds raised by special purpose rates or charges were not used for general fund expenses during the year ended 30 June 2024. The Council acknowledges it may have used restricted special rates and charges funds for purposes other than their intended use, without Ministerial approval. Such unapproved use would not comply with section 410(3) of the LG Act.

The unrestricted cash position as at 30th September 2024 was negative \$2.427M.

The financial statements for the year ended 30 June 2024 are prepared on a going concern basis.

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

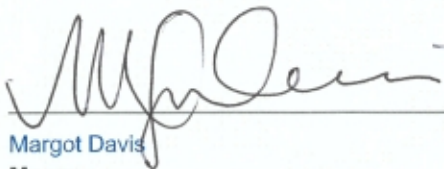
- NSW Government Policy Statement, *Application of National Competition Policy to Local Government*
- Division of Local Government Guidelines, *Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality*
- The Local Government Code of Accounting Practice and Financial Reporting
- Sections 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 other matters that would render these statements false or misleading in any way.

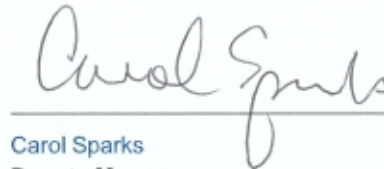
Signed in accordance with a resolution of Council made on 28 November 2024.



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Margot Davis  
Mayor

28 November 2024



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Carol Sparks  
Deputy Mayor

28 November 2024



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Bernard Smith  
General Manager

28 November 2024



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Shageer Mohammed  
Responsible Accounting Officer

28 November 2024



## Glen Innes Severn Council

### Income Statement of water supply business activity

for the year ended 30 June 2024

	2024 \$ '000	2023 \$ '000
<b>Income from continuing operations</b>		
Access charges	1,388	1,408
User charges	1,489	1,766
Fees	25	17
Interest and investment income	118	78
Grants and contributions provided for operating purposes	283	248
Other income	13	21
<b>Total income from continuing operations</b>	<b>3,316</b>	<b>3,538</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	440	787
Borrowing costs	114	120
Materials and services	847	1,053
Depreciation, amortisation and impairment	755	611
Net loss from the disposal of assets	19	–
Other expenses	396	59
<b>Total expenses from continuing operations</b>	<b>2,571</b>	<b>2,630</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>745</b>	<b>908</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>745</b>	<b>908</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>745</b>	<b>908</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(186)	(227)
<b>Surplus (deficit) after tax</b>	<b>559</b>	<b>681</b>
<b>Plus accumulated surplus</b>	<b>15,638</b>	<b>14,730</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	186	227
<b>Closing accumulated surplus</b>	<b>16,383</b>	<b>15,638</b>
<b>Return on capital %</b>	<b>2.5%</b>	<b>3.2%</b>
<b>Subsidy from Council</b>	<b>–</b>	<b>273</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	559	681
<b>Surplus for dividend calculation purposes</b>	<b>559</b>	<b>681</b>
<b>Potential dividend calculated from surplus</b>	<b>279</b>	<b>341</b>

## Glen Innes Severn Council

### Income Statement of sewerage business activity

for the year ended 30 June 2024

	2024 \$ '000	2023 \$ '000
<b>Income from continuing operations</b>		
Access charges	1,844	1,847
User charges	29	50
Liquid trade waste charges	(1)	48
Interest and investment income	179	119
Other income	37	23
<b>Total income from continuing operations</b>	<b>2,088</b>	<b>2,087</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	212	214
Borrowing costs	38	52
Materials and services	285	347
Depreciation, amortisation and impairment	546	518
Net loss from the disposal of assets	133	–
Other expenses	321	151
<b>Total expenses from continuing operations</b>	<b>1,535</b>	<b>1,282</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>553</b>	<b>805</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>553</b>	<b>805</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>553</b>	<b>805</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(138)	(201)
<b>Surplus (deficit) after tax</b>	<b>415</b>	<b>604</b>
<b>Plus accumulated surplus</b>	<b>14,464</b>	<b>13,659</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	138	201
<b>Closing accumulated surplus</b>	<b>15,017</b>	<b>14,464</b>
<b>Return on capital %</b>	<b>2.4%</b>	<b>3.6%</b>
<b>Subsidy from Council</b>	<b>–</b>	<b>109</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	415	604
<b>Surplus for dividend calculation purposes</b>	<b>415</b>	<b>604</b>
<b>Potential dividend calculated from surplus</b>	<b>207</b>	<b>302</b>

## Glen Innes Severn Council

### Income Statement of Glen Innes Aggregates

for the year ended 30 June 2024

	2024 Category 1 \$ '000	2023 Category 1 \$ '000
<b>Income from continuing operations</b>		
Other income	5,086	6,251
<b>Total income from continuing operations</b>	<b>5,086</b>	<b>6,251</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	646	662
Borrowing costs	93	100
Materials and services	2,951	4,406
Depreciation, amortisation and impairment	174	96
Other expenses	323	257
<b>Total expenses from continuing operations</b>	<b>4,187</b>	<b>5,521</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>899</b>	<b>730</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>899</b>	<b>730</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>899</b>	<b>730</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(225)	(183)
<b>Surplus (deficit) after tax</b>	<b>674</b>	<b>547</b>
<b>Plus accumulated surplus</b>	<b>4,676</b>	<b>3,946</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	225	183
<b>Less:</b>		
<b>Closing accumulated surplus</b>	<b>5,575</b>	<b>4,676</b>
<b>Return on capital %</b>	<b>25.6%</b>	<b>28.3%</b>

## Glen Innes Severn Council

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

as at 30 June 2024

	2024 \$ '000	2023 \$ '000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	196	184
Investments	1,112	1,471
Receivables	3,085	2,027
Inventories	(103)	(59)
Other	(148)	(242)
<b>Total current assets</b>	<b>4,142</b>	<b>3,381</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	33,711	32,367
<b>Total non-current assets</b>	<b>33,711</b>	<b>32,367</b>
<b>Total assets</b>	<b>37,853</b>	<b>35,748</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	303	237
Borrowings	112	224
Employee benefit provisions	15	–
<b>Total current liabilities</b>	<b>430</b>	<b>461</b>
<b>Non-current liabilities</b>		
Borrowings	1,265	1,265
Employee benefit provisions	33	–
<b>Total non-current liabilities</b>	<b>1,298</b>	<b>1,265</b>
<b>Total liabilities</b>	<b>1,728</b>	<b>1,726</b>
<b>Net assets</b>	<b>36,125</b>	<b>34,022</b>
<b>EQUITY</b>		
Accumulated surplus	16,382	15,638
Revaluation reserves	19,743	18,384
<b>Total equity</b>	<b>36,125</b>	<b>34,022</b>

## Glen Innes Severn Council

### Statement of Financial Position of sewerage business activity

as at 30 June 2024

	2024 \$ '000	2023 \$ '000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,793	794
Investments	3,106	3,650
Receivables	342	336
Inventories	(8)	(5)
Other	320	267
<b>Total current assets</b>	<b>5,553</b>	<b>5,042</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	25,013	24,035
<b>Total non-current assets</b>	<b>25,013</b>	<b>24,035</b>
<b>Total assets</b>	<b>30,566</b>	<b>29,077</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	74	55
Borrowings	218	405
Employee benefit provisions	3	–
<b>Total current liabilities</b>	<b>295</b>	<b>460</b>
<b>Non-current liabilities</b>		
Borrowings	239	257
Employee benefit provisions	22	–
<b>Total non-current liabilities</b>	<b>261</b>	<b>257</b>
<b>Total liabilities</b>	<b>556</b>	<b>717</b>
<b>Net assets</b>	<b>30,010</b>	<b>28,360</b>
<b>EQUITY</b>		
Accumulated surplus	15,017	14,464
Revaluation reserves	14,993	13,896
<b>Total equity</b>	<b>30,010</b>	<b>28,360</b>

## Glen Innes Severn Council

### Statement of Financial Position of Glen Innes Aggregates

as at 30 June 2024

	2024 Category 1 \$ '000	2023 Category 1 \$ '000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,510	1,323
Receivables	651	2,276
Inventories	1,003	606
Other	(12)	(55)
<b>Total current assets</b>	<b>4,152</b>	<b>4,150</b>
<b>Non-current assets</b>		
Right of use assets	208	208
Infrastructure, property, plant and equipment	3,879	2,938
<b>Total non-current assets</b>	<b>4,087</b>	<b>3,146</b>
<b>Total assets</b>	<b>8,239</b>	<b>7,296</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Lease liabilities	39	39
Payables	231	227
Borrowings	113	101
Employee benefit provisions	72	–
Provisions	20	11
<b>Total current liabilities</b>	<b>475</b>	<b>378</b>
<b>Non-current liabilities</b>		
Lease liabilities	253	253
Borrowings	1,374	1,477
Employee benefit provisions	6	–
Other Liabilities	42	–
<b>Total non-current liabilities</b>	<b>1,675</b>	<b>1,730</b>
<b>Total liabilities</b>	<b>2,150</b>	<b>2,108</b>
<b>Net assets</b>	<b>6,089</b>	<b>5,188</b>
<b>EQUITY</b>		
Accumulated surplus	5,577	4,676
Revaluation reserves	512	512
<b>Total equity</b>	<b>6,089</b>	<b>5,188</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 2021* (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)

**a. Glen Innes Aggregates is a Category 1 business of Council.**

**b. Glen Innes Severn Council Water Supply**

A provision for augmented water supplies to the communities of Deepwater and Glen Innes, and, surrounding residential and farmland holdings.

#### Category 2

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

**a. Glen Innes Severn Council Sewerage Services**

A provision for sewerage services to the communities of Deepwater and Glen Innes, and, surrounding residential and farmland holdings.

### 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%** (20/21 26.0%)

## Note – Material accounting policy information (continued)

**Land tax** – the first \$755,000 of combined land values attracts **0%**. For the combined land values in excess of \$755,000 up to \$4,616,000 the rate is **\$100 + 1.6%**. For the remaining combined land value that exceeds \$4,616,000 a premium marginal rate of **2.0%** applies.

**Payroll tax** – **4.85%** on the value of taxable salaries and wages in excess of \$1,200,000.

In accordance with the Department of Planning, Industry & Environment (DPIE) – 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% (20/21 26.0%).

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 payable on all category 1 businesses has been applied to all land 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.

#### (iii) Dividends

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

A local government water supply and sewerage business is permitted to pay annual dividends from their water supply or sewerage business surpluses. Each dividend must be calculated and approved in accordance with the DPIE – Water guidelines



## Note – Material accounting policy information (continued)

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and must not exceed 50% of the relevant surplus in any one year, or the number of water supply or sewerage assessments at 30 June 2021 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 submitted to DPIE – Water.

## Glen Innes Severn Council

### Special Purpose Financial Statements

for the year ended 30 June 2024

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## INDEPENDENT AUDITOR'S REPORT

### Report on the special purpose financial statements

#### Glen Innes Severn Council

To the Councillors of Glen Innes Severn Council

### Disclaimer of Opinion

I am required to audit the accompanying special purpose financial statements (financial statements) of Glen Innes Severn Council's (the Council) Declared Business Activities, which comprise the Statement by Councillors and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2024, the Statement of Financial Position of each Declared Business Activity as at 30 June 2024 and the Material accounting policy information note.

The Declared Business Activities of the Council are:

- Water
- Sewer
- Glen Innes Aggregates.

I do not express an opinion on the accompanying financial statements of the Council's Declared Business Activities. Because of the significance of the matters described in the 'Basis for Disclaimer of Opinion' section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

### Basis for Disclaimer of Opinion

On 1 July 2022, Council implemented a new financial management information system. That process resulted in the loss of supporting data for a significant number of financial statement line items. This and other matters incidental to the implementation of the new financial management information system have been acknowledged in the Statement by Councillors and Management (the Statement) made pursuant to the Local Government Code of Accounting Practice and Financial Reporting 2023-24 (the LG Code). These matters, including deficiencies in Council's books and records, means I have been unable to obtain sufficient appropriate audit evidence or perform alternative testing procedures to enable me to conclude on the completeness and accuracy of the Statement and the balances and related notes in the Council's financial statements. Section 412 of the *Local Government Act 1993* requires the Council to maintain such accounting records as are necessary to correctly record and explain its financial transactions and its financial position.

Accordingly, I have been unable to determine whether adjustments might have been necessary in respect of the reported balances and amounts. The pervasiveness of these issues means I cannot express an opinion on the accompanying financial statements for the year ended 30 June 2024.

### Emphasis of Matter - Basis of Accounting

I draw attention to the Material accounting policy information note to the financial statements which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the LG Code. As a result, the financial statements may not be suitable for another purpose.

## **The Councillors' Responsibilities for the Financial Statements**

The Councillors are responsible for the preparation and fair presentation of the financial statements and for determining that the accounting policies, described in the Material accounting policy information note to the financial statements, are appropriate to meet the requirements in the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as the auditor of councils
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.



Jan-Michael Perez  
Delegate of the Auditor-General for New South Wales

13 February 2025  
SYDNEY

# Glen Innes Severn Council

SPECIAL SCHEDULES  
for the year ended 30 June 2024



*"Embracing Change, Building on History"*

# Glen Innes Severn Council

## Special Schedules

for the year ended 30 June 2024

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## Glen Innes Severn Council

## Permissible income for general rates

	Notes	Calculation 2023/24 \$ '000	Calculation 2024/25 \$ '000
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	7,496	7,836
Plus or minus adjustments <sup>2</sup>	b	59	—
<b>Notional general income</b>	c = a + b	<b>7,555</b>	<b>7,836</b>
<b>Permissible income calculation</b>			
Percentage increase	e	3.70%	4.80%
Plus percentage increase amount <sup>3</sup>	f = d x (c + e)	280	376
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>7,835</b>	<b>8,212</b>
Plus (or minus) last year's carry forward total	l	3	2
<b>Sub-total</b>	n = (l + m)	<b>3</b>	<b>2</b>
<b>Total permissible income</b>	o = k + n	<b>7,838</b>	<b>8,214</b>
Less notional general income yield	p	7,836	8,243
<b>Catch-up or (excess) result</b>	q = o - p	<b>2</b>	<b>(29)</b>
<b>Carry forward to next year <sup>3</sup></b>	t = q + r + s	<b>2</b>	<b>(29)</b>

**Notes**

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW)*.
- (3) The 'percentage increase' is inclusive of the rate-peg percentage, and/or special variation and/or Crown land adjustment (where applicable).
- (3) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.

## Glen Innes Severn Council

## Report on infrastructure assets as at 30 June 2024

Asset Class	Asset Category	Estimated cost				Gross replacement cost (GRC) \$ '000	Net carrying amount \$ '000	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard \$ '000	to bring assets agreed level of service set by Council \$ '000	2023/24 Required maintenance <sup>a</sup> \$ '000	2023/24 Actual maintenance \$ '000			1	2	3	4	5
<b>Buildings</b>	Buildings	4,771	4,771	700	279	68,686	35,017	35.0%	32.0%	29.0%	4.0%	0.0%
	<b>Sub-total</b>	<b>4,771</b>	<b>4,771</b>	<b>700</b>	<b>279</b>	<b>68,686</b>	<b>35,017</b>	<b>35.0%</b>	<b>32.0%</b>	<b>29.0%</b>	<b>4.0%</b>	<b>0.0%</b>
<b>Other structures</b>	Other	20	20	–	–	14,045	9,678	98.0%	1.0%	0.0%	1.0%	0.0%
	<b>Sub-total</b>	<b>20</b>	<b>20</b>	<b>–</b>	<b>–</b>	<b>14,045</b>	<b>9,678</b>	<b>98.0%</b>	<b>1.0%</b>	<b>0.0%</b>	<b>1.0%</b>	<b>0.0%</b>
<b>Roads</b>	Roads – Local Rural Sealed	4,263	4,263	458	562	83,688	59,555	71.0%	15.0%	4.0%	10.0%	0.0%
	Roads – Local Urban Sealed	1,536	1,536	378	378	29,458	18,740	60.0%	24.0%	6.0%	10.0%	0.0%
	Roads – Local Rural Unsealed	8,942	8,942	1,629	1,754	36,091	9,673	23.0%	11.0%	9.0%	57.0%	0.0%
	Roads – Other Urban Sealed	431	431	–	–	2,802	1,363	44.0%	0.0%	28.0%	28.0%	0.0%
	Roads – Regional Rural Sealed	514	514	–	–	23,980	17,488	74.0%	18.0%	5.0%	3.0%	0.0%
	Roads – Regional Urban Sealed	26	26	–	–	1,309	1,080	93.0%	3.0%	0.0%	4.0%	0.0%
	Bridges	2,555	2,555	42	87	83,261	52,501	63.0%	29.0%	1.0%	7.0%	0.0%
	Bulk earthworks	20	20	–	–	83,598	83,598	100.0%	0.0%	0.0%	0.0%	0.0%
	Footpaths	146	146	31	17	6,356	4,710	74.0%	16.0%	7.0%	3.0%	0.0%
	Carparks	142	142	–	–	2,566	1,921	72.0%	12.0%	4.0%	12.0%	0.0%
	Causeways	1,731	1,731	–	–	9,070	3,367	38.0%	6.0%	9.0%	47.0%	0.0%
	<b>Sub-total</b>	<b>20,306</b>	<b>20,306</b>	<b>2,538</b>	<b>2,798</b>	<b>362,179</b>	<b>253,999</b>	<b>69.5%</b>	<b>14.9%</b>	<b>3.5%</b>	<b>12.2%</b>	<b>0.0%</b>
	<b>Water supply network</b>	Water supply network	4,958	4,958	300	309	56,381	29,311	39.0%	30.0%	18.0%	13.0%
<b>Sub-total</b>		<b>4,958</b>	<b>4,958</b>	<b>300</b>	<b>309</b>	<b>56,381</b>	<b>29,311</b>	<b>39.0%</b>	<b>30.0%</b>	<b>18.0%</b>	<b>13.0%</b>	<b>0.0%</b>
<b>Sewerage network</b>	Sewerage network	3,309	3,309	275	147	42,230	23,207	49.0%	29.0%	5.0%	17.0%	0.0%
	<b>Sub-total</b>	<b>3,309</b>	<b>3,309</b>	<b>275</b>	<b>147</b>	<b>42,230</b>	<b>23,207</b>	<b>49.0%</b>	<b>29.0%</b>	<b>5.0%</b>	<b>17.0%</b>	<b>0.0%</b>
<b>Stormwater drainage</b>	Stormwater drainage	53	53	50	–	20,514	11,603	44.0%	56.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>53</b>	<b>53</b>	<b>50</b>	<b>–</b>	<b>20,514</b>	<b>11,603</b>	<b>44.0%</b>	<b>56.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Open space / recreational assets</b>	Swimming pools	27	27	–	–	3,675	2,350	67.0%	31.0%	1.0%	1.0%	0.0%
	Other	59	59	–	–	8,375	6,874	88.0%	10.0%	0.0%	2.0%	0.0%
	<b>Sub-total</b>	<b>86</b>	<b>86</b>	<b>–</b>	<b>–</b>	<b>12,050</b>	<b>9,224</b>	<b>81.6%</b>	<b>16.4%</b>	<b>0.3%</b>	<b>1.7%</b>	<b>0.0%</b>



## Glen Innes Severn Council

## Report on infrastructure assets as at 30 June 2024 (continued)

Asset Class	Asset Category	Estimated cost		2023/24 Required maintenance <sup>a</sup>	2023/24 Actual maintenance	Gross replacement cost (GRC)	Net carrying amount	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Other infrastructure assets	Kerb and Gutter	1,119	1,119	–	–	14,417	6,751	27.0%	40.0%	27.0%	6.0%	0.0%
	Major Street Furniture	52	52	–	–	2,932	2,191	86.0%	5.0%	9.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>1,171</b>	<b>1,171</b>	<b>–</b>	<b>–</b>	<b>17,349</b>	<b>8,942</b>	<b>37.0%</b>	<b>34.1%</b>	<b>24.0%</b>	<b>5.0%</b>	<b>0.0%</b>
<b>Total – all assets</b>		<b>34,674</b>	<b>34,674</b>	<b>3,863</b>	<b>3,533</b>	<b>593,434</b>	<b>380,981</b>	<b>60.2%</b>	<b>21.0%</b>	<b>8.2%</b>	<b>10.5%</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

## Glen Innes Severn Council

### Report on infrastructure assets as at 30 June 2024

#### Infrastructure asset performance indicators (consolidated) \*

\$ '000	Amounts 2024	Indicator 2024	Indicators		Benchmark
			2023	2022	
<b>Buildings and infrastructure renewals ratio</b>					
Asset renewals <sup>1</sup>	<b>11,092</b>	<b>145.43%</b>	213.99%	128.32%	> 100.00%
Depreciation, amortisation and impairment	<b>7,627</b>				
<b>Infrastructure backlog ratio</b>					
Estimated cost to bring assets to a satisfactory standard	<b>34,674</b>	<b>9.22%</b>	10.56%	12.79%	< 2.00%
Net carrying amount of infrastructure assets	<b>376,113</b>				
<b>Asset maintenance ratio</b>					
Actual asset maintenance	<b>3,533</b>	<b>91.46%</b>	113.61%	153.51%	> 100.00%
Required asset maintenance	<b>3,863</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>34,674</b>	<b>5.84%</b>	3.76%	8.13%	
Gross replacement cost	<b>593,434</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.



## INDEPENDENT AUDITOR'S REPORT

### Special Schedule – Permissible income for general rates

#### Glen Innes Severn Council

To the Councillors of Glen Innes Severn Council

### Disclaimer of Opinion

I am required to audit the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Glen Innes Severn Council (the Council) for the year ending 30 June 2025.

I do not express an opinion on the accompanying Schedule. I draw attention to the audit of the general-purpose financial statements for the Council for the year ended 30 June 2024 which was disclaimed. Because of the significance of the matters described in the 'Basis for Disclaimer of Opinion' section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Schedule.

### Basis for Disclaimer of Opinion

On 1 July 2022, Council implemented a new financial management information system. That process resulted in the loss of supporting data for a significant number of financial statement line items. This and other matters incidental to the implementation of the new financial management information system have been acknowledged in the Statement by Councillors and Management (the Statement) under section 413(2)(c) of the *Local Government Act 1993* (the LG Act) that forms part of Council's general purpose financial statements. These matters, including deficiencies in Council's books and records, means I have been unable to obtain sufficient appropriate audit evidence or perform alternative testing procedures to enable me to conclude on the completeness and accuracy of the Statement and the balances and related notes in the Council's financial statements. As a result, I have disclaimed my opinion on the general purpose financial statements. Section 412 of the LG Act requires the Council maintain such accounting records as are necessary to correctly record and explain its financial transactions and its financial position.

As a result, I do not have sufficient appropriate audit evidence, nor am I able to determine whether any adjustments may be necessary in respect of recorded or unrecorded transactions in the Schedule.

### Emphasis of Matter - Basis of Accounting

I draw attention to the special purpose framework used to prepare the Schedule. The Schedule has been prepared for the purpose of fulfilling the Council's reporting obligations under the Local Government Code of Accounting Practice and Financial Reporting 2023-24 (LG Code). As a result, the Schedule may not be suitable for another purpose.

### The Councillors' Responsibilities for the Schedule

The Councillors are responsible for the preparation of the Schedule in accordance with the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

In preparing the Schedule, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

## **Auditor's Responsibilities for the Audit of the Schedule**

My objectives are to:

- obtain reasonable assurance whether the Schedule as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

However, because of the matters described in the 'Basis for Disclaimer of Opinion' section of my report, I was not able to obtain sufficient appropriate evidence to provide a basis for an audit opinion on the Schedule.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.



Jan-Michael Perez  
Delegate of the Auditor-General for New South Wales

13 February 2025  
SYDNEY