

Bathurst Regional Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2024

*A vibrant regional centre that enjoys a rural lifestyle
A Region full of community spirit and shared prosperity.*



Bathurst Regional Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2024

*A vibrant regional centre that enjoys a rural lifestyle
A Region full of community spirit and shared prosperity.*



Bathurst Regional Council

General Purpose Financial Statements

for the year ended 30 June 2024

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Overview

Bathurst Regional Council is constituted under the Local Government Act 1993 (NSW) and has its principal place of business at:
158 Russell Street
Bathurst NSW 2795

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.bathurst.nsw.gov.au.

Bathurst Regional Council

General Purpose Financial Statements

for the year ended 30 June 2024

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 21 August 2024.

Jess Jennings
Mayor
21 August 2024

Benjamin Fry
Deputy Mayor
21 August 2024

David Sherley
General Manager
21 August 2024

Aaron Jones
Responsible Accounting Officer
21 August 2024

Bathurst Regional Council

Statement of Comprehensive Income

for the year ended 30 June 2024

\$ '000	Notes	2024	2023
Net operating result for the year – from Income Statement		23,959	(549)
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	84,699	184,106
Total items which will not be reclassified subsequently to the operating result		84,699	184,106
Total other comprehensive income for the year		84,699	184,106
Total comprehensive income for the year attributable to Council		108,658	183,557

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

Bathurst Regional Council

Statement of Financial Position

as at 30 June 2024

\$ '000	Notes	2024	2023
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	14,983	7,647
Investments	C1-2	41,000	73,550
Receivables	C1-4	12,935	20,548
Inventories	C1-5	5,379	4,232
Contract assets and contract cost assets	C1-6	3,151	1,075
Other	C1-9	1,635	1,125
Total current assets		79,083	108,177
Non-current assets			
Investments	C1-2	17,800	17,300
Receivables	C1-4	505	527
Inventories	C1-5	11,403	11,403
Infrastructure, property, plant and equipment (IPPE)	C1-7	1,845,521	1,724,240
Investment property	C1-8	22,265	21,450
Right of use assets	C2-1	192	165
Total non-current assets		1,897,686	1,775,085
Total assets		1,976,769	1,883,262
LIABILITIES			
Current liabilities			
Payables	C3-1	13,307	14,559
Contract liabilities	C3-2	2,860	11,825
Lease liabilities	C2-1	68	56
Borrowings	C3-3	5,107	5,291
Employee benefit provisions	C3-4	11,483	11,673
Provisions	C3-5	222	190
Total current liabilities		33,047	43,594
Non-current liabilities			
Payables	C3-1	895	1,152
Lease liabilities	C2-1	135	115
Borrowings	C3-3	30,242	34,648
Employee benefit provisions	C3-4	425	465
Provisions	C3-5	3,249	3,170
Total non-current liabilities		34,946	39,550
Total liabilities		67,993	83,144
Net assets		1,908,776	1,800,118
EQUITY			
Accumulated surplus		725,776	701,817
IPPE revaluation reserve	C4-1	1,183,000	1,098,301
Council equity interest		1,908,776	1,800,118
Total equity		1,908,776	1,800,118

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

Bathurst Regional Council

Statement of Changes in Equity

for the year ended 30 June 2024

\$ '000	Notes	2024			2023		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		701,817	1,098,301	1,800,118	702,366	914,195	1,616,561
Net operating result for the year		23,959	–	23,959	(549)	–	(549)
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	84,699	84,699	–	184,106	184,106
Other comprehensive income		–	84,699	84,699	–	184,106	184,106
Total comprehensive income		23,959	84,699	108,658	(549)	184,106	183,557
Closing balance at 30 June		725,776	1,183,000	1,908,776	701,817	1,098,301	1,800,118

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

Bathurst Regional Council

Statement of Cash Flows

for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Actual 2023
Cash flows from operating activities				
<i>Receipts:</i>				
54,628	Rates and annual charges		54,983	52,821
29,977	User charges and fees		34,513	31,924
1,677	Interest received		4,618	2,187
37,864	Grants and contributions		30,940	36,907
–	Bonds, deposits and retentions received		511	38
5,082	Other		22,142	4,384
<i>Payments:</i>				
(34,014)	Payments to employees		(38,892)	(36,746)
(29,511)	Payments for materials and services		(69,676)	(63,521)
(1,536)	Borrowing costs		(1,619)	(1,464)
(2,176)	Other		(2,970)	(2,394)
61,991	Net cash flows from operating activities	G1-1	34,550	24,136
Cash flows from investing activities				
<i>Receipts:</i>				
155,645	Sale of investments		73,550	71,730
27,300	Sale of real estate assets		322	1,502
1,331	Proceeds from sale of IPPE		984	703
–	Deferred debtors receipts		52	170
<i>Payments:</i>				
(152,520)	Purchase of investments		(74,050)	(72,530)
(5,000)	Acquisition of term deposits		32,550	8,680
(51,787)	Payments for IPPE		(55,003)	(39,335)
(10,846)	Purchase of real estate assets		(960)	(134)
(35,877)	Net cash flows from investing activities		(22,555)	(29,214)
Cash flows from financing activities				
<i>Receipts:</i>				
700	Proceeds from borrowings		700	10,950
<i>Payments:</i>				
(5,291)	Repayment of borrowings		(5,290)	(5,435)
(50)	Principal component of lease payments		(69)	(55)
(4,641)	Net cash flows from financing activities		(4,659)	5,460
21,473	Net change in cash and cash equivalents		7,336	382
–	Cash and cash equivalents at beginning of year		7,647	7,265
21,473	Cash and cash equivalents at end of year	C1-1	14,983	7,647
–	plus: Investments on hand at end of year	C1-2	58,800	90,850
21,473	Total cash, cash equivalents and investments		73,783	98,497

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

Bathurst Regional 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 dd MMMM yyyy. 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 (Act)* and *Local Government (General) Regulation 2022 (Regulation)*, and the Local Government Code of Accounting Practice and Financial Reporting. Council is a not for-profit entity. The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

Historical cost convention

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

Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of investment properties – refer Note C1-8
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-7
- (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

- i. Impairment of receivables – refer Note C1-4.
- ii. Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-2 – B2-4.

Monies and other assets received by Council

The Consolidated Fund

In accordance with the provisions of Section 409(1) of the *Local Government Act 1993 (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

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.

A1-1 Basis of preparation (continued)

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 some volunteer services in the operation of various Museums. The volunteer services, whilst helping the facilities, would not be purchased if not voluntarily provided and the value of those services cannot be reliably measured.

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2024 reporting period. Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2023.

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

The following new standard is effective for the first time at 30 June 2024:

- **AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates**

The most significant change introduced by this standard is to remove the requirement to disclose significant accounting policies and instead require disclosure of material accounting policy information.

“Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.”

In applying the new requirements, Council has after taking into account the various specific facts and circumstances applied professional judgement to ensure it discloses only material accounting policies as opposed to significant accounting policies throughout these financial statements

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.

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Functions or activities										
Governance	–	–	3,855	3,947	(3,855)	(3,947)	–	–	56	68
Administration	1,744	709	16,285	14,681	(14,541)	(13,972)	15	–	52,898	55,123
Public order and safety	567	644	3,109	2,701	(2,542)	(2,057)	464	1,142	15,704	14,908
Environment	14,834	13,912	13,219	15,443	1,615	(1,531)	913	789	231,465	249,505
Community services and education	2,831	2,906	2,578	2,594	253	312	2,237	2,080	14,294	13,956
Housing and community amenities	272	882	3,318	3,020	(3,046)	(2,138)	37	745	8,001	8,262
Water supplies	26,505	23,406	12,509	14,285	13,996	9,121	7,349	7,700	370,980	359,381
Sewerage services	20,403	17,807	10,340	14,850	10,063	2,957	1,843	820	215,869	200,942
Recreation and culture	14,115	9,324	25,715	23,155	(11,600)	(13,831)	4,272	1,549	325,457	312,153
Mining, manufacturing and construction	1,032	1,132	1,659	1,317	(627)	(185)	25	–	287	281
Transport and communication	23,189	11,727	29,363	31,228	(6,174)	(19,501)	24,431	11,358	715,274	656,726
Economic affairs	5,175	9,009	5,203	5,413	(28)	3,596	3,268	285	26,843	11,957
General Purpose Revenues	40,445	40,627	–	–	40,445	40,627	7,185	9,677	–	–
Other	–	–	–	–	–	–	–	–	(359)	–
Total functions and activities	151,112	132,085	127,153	132,634	23,959	(549)	52,039	36,145	1,976,769	1,883,262

B1-2 Components of functions or activities

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 policy-making committees, public disclosure (e.g. GIPA), and legislative compliance.

Administration

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

Public order and safety

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

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 maintenance and operation of dams, water filtration plant, reservoirs and the reticulation of the water supply.

Sewerage services

Includes maintenance and operation of the sewerage network of pipes, pump stations and treatment works.

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.

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.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	Timing	2024	2023
Ordinary rates			
Residential	2	22,000	21,085
Farmland	2	2,340	2,247
Mining	2	12	12
Business	2	6,596	6,389
Less: pensioner rebates (mandatory)	2	(671)	(661)
Rates levied to ratepayers		30,277	29,072
Pensioner rate subsidies received	2	369	364
Total ordinary rates		30,646	29,436
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)			
Domestic waste management services	2	7,568	7,215
Stormwater management services	2	405	400
Water supply services	2	3,427	3,354
Sewerage services	2	12,586	11,967
Waste management services (non-domestic)	2	1,076	1,009
Section 611 charges	2	32	34
Less: pensioner rebates (mandatory)	2	(439)	(430)
Less: pensioner rebates (Council policy)	2	(195)	(191)
Annual charges levied		24,460	23,358
Pensioner annual charges subsidies received:			
– Water	2	115	114
– Sewerage	2	113	112
– Domestic waste management	2	12	11
Total annual charges		24,700	23,595
Total rates and annual charges		55,346	53,031
Timing of revenue recognition for rates and annual charges			
Rates and annual charges recognised at a point in time (2)		55,346	53,031
Total rates and annual charges		55,346	53,031

The timing column notation (above) identifies the revenue recognition pattern for material items of Council's revenue:

- (1) indicates income recognised under AASB 15 or AASB 1058 "over time",
 (2) indicates income recognised under AASB 15 or AASB 1058 "at a point in time".

Council has used 2023 year valuations provided by the NSW Valuer General in calculating its rates.

Material accounting policy information

Rates and annual charges are recognised as revenue at 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.

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates and are recognised within the underlying revenue item based on their substance.

B2-2 User charges and fees

\$ '000	Timing	2024	2023
Specific user charges (per s502 - specific 'actual use' charges)			
Water supply services	2	13,984	11,519
Sewerage services	2	2,004	1,956
Waste management services (non-domestic)	1	3,473	3,955
Total specific user charges		19,461	17,430
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s608)			
Planning and building regulation	2	1,274	1,363
Private works – section 67	1	36	168
Section 603 certificates	2	95	85
Total fees and charges – statutory/regulatory		1,405	1,616
(ii) Fees and charges – other (incl. general user charges (per s608))			
Advertising	1	17	6
Aerodrome	2	112	172
Art gallery	2	–	3
Cemeteries	2	2	8
Child care	2	624	863
Bathurst rail museum	2	220	217
Chifley home	2	19	20
Entertainment centre	2	707	515
Library and art gallery	2	19	17
Mount panorama	2	2,896	2,446
National motor racing museum	2	461	453
Tourism	2	1,185	977
Transport for NSW works (state roads not controlled by Council)	1	4,712	4,141
Sewerage	1	694	931
Water	2	210	287
Other	2	141	110
Total fees and charges – other		12,019	11,166
Total other user charges and fees		13,424	12,782
Total user charges and fees		32,885	30,212

User charges and fees recognised over time (1) 8,932 9,201

User charges and fees recognised at a point in time (2) 23,953 21,011

The timing column notation (above) identifies the revenue recognition pattern for material items of Council's revenue:

(1) indicates income recognised under AASB 15 or AASB 1058 “over time”,

(2) indicates income recognised under AASB 15 or AASB 1058 “at a point in time”.

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 the aquatic centre, the customer is required to pay on arrival or a deposit in advance. There is no material obligation for Council in relation to refunds or returns.

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

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

B2-3 Other revenues

\$ '000	Timing	2024	2023
Fines	2	63	85
Fines – parking	2	104	83
Commissions and agency fees	2	108	64
Diesel rebate	2	600	–
Insurance claims recoveries	2	1	11
Recycling income (non-domestic)	2	358	407
Insurance rebates	2	110	106
Mount Panorama	2	549	696
Sales – miscellaneous	2	485	550
Other	2	365	329
Total other revenue		2,743	2,331

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)	2,743	2,331

The timing column notation (above) identifies the revenue recognition pattern for material items of Council's revenue:

- (1) indicates income recognised under AASB 15 or AASB 1058 “over time”,
- (2) indicates income recognised under AASB 15 or AASB 1058 “at a point in time”.

Material accounting policy information for other revenue

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

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

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

B2-4 Grants and contributions

\$ '000	Timing	Operating 2024	Operating 2023	Capital 2024	Capital 2023
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Financial assistance	2	333	2,324	-	-
Payment in advance - future year allocation					
Financial assistance	2	6,852	7,753	-	-
Amount recognised as income during current year					
		7,185	10,077	-	-
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Bushfire and emergency services	2	291	310	31	47
Community care	2	2,237	2,061	-	19
Community centres	1	22	-	-	-
Economic development	1	117	125	3,082	160
Environmental programs	1	187	195	71	779
Floodplain management	1	41	-	-	-
Heritage and cultural	2	1,006	478	(17)	357
LIRS subsidy	2	4	10	-	-
Mount Panorama	1	-	96	-	(7)
Other councils – joint works/services	1	518	336	-	-
Recreation and culture	1	292	59	2,236	446
Sewerage services	1	-	-	205	-
Storm/flood damage	1	-	447	-	-
Strategic planning	2	15	637	-	-
Street lighting	2	109	108	-	-
Transport (aerodrome)	1	-	-	1,546	(4)
Transport (cycleways)	1	-	-	951	359
Transport (roads and bridges)	1	-	-	720	-
Transport (roads to recovery)	2	2,608	-	-	-
Transport for NSW contributions (regional roads, block grant)	2	853	795	-	1,083
Transport (other roads and bridges funding)	1	3,173	2,703	3,392	1,237
Waste management	2	96	-	-	-
Water supplies	1	-	-	5,638	6,971
Other specific grants	1	40	-	211	12
Other contributions	2	-	5	-	39
Total special purpose grants and non-developer contributions – cash		11,609	8,365	18,066	11,498
Non-cash contributions					
Dedications		-	-	536	-
Dedications – subdivisions (other than by s7.4 and s7.11 – EP&A Act, s64 of the LGA)	2	-	-	9,329	2,696
Heritage/cultural	2	-	-	170	120
Other	2	-	-	-	49
Total other contributions – non-cash		-	-	10,035	2,865
Total special purpose grants and non-developer contributions (tied)		11,609	8,365	28,101	14,363
Total grants and non-developer contributions		18,794	18,442	28,101	14,363
Comprising:					
– Commonwealth funding		11,903	12,896	2,138	2,163
– State funding		6,267	4,617	15,634	9,525
– Other funding		624	929	10,329	2,675
		18,794	18,442	28,101	14,363

continued on next page ...

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Timing	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Developer contributions:						
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
Cash contributions						
S 7.11 – contributions towards amenities/services		2	–	–	1,746	1,743
S 64 – water supply contributions		2	–	–	1,711	729
S 64 – sewerage service contributions		2	–	–	1,638	820
Other developer contributions		2	49	48	–	–
Total developer contributions – cash			49	48	5,095	3,292
Total developer contributions			49	48	5,095	3,292
Total contributions			49	48	5,095	3,292
Total grants and contributions			18,843	18,490	33,196	17,655
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			4,390	2,518	18,052	9,724
Grants and contributions recognised at a point in time (2)			14,453	15,972	15,144	7,931
Total grants and contributions			18,843	18,490	33,196	17,655

The timing column notation (above) identifies the revenue recognition pattern for material items of Council's revenue:

- (1) indicates income recognised under AASB 15 or AASB 1058 “over time”,
(2) indicates income recognised under AASB 15 or AASB 1058 “at a point in time”.

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:

\$ '000	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Unspent grants				
Unspent funds at 1 July	2,590	1,173	8,476	4,784
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	3,375	1,770	–	8,153
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(2,010)	(353)	(8,040)	(4,461)
Unspent funds at 30 June	3,955	2,590	436	8,476
Unspent contributions				
Unspent funds at 1 July	32	–	45,858	44,681
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	53	98	9,267	4,341
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	(5)	(66)	(4,263)	(3,164)
Unspent contributions at 30 June	80	32	50,862	45,858

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 obligation 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.

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).

B2-4 Grants and contributions (continued)

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

\$ '000	2024	2023
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	323	190
– Cash and investments	4,051	3,121
Total interest and investment income (losses)	4,374	3,311

Material accounting policy information

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

B2-6 Other income

\$ '000	Notes	2024	2023
Rental income			
Investment properties			
Lease income (excluding variable lease payments not dependent on an index or rate)		749	707
Lease income relating to variable lease payments not dependent on an index or a rate		163	166
Total Investment properties		912	873
Other lease income			
Room/Facility Hire		1,685	1,614
Leaseback fees - council vehicles		313	211
Total other lease income		1,998	1,825
Total rental income	C2-2	2,910	2,698
Total other income		2,910	2,698

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2024	2023
Salaries and wages	27,190	26,788
Travel expenses	654	663
Employee leave entitlements (ELE)	4,691	2,841
Superannuation	3,573	3,408
Workers' compensation insurance	1,334	1,021
Fringe benefit tax (FBT)	155	155
Payroll tax	353	353
Training costs (other than salaries and wages)	342	282
Protective clothing	6	3
Other	102	111
Total employee costs	38,400	35,625
Less: capitalised costs	(230)	(146)
Total employee costs expensed	38,170	35,479

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

\$ '000	Notes	2024	2023
Consultancy costs		47	–
Raw materials and consumables		42,054	43,280
Contractor costs		2,386	2,060
Audit Fees	F2-1	201	121
Councillor and Mayoral fees and associated expenses	F1-2	334	330
Advertising		567	867
Bank charges		174	171
Cleaning		644	760
Electricity and heating		3,204	2,618
Fire control expenses		7	5
Insurance		1,826	1,611
Office expenses (including computer expenses)		104	106
Postage		136	131
Printing and stationery		173	199
Street lighting		816	653
Subscriptions and licences		1,938	2,208
Telephone and communications		499	470
Valuation fees		185	195
Other expenses		7	10
Legal expenses:			

continued on next page ...

B3-2 Materials and services (continued)

\$ '000		2024	2023
– Legal expenses: planning and development		15	51
– Legal expenses: debt recovery		174	176
– Legal expenses: other		176	324
Expenses from short-term leases		93	72
Expenses from leases of low value assets		–	114
Variable lease expense relating to usage		104	66
Recycling services		1,695	1,424
Total materials and services		57,559	58,022

Material accounting policy information

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

B3-3 Borrowing costs

\$ '000	Notes	2024	2023
(i) Interest bearing liability costs			
Interest on leases		11	7
Interest on overdraft		46	37
Interest on loans		1,468	1,425
Total interest bearing liability costs		1,525	1,469
– Remediation liabilities	C3-5	85	77
Total borrowing costs expensed		1,610	1,546

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

\$ '000	Notes	2024	2023
Depreciation and amortisation			
Plant and equipment		2,729	2,511
Office equipment		231	321
Furniture and fittings		84	148
Land improvements (depreciable)		831	733
Infrastructure:	C1-7		
– Buildings		3,316	2,089
– Buildings – Leasehold Improvements		270	271
– Other structures		1,172	1,219
– Roads		11,674	7,427
– Bridges		866	7,993
– Footpaths		261	301
– Stormwater drainage		533	2,101
– Water supply network		2,326	3,600
– Sewerage network		1,929	5,308
– Swimming pools		360	173
Right of use assets	C2-1	74	56
Other assets:			
– Other		443	438
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C3-5, C1-7	30	28
Total depreciation and amortisation costs		27,129	34,717

B3-4 Depreciation, amortisation and impairment of non-financial assets (continued)

Total depreciation, amortisation and impairment for non-financial assets	27,129	34,717
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Material accounting policy information

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-7 for IPPE assets.

Impairment of non-financial assets

Other assets 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.

B3-5 Other expenses

\$ '000	Notes	2024	2023
Impairment of receivables			
Other		4	3
Total impairment of receivables	C1-4	4	3
Other			
Contributions/levies to other levels of government			
– NSW fire brigade levy		617	524
– NSW rural fire service levy		668	667
– Waste levy		206	118
– EPA payment for Sewerage Treatment		41	9
– Donations, contributions and assistance		540	530
– Footpath and gutter maintenance		71	39
– Somerville collection		112	68
Upper Macquarie County Council (Noxious Weeds)		323	306
Total other expenses		2,582	2,264

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**

\$ '000	Notes	2024	2023
Infrastructure, property, plant & equipment			
Proceeds from disposal – property		219	16
Less: carrying amount of property assets sold/written off		(1,297)	(924)
Gain (or loss) on disposal		(1,078)	(908)
Gain (or loss) on disposal of plant and equipment			
	C1-7		
Proceeds from disposal – plant and equipment		765	687
Less: carrying amount of plant and equipment assets sold/written off		(104)	(1,656)
Gain (or loss) on disposal		661	(969)
Gain (or loss) on disposal of real estate assets held for sale			
	C1-5		
Proceeds from disposal – real estate assets		322	1,502
Less: carrying amount of real estate assets sold/written off		(8)	(231)
Gain (or loss) on disposal		314	1,271
Gain (or loss) on disposal of investments			
	C1-2		
Proceeds from disposal/redemptions/maturities – investments		73,550	71,730
Less: carrying amount of investments sold/redeemed/matured		(73,550)	(71,730)
Gain (or loss) on disposal		–	–
Net gain (or loss) from disposal of assets		(103)	(606)

Material accounting policy information

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

B5 Performance against budget

B5-1 Material budget variations

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

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

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

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

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
Revenues				
Operating grants and contributions	12,375	18,843	6,468	52% F
Council received \$4.4m in road repair grants to repair damage caused by the Nov 22 storm events. \$2.2m additional funds were received from RMCC for road maintenance on State-owned roads.				
Capital grants and contributions	25,305	33,196	7,891	31% F
Completed \$8m of carryover works that were not in original budget, including \$5.5m for stormwater harvesting project, \$1.2m for Sawpit Creek open space and \$1.3m for Kelso Industrial land development.				
Interest and investment revenue	1,677	4,374	2,697	161% F
Interest rates achieved during the year for investments was significantly higher than anticipated during budget preparation (achieved average 5.02% but budget 3.58%).				
Net gains from disposal of assets	16,722	-	(16,722)	(100)% U
Delays in the planning and approval process for Council's land development program in 2022/23 resulted in later completion of land development during 2024 and sales did not commence until late in the year, with only 1 block sold.				
Fair value increment on investment property	352	815	463	132% F
Revaluation of investment property was higher than anticipated due to ongoing high CPI.				
Other income	2,528	2,910	382	15% F
Rental income from Council's properties was higher than anticipated following Council's push to optimise returns on its properties and also due to the high CPI increasing rents higher than expected.				
Expenses				
Employee benefits and on-costs	34,376	38,170	(3,794)	(11)% U
Employees re-assigned during the year from capital work (which then had to be completed with contractors) to complete operating and maintenance activities (some of which were grant funded).				
Materials and services	48,912	57,559	(8,647)	(18)% U
Council completed additional \$4.4m in road repair/maintenance to repair damage caused after the Nov 22 storm events and \$2.2m additional was incurred for road maintenance on State-owned roads (both offset by additional operating grant income above).				
Depreciation, amortisation and impairment of non-financial assets	36,228	27,129	9,099	25% F
Review of asset useful lives resulted in lower depreciation for some asset classes.				
Net losses from disposal of assets	-	103	(103)	∞ U

B5-1 Material budget variations (continued)

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
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Council demolished buildings with a carrying value of \$1.2m, including Macquarie Park toilet block and Works Depot meal room, prior to construction of new facilities. This loss on disposal was offset by gains on disposal of plant and equipment and land sales.

Statement of cash flows

Cash flows from operating activities	61,991	34,550	(27,441)	(44)%	U
Cash flows from investing activities	(35,877)	(22,555)	13,322	(37)%	F

Delays to Council's land development program in 2022/23 resulted in late release of land and land sales not able to commence until late in 2023/2024. With high mortgage interest rates impacting the construction market, this resulted in income from land sales down \$16m on Budget.

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2024	2023
Cash assets		
Cash on hand and at bank	14,983	7,647
Total cash and cash equivalents	14,983	7,647

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	14,983	7,647
Balance as per the Statement of Cash Flows	14,983	7,647

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

\$ '000	2024		2023	
	Current	Non-current	Current	Non-current
Debt securities at amortised cost				
Long term deposits	37,500	6,500	73,550	3,000
NCD's, FRN's (with maturities > 3 months)	3,500	11,300	–	14,300
Total	41,000	17,800	73,550	17,300
Total financial investments	41,000	17,800	73,550	17,300
Total cash assets, cash equivalents and investments	55,983	17,800	81,197	17,300

Material accounting policy information

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Council's financial assets measured at amortised cost comprise trade and other receivables, term deposits and cash and cash equivalents in the Statement of Financial Position. Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment. Interest income, impairment and gains or loss on de-recognition are recognised in profit or loss.

Fair value through other comprehensive income – equity instruments

Council has a number of strategic investments in entities over which they do not have significant influence nor control. Council has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to accumulated surplus and is not reclassified to profit or loss. Other net gains and losses excluding dividends are recognised in Other Comprehensive Income Statement.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. Net gains or losses, including any interest or dividend income, are recognised in profit or loss. Council's financial assets measured at fair value through profit or loss comprise investments in FRNs and NCDs in the Statement of Financial Position.

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

\$ '000	2024	2023
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	73,783	98,497
Less: Externally restricted cash, cash equivalents and investments	<u>(70,873)</u>	<u>(98,381)</u>
Cash, cash equivalents and investments not subject to external restrictions	2,910	116

External restrictions

External restrictions – included in liabilities

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

Specific purpose unexpended grants – general fund	4,384	11,059
Specific purpose unexpended grants – water fund	7	7
Specific purpose unexpended loans – general	503	448
External restrictions – included in liabilities	4,894	11,514

External restrictions – other

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

Developer contributions – general	14,722	13,431
Developer contributions – water fund	11,615	10,001
Developer contributions – sewer fund	24,604	22,456
Water fund	9,401	12,225
Sewer fund	1,190	23,927
Stormwater management	1,085	782
Domestic waste management	3,362	4,045
External restrictions – other	65,979	86,867
Total external restrictions	70,873	98,381

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.

\$ '000	2024	2023
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(b) Internal allocations

Internal allocations

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

Plant and vehicle replacement	460	–
Infrastructure replacement	355	–
Employees leave entitlement	65	–
Administration	300	–
Building maintenance and improvements	240	–
Cultural and community services	194	–
Depot maintenance	435	–
Environmental	93	–
Waste employee leave entitlements	229	–
Waste management	500	–
Total internal allocations	2,871	–

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

C1-4 Receivables

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
Rates and annual charges	2,551	218	2,320	193
Interest and extra charges	1,190	–	1,049	–
User charges and fees	4,366	–	4,013	–
Accrued revenues				
– Interest on investments	942	–	1,327	–
– Other income accruals	344	–	553	–
Deferred debtors	46	287	51	334
Government grants and subsidies	20	–	18	–
Net GST receivable	1,645	–	1,288	–
Sundry debtors	1,852	–	9,952	–
Other debtors	–	–	(2)	–
Total	12,956	505	20,569	527
Less: provision for impairment				
User charges and fees	(9)	–	(15)	–
Other debtors	(12)	–	(6)	–
Total provision for impairment – receivables	(21)	–	(21)	–
Total net receivables	12,935	505	20,548	527

\$ '000	2024	2023
Movement in provision for impairment of receivables		
Balance at the beginning of the year	21	78
+ new provisions recognised during the year	6	–
– amounts written off this year	(6)	(54)
– amounts provided for but recovered during the year	–	(3)
Balance at the end of the year	21	21

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.

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.

C1-4 Receivables (continued)

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 into liquidation or has entered into bankruptcy proceedings, or when the receivables are over 1 years past due, whichever occurs first.

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

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

Rates and annual charges outstanding are secured against the property.

C1-5 Inventories

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
(i) Inventories at cost				
Real estate for resale	4,341	11,403	3,389	11,403
Stores and materials	765	–	607	–
Trading stock	273	–	236	–
Total inventories at cost	5,379	11,403	4,232	11,403
Total inventories	5,379	11,403	4,232	11,403

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.

Land held for resale

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

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

C1-6 Contract assets and Contract cost assets

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Contract assets	3,151	–	1,075	–
Total contract assets and contract cost assets	3,151	–	1,075	–

Contract assets

Transport Assets	1,498	–	494	–
Flood Security Works	41	–	447	–

continued on next page ...

C1-6 Contract assets and Contract cost assets (continued)

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
Land development	1,086	–	–	–
Recreation and culture	424	–	–	–
Other	102	–	134	–
Total contract assets	3,151	–	1,075	–

Significant changes in contract assets

Contract Assets have increased from 2023 due to large grant programs from other levels of Government for land development and transport assets, where we have incurred expenditure but not reached milestones listed in grant agreements for payment of income.

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 ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000												
Plant and equipment	33,000	(22,027)	10,973	2,207	–	(65)	(2,729)	–	–	33,587	(23,200)	10,387
Office equipment	3,504	(2,986)	518	242	27	–	(231)	–	–	3,747	(3,190)	557
Furniture and fittings	2,109	(1,795)	314	–	16	–	(84)	–	–	2,110	(1,865)	245
Land:												
– Operational land	131,213	–	131,213	–	–	(34)	–	–	–	131,179	–	131,179
– Community land	37,186	–	37,186	–	–	–	–	–	–	37,186	–	37,186
– Land under roads (post 30/6/08)	2,533	–	2,533	–	–	–	–	–	–	2,533	–	2,533
Land improvements – depreciable	37,722	(9,910)	27,812	–	2,007	–	(831)	2,064	1,460	43,796	(11,285)	32,511
Infrastructure:												
– Buildings	374,127	(145,012)	229,115	–	1,497	(1,263)	(3,316)	–	12,330	393,679	(155,676)	238,003
– Buildings – leasehold improvements	5,404	(857)	4,547	–	–	–	(270)	–	298	5,780	(1,205)	4,575
– Other structures	49,040	(18,254)	30,786	70	3,478	(38)	(1,172)	(4,110)	3,730	54,693	(21,947)	32,746
– Roads	584,841	(236,600)	348,241	4,374	23,977	–	(11,674)	–	18,036	641,141	(258,187)	382,954
– Bridges	118,863	(54,316)	64,547	790	3,231	–	(866)	(27)	3,634	129,077	(57,768)	71,309
– Footpaths	25,037	(8,414)	16,623	–	886	–	(261)	2,046	989	29,492	(9,209)	20,283
– Bulk earthworks (non-depreciable)	174,406	–	174,406	497	2,488	–	–	–	10,482	187,873	–	187,873
– Stormwater drainage	224,753	(62,114)	162,639	2,538	3,240	–	(533)	–	8,637	242,445	(65,924)	176,521
– Water supply network	430,761	(150,482)	280,279	1,126	7,724	–	(2,326)	–	14,115	461,442	(160,524)	300,918
– Sewerage network	279,273	(136,191)	143,082	1,699	2,422	–	(1,929)	–	7,100	297,487	(145,113)	152,374
– Swimming pools	33,660	(16,378)	17,282	–	–	–	(360)	–	1,201	35,999	(17,516)	18,483
Other assets:												
– Other	54,823	(15,792)	39,031	–	499	–	(443)	27	2,687	59,363	(17,562)	41,801
Reinstatement, rehabilitation and restoration assets (refer Note 15):												
– Tip assets	3,169	(56)	3,113	–	–	–	(30)	–	–	3,169	(86)	3,083
Total infrastructure, property, plant and equipment	2,605,424	(881,184)	1,724,240	13,543	51,492	(1,400)	(27,055)	–	84,699	2,795,778	(950,257)	1,845,521

(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)

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period						At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000												
Plant and equipment	29,556	(20,087)	9,469	3,692	375	(52)	(2,511)	–	–	33,000	(22,027)	10,973
Office equipment	3,367	(2,665)	702	5	132	–	(321)	–	–	3,504	(2,986)	518
Furniture and fittings	2,081	(1,647)	434	28	–	–	(148)	–	–	2,109	(1,795)	314
Land:												
– Operational land	116,523	–	116,523	–	–	(1,604)	–	–	16,294	131,213	–	131,213
– Community land	22,875	–	22,875	–	–	–	–	–	14,311	37,186	–	37,186
– Land under roads (post 30/6/08)	1,564	–	1,564	–	–	–	–	–	969	2,533	–	2,533
Land improvements – depreciable	34,313	(8,624)	25,689	16	1,337	–	(733)	–	1,503	37,722	(9,910)	27,812
Infrastructure:												
– Buildings – non-specialised	226,395	(69,879)	156,516	217	1,942	–	(2,089)	–	72,529	374,127	(145,012)	229,115
– Buildings – specialised	5,404	(586)	4,818	–	–	–	(271)	–	–	5,404	(857)	4,547
– Other structures	44,672	(16,075)	28,597	239	1,199	(18)	(1,219)	–	1,988	49,040	(18,254)	30,786
– Roads	541,817	(209,502)	332,315	1,711	10,546	(905)	(7,427)	(6,896)	18,897	584,841	(236,600)	348,241
– Bridges	112,016	(50,190)	61,826	39	179	–	(7,993)	6,896	3,600	118,863	(54,316)	64,547
– Footpaths	22,513	(7,644)	14,869	255	873	–	(301)	–	927	25,037	(8,414)	16,623
– Bulk earthworks (non-depreciable)	160,749	–	160,749	1,933	2,009	–	–	–	9,715	174,406	–	174,406
– Stormwater drainage	207,975	(55,912)	152,063	10	1,990	–	(2,101)	–	10,677	224,753	(62,114)	162,639
– Water supply network	390,897	(137,014)	253,883	912	10,970	–	(3,600)	–	18,114	430,761	(150,482)	280,279
– Sewerage network	259,967	(122,249)	137,718	265	979	–	(5,308)	–	9,428	279,273	(136,191)	143,082
– Swimming pools	17,492	(2,608)	14,884	–	–	–	(173)	–	2,571	33,660	(16,378)	17,282
Other assets:												
– Other	50,839	(14,299)	36,540	53	293	–	(438)	–	2,583	54,823	(15,792)	39,031
Reinstatement, rehabilitation and restoration assets (refer Note 15):												
– Tip assets	3,169	(28)	3,141	–	–	–	(28)	–	–	3,169	(56)	3,113
Total infrastructure, property, plant and equipment	2,254,184	(719,009)	1,535,175	9,375	32,824	(2,579)	(34,661)	–	184,106	2,605,424	(881,184)	1,724,240

(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 Crown Lands and Water (CLAW).

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.

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:

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 8	Buildings	
Heavy plant/road making equipment	5 to 8	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 40
Water and sewer assets		Stormwater assets	
Dams and reservoirs	70 to 300	Drains	120
Bores	20 to 40	Culverts	120
Reticulation pipes: PVC	50 to 190	Flood control structures	120
Reticulation pipes: other	50 to 190		
Pumps and telemetry	40 to 70		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	20 to 120	Bulk earthworks	Non-depreciable
Sealed roads: structure	20 to 120	Swimming pools	50
Unsealed roads	30	Other open space/recreational assets	20
Bridge: concrete	80 to 210	Other infrastructure	20
Bridge: other	80 to 210		
Road pavements	90 to 100		
Kerb, gutter and footpaths	100		

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.

Crown reserves

Crown reserves under Council's care and control are recognised as assets of the council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

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

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 firefighting equipment purchased or constructed wholly or 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 firefighting equipment has been purchased or constructed".

Council recognises rural fire service assets including land and buildings however the fire fighting vehicles or "red fleet" are not considered to be under the control of Council and are therefore not recognised in these financial statements.

C1-8 Investment properties

\$ '000	2024	2023
Owned investment property		
Investment property on hand at fair value	22,265	21,450
Total owned investment property	22,265	21,450
Owned investment property		
At fair value		
Opening balance at 1 July	21,450	17,093
Net gain/(loss) from fair value adjustments	815	4,357
Closing balance at 30 June	22,265	21,450

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

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Prepayments	1,635	-	1,125	-
Total other assets	1,635	-	1,125	-

C2 Leasing activities

C2-1 Council as a lessee

Council has leases over a range of assets including land and buildings, machinery and IT equipment. Information relating to the leases in place and associated balances and transactions is provided below.

Land and buildings

Council leases land and buildings for their operational purposes; the leases are generally between 1 and 100 years and some of them include a renewal option to allow Council to renew for up to twice the noncancellable lease term at their discretion.

The leases contain an annual pricing mechanism based on either fixed increases or CPI movements at each anniversary of the lease inception.

Office and IT equipment

Leases for office and IT equipment are generally for low value assets, except for significant items such as photocopiers. Leases are for between 1 and 3 years with no renewal option, payments are fixed, however some of the leases include variable payments based on usage.

Extension options

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

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

(a) Right of use assets

\$ '000	Office Equipment	Land	Total
2024			
Opening balance at 1 July	137	28	165
Additions to right-of-use assets	101	–	101
Adjustments to right-of-use assets due to re-measurement of lease liability	–	–	–
Depreciation charge	(70)	(4)	(74)
Balance at 30 June	168	24	192
2023			
Opening balance at 1 July	138	31	169
Additions to right-of-use assets	59	–	59
Adjustments to right-of-use assets due to re-measurement of lease liability	(7)	–	(7)
Depreciation charge	(53)	(3)	(56)
Balance at 30 June	137	28	165

C2-1 Council as a lessee (continued)

(b) Lease liabilities

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Lease liabilities	68	135	56	115
Total lease liabilities	68	135	56	115

(c) (i) The maturity analysis

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
2024					
Cash flows	76	145	8	229	203
2023					
Cash flows	61	108	12	181	171

(d) Income Statement

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

\$ '000	2024	2023
Interest on lease liabilities	11	7
Variable lease payments based on usage not included in the measurement of lease liabilities	104	66
Depreciation of right of use assets	74	56
Expenses relating to short-term leases	93	72
Expenses relating to leases of low-value assets	–	114
	282	315

(e) Statement of Cash Flows

Total cash outflow for leases	278	315
	278	315

(f) Leases at significantly below market value – concessionary / peppercorn leases

Council has identified a number of right of use leases at significantly below market terms & conditions for land and buildings used for toilet facilities, underground pipes and RFS brigade stations.

Lease periods range up to 56 years remaining and require payments up to a maximum of \$1,000 per year. Market values for these assets are difficult to reliably estimate due to the nature of the asset (underground pipes and land within railway corridors), so Council has measured these assets at cost. Use of the right-to-use asset is restricted by lessors to specified community services which Council must provide, as detailed in the leases.

Council does not believe that any of the leases in place are individually material from a statement of financial position or performance perspective.

C2-1 Council as a lessee (continued)

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 AASB 136 *Impairment of Assets*.

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

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 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 note C1-7) in the Statement of Financial Position.

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

(i) Assets held as investment property

Investment property operating leases relate to Council's leasing of the Post Office building. The leases for each tenant range in term from 1 to 7 years, with some having options for further periods up to 15 years.

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)	749	707
Lease income relating to variable lease payments not dependent on an index or a rate	163	166
Total income relating to operating leases for investment property assets	912	873

Operating lease expenses

Direct operating expenses that generated rental income	456	462
Direct operating expenses that did not generate rental income	234	234
Total expenses relating to operating leases	690	696

Repairs and maintenance: investment property

Other	103	120
Total repairs and maintenance: investment property	103	120

(ii) Assets held as property, plant and equipment

Council provides operating leases on Council land, buildings and facilities for the provision of services by various community organisations and groups. The leases for each tenant range in term from 1 to 5 years. The table below relates to operating leases on assets disclosed in note C1-7.

Lease income (excluding variable lease payments not dependent on an index or rate)	1,998	1,825
Total income relating to operating leases for Council assets	1,998	1,825

Amount of IPPE leased out by Council under operating leases

Plant & Equipment	1,031	979
Land	5,236	5,236
Buildings	61,832	49,894
Land Improvements	5,703	4,085
Structures	4,227	3,983
Total amount of IPPE leased out by Council under operating leases	78,029	64,177

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

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

< 1 year	949	864
1–2 years	985	802
2–3 years	716	833

C2-2 Council as a lessor (continued)

\$ '000	2024	2023
3–4 years	304	609
4–5 years	44	268
> 5 years	229	–
Total undiscounted lease payments to be received	3,227	3,376

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

\$ '000	2024		2023	
	Current	Non-current	Current	Non-current
Goods and services	7,418	–	8,838	–
Accrued expenses:				
– Borrowings	112	–	121	–
– Salaries and wages	238	–	730	–
– Other expenditure accruals	202	–	194	–
Security bonds, deposits and retentions	3,219	895	2,451	1,152
Prepaid rates	2,118	–	2,225	–
Total payables	13,307	895	14,559	1,152

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

\$ '000	Notes	2024		2023	
		Current	Non-current	Current	Non-current
Grants and contributions received in advance:					
Funds to construct Council controlled assets	(i)	1,079	–	10,988	–
Grant Funds received prior to performance obligation being satisfied	(ii)	1,565	–	689	–
Contributions received prior to performance obligation being satisfied	(ii)	84	–	37	–
Total grants received in advance		2,728	–	11,714	–
User fees and charges received in advance:					
Other		132	–	111	–
Total user fees and charges received in advance		132	–	111	–
Total contract liabilities		2,860	–	11,825	–

Notes

(i) Council has received funding to construct assets including sporting facilities, bridges and other infrastructure. The funds received are under enforceable contracts which require Council to construct identified assets which will be under Council's control on completion. 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 and contributions received but the revenue recognition criteria in AASB 15 have not been satisfied as the performance obligations are ongoing.

Significant changes in contract liabilities

Contract liabilities have decreased significantly from 2023 due to Council completing grant-funded projects from other levels of Government where the funds had been received in advance of project commencement and/or completion.

Material accounting policy information

Contract liabilities are recorded when consideration is received from a customer / fund provider prior to Council transferring

continued on next page ...

C3-2 Contract Liabilities (continued)

a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

C3-3 Borrowings

\$ '000	2024		2023	
	Current	Non-current	Current	Non-current
Loans – secured ¹	5,107	30,242	5,291	34,648
Total borrowings	5,107	30,242	5,291	34,648

(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 18.

(a) Changes in liabilities arising from financing activities

\$ '000	2023		Non-cash movements			2024
	Opening Balance	Cash flows	Acquisition	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	39,939	(5,290)	700	–	–	35,349
Lease liability (Note C2-1b)	171	(70)	102	–	–	203
Total liabilities from financing activities	40,110	(5,360)	802	–	–	35,552

\$ '000	2022		Non-cash movements			2023
	Opening Balance	Cash flows	Acquisition	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	34,424	(5,435)	10,950	–	–	39,939
Lease liability (Note C2-1b)	174	(3)	–	–	–	171
Total liabilities from financing activities	34,598	(5,438)	10,950	–	–	40,110

(b) Financing arrangements

\$ '000	2024	2023
Total facilities		
Bank overdraft facilities ¹	650	650
Credit cards/purchase cards	115	115
Total financing arrangements	765	765
Undrawn facilities		
– Bank overdraft facilities	650	650
– Credit cards/purchase cards	115	115
Total undrawn financing arrangements	765	765

Additional financing arrangements information

Breaches and defaults

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

(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

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective-interest 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. In this case, the fee is deferred until the drawdown occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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 finance cost. Borrowings are classified as current liabilities unless Council has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

C3-4 Employee benefit provisions

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
Annual leave	3,586	–	3,606	–
Long service leave	7,897	425	8,067	465
Total employee benefit provisions	11,483	425	11,673	465

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

\$ '000	2024	2023
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	7,897	8,067
	7,897	8,067

Material accounting policy information

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. 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.

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.

C3-5 Provisions

\$ '000	2024		2023	
	Current	Non-Current	Current	Non-Current
Other provisions				
Rostered Day Off	140	–	113	–
Sub-total – other provisions	140	–	113	–
Asset remediation/restoration:				
Asset remediation/restoration (future works)	82	3,249	77	3,170
Sub-total – asset remediation/restoration	82	3,249	77	3,170
Total provisions	222	3,249	190	3,170

Description of and movements in provisions

\$ '000	Other provisions		
	Asset remediation	Other	Total
2024			
At beginning of year	3,247	113	3,360
Other	84	27	111
Total other provisions at end of year	3,331	140	3,471
2023			
At beginning of year	3,169	114	3,283
Other	78	(1)	77
Total other provisions at end of year	3,247	113	3,360

Nature and purpose of provisions

Asset remediation

Council has a legal/public obligation to make, restore, rehabilitate and reinstate the council tip and quarry.

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.

Asset remediation – tip

Restoration

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 costs are estimated on the basis of a closure plan. 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.

Rehabilitation

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each reporting date, and the cost is charged to the Income Statement.

C3-5 Provisions (continued)

Provision is made for the estimated present value of the costs of environmental clean-up obligations outstanding at the reporting date. These costs are charged to the Income Statement. Movements in the environmental clean-up provisions are presented as an operating cost, except for the unwinding of the discount which is shown as a borrowing cost.

Remediation procedures generally commence soon after the time the damage, remediation process, and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

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 property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

Close-down and restoration costs are a normal consequence of tip operations, and the majority of close-down and restoration expenditure is incurred at the end of the life of the operations. Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

C4 Reserves

C4-1 Nature and purpose of reserves

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

\$ '000	General 2024	Water 2024	Sewer 2024
Income from continuing operations			
Rates and annual charges	39,491	3,356	12,499
User charges and fees	14,935	15,121	2,829
Interest and investment revenue	2,751	503	1,120
Other revenues	2,665	45	33
Grants and contributions provided for operating purposes	18,615	115	113
Grants and contributions provided for capital purposes	19,784	8,974	4,438
Net gains from disposal of assets	(55)	28	27
Fair value increment on investment property	815	–	–
Other income	2,910	–	–
Total income from continuing operations	101,911	28,142	21,059
Expenses from continuing operations			
Employee benefits and on-costs	29,506	4,297	4,367
Materials and services	42,130	8,862	6,567
Borrowing costs	1,064	546	–
Depreciation, amortisation and impairment of non-financial assets	22,144	2,913	2,072
Other expenses	225	1,311	1,046
Net losses from the disposal of assets	103	–	–
Total expenses from continuing operations	95,172	17,929	14,052
Operating result from continuing operations	6,739	10,213	7,007
Net operating result for the year	6,739	10,213	7,007
Net operating result attributable to each council fund	6,739	10,213	7,007
Net operating result for the year before grants and contributions provided for capital purposes	(13,045)	1,239	2,569

D1-2 Statement of Financial Position by fund

\$ '000	General 2024	Water 2024	Sewer 2024
ASSETS			
Current assets			
Cash and cash equivalents	4,385	9,408	1,190
Investments	4,781	11,615	24,604
Receivables	7,440	4,152	5,920
Inventories	5,379	–	–
Contract assets and contract cost assets	3,151	–	–
Other	1,568	29	38
Total current assets	26,704	25,204	31,752
Non-current assets			
Investments	17,800	–	–
Receivables	403	57	20,468
Inventories	11,403	–	–
Infrastructure, property, plant and equipment	1,336,513	345,361	163,647
Investment property	22,265	–	–
Right of use assets	191	–	1
Total non-current assets	1,388,575	345,418	184,116
Total assets	1,415,279	370,622	215,868
LIABILITIES			
Current liabilities			
Payables	12,203	678	426
Contract liabilities	2,860	–	–
Lease liabilities	68	–	–
Borrowings	9,215	469	–
Employee benefit provision	10,174	820	489
Provisions	222	–	–
Total current liabilities	34,742	1,967	915
Non-current liabilities			
Payables	668	–	–
Income received in advance	–	227	–
Lease liabilities	134	–	1
Borrowings	40,350	10,315	–
Employee benefit provision	425	–	–
Provisions	3,249	–	–
Total non-current liabilities	44,826	10,542	1
Total liabilities	79,568	12,509	916
Net assets	1,335,711	358,113	214,952
EQUITY			
Accumulated surplus	470,224	154,033	101,519
Revaluation reserves	865,487	204,080	113,433
Council equity interest	1,335,711	358,113	214,952
Total equity	1,335,711	358,113	214,952

D2 Interests in other entities

D2-1 Subsidiaries

Council's consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with AASB 10 and the accounting policy described below.

Council's consolidated financial statements also include controlled entities with ownership interest of 50% or less.

Name of Operation/Entity	Principal activity
The Somerville Collection Ltd	Australian Fossil and Mineral Museum 224 Howick Street, Bathurst

Interests in Subsidiary	Ownership 2024	Ownership 2023	Voting rights 2024	Voting rights 2023
Council's interest in Subsidiary	0%	0%	20%	20%
Non-controlling interest in Subsidiary	100%	100%	80%	80%

The nature and extent of significant restrictions relating to the Subsidiary

The specimen collection is owned by the Australian Museum Trust.

The fixtures and fittings are owned by The Somerville Collection Limited, a company limited by guarantee.

The nature of risks associated with Council's interests in the Subsidiary

Council controls the day to day financial and operating activities of the museum including the receipt of its income, payment of its expenses and employment of staff, including the liability for the leave entitlements of those staff.

Council has resolved to support the operations of the museum to a maximum subsidy of \$250,000 each year into the future.

Other disclosures

Although Council's voting rights are only 20% and it owns none of the assets, because of the support of the day to day operations, Council considers that it has control over the operations.

Reporting dates of Subsidiary

The Somerville Collection balance date is 30 June.

Summarised financial information for the Subsidiary

\$ '000	2024	2023
Summarised statement of comprehensive income		
Revenue	554	503
Expenses	(484)	(473)
Profit for the period	70	30
Total comprehensive income	70	30
Summarised statement of financial position		
Current assets	148	118
Non-current assets	235	194
Total assets	383	312
Current liabilities	7	7
Total liabilities	7	7
Net assets	376	305

D2-1 Subsidiaries (continued)

Material accounting policy information

Subsidiaries are all entities (including structured entities) over which the Council has control. Control is established when the Council is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

These consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost. Intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements. Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

D2-2 Interests in joint arrangements

County Councils

County Councils as joint ventures

Council is a member of the Central Tablelands Weeds Authority, a body corporate established under the Local Government Act 1993 (NSW) to control weeds. Council is one of 4 constituent members and does not control the County Council. Accordingly, the County Council has not been consolidated in these Financial Statements.

Material accounting policy information

The council has determined that it has only one joint operation.

Council is only one of several Councils involved in the Central NSW Joint Organisation. The assets and liabilities of the joint operation are immaterial to Council's operations and are therefore not included in these Financial Statements.

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

Council's activities expose it to a variety of financial risks including (1) price risk, (2) credit risk, (3) liquidity risk and (4) interest rate risk.

The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council. Council 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 Council's finance section under policies approved by the Council. The fair value of Council's financial assets and financial liabilities approximates their carrying amount.

(a) Market risk – interest rate and price risk

\$ '000	2024	2023
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	738	984
Impact of a 10% movement in price of investments		
– Equity / Income Statement	–	–

(b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and fees. Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures.

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

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

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 renegotiation of repayment terms.

Credit risk profile

Receivables – rates and annual charges

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.

Council has a policy in the case of an aged pensioner who elects to do so, Council shall allow unpaid rates to accumulate and be paid from the estate of such aged pensioner or from the sale of the house.

\$ '000	Not yet overdue	overdue rates and annual charges		Total
		< 5 years	≥ 5 years	
2024				
Gross carrying amount	–	2,769	–	2,769
2023				
Gross carrying amount	–	2,513	–	2,513

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

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.

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2024						
Gross carrying amount	13,297	22	180	2	342	13,843
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	6.00%	0.15%
ECL provision	-	-	-	-	21	21
2023						
Gross carrying amount	9,805	9,254	158	-	441	19,658
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	4.76%	0.11%
ECL provision	-	-	-	-	21	21

(c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
2024							
Payables	0.00%	4,114	895	-	-	5,009	14,202
Borrowings	2.19%	-	6,130	20,217	15,889	42,236	35,349
Total financial liabilities		4,114	7,025	20,217	15,889	47,245	49,551
2023							
Payables	0.00%	14,559	1,152	-	-	15,711	15,711
Borrowings	3.87%	-	6,410	22,051	19,262	47,723	39,939
Total financial liabilities		14,559	7,562	22,051	19,262	63,434	55,650

E2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Investment property

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).

\$ '000	Notes	Fair value measurement hierarchy					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2024	2023	2024	2023	2024	2023
Recurring fair value measurements							
Investment property C1-8							
230 Howick Street, Bathurst		22,265	21,450	–	–	22,265	21,450
Total investment property		22,265	21,450	–	–	22,265	21,450
Infrastructure, property, plant and equipment C1-7							
Plant and equipment		–	–	10,387	10,973	10,387	10,973
Office equipment		–	–	557	518	557	518
Furniture and fittings		–	–	245	314	245	314
Operational land		–	–	131,179	131,213	131,179	131,213
Community land		–	–	37,186	37,186	37,186	37,186
Land under roads (post 30/6/08)		–	–	2,533	2,533	2,533	2,533
Land improvements – depreciable		–	–	32,511	27,812	32,511	27,812
Buildings		–	–	238,363	229,115	238,363	229,115
Leasehold Improvements		–	–	4,575	4,547	4,575	4,547
Other structures		–	–	32,746	30,786	32,746	30,786
Roads		–	–	382,954	348,241	382,954	348,241
Bridges		–	–	71,309	64,547	71,309	64,547
Footpaths		–	–	20,283	16,623	20,283	16,623
Bulk earthworks (non-depreciable)		–	–	187,873	174,406	187,873	174,406
Stormwater drainage		–	–	176,521	162,639	176,521	162,639
Water supply network		–	–	300,918	280,279	300,918	280,279
Sewerage network		–	–	152,374	143,082	152,374	143,082
Swimming pools		–	–	18,123	17,282	18,123	17,282
Other assets		–	–	41,801	39,031	41,801	39,031
Tip		–	–	3,083	3,113	3,083	3,113
Total infrastructure, property, plant and equipment		–	–	1,845,521	1,724,240	1,845,521	1,724,240

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.

E2-1 Fair value measurement (continued)

Valuation techniques

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

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

Investment property

The investment property at 230 Howick Street, Bathurst was valued by Marsh Pty Ltd (AssetVal), registered valuers, in June 2023. The 2024 fair value includes an indexation using the Consumer Price Index, as shown in Note C1-8.

Infrastructure, property, plant and equipment (IPPE)

Land and Buildings

The buildings asset class includes any 'enclosable' roofed structure (4 walls), otherwise assets are classified as Other Structures. Land is classified as either operational or community by Council when acquired. Operational land includes those parcels that are used or earmarked for future use in Council's operations. Community land typically includes road and drainage reserves and open space areas.

Community land is valued at the current valuation provided by the Valuer General of NSW in 2021 and does not have an active market. As such, these assets were classified as having been valued using level 3 valuation inputs. In June 2024, Council has undertaken a fair value assessment to index this asset class to ensure the carrying value approximates the fair value.

Operational land and buildings were valued by Marsh Pty Ltd (AssetVal), Registered Valuers, in June 2023 using the cost approach. The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While buildings were physically inspected and the unit rates based on square metres could be supported from market evidence (Level 2) other inputs (such as estimates of residual value and pattern of consumption) required extensive professional judgement and impacted significantly on the final determination of fair value. As such, these assets were classified as having been valued using Level 3 valuation inputs.

During the financial year Council completed the construction of a number of buildings. While the costs were current and the impact of depreciation was negligible, buildings have been classified as Level 3 as they were immaterial in relation to the overall value of this asset class.

Other Structures

This asset class includes any non-enclosable roofed or non-roofed structure (fewer than 4 walls).

Other Structures were revalued in 2021 using the cost approach. This was derived via a number of methods, depending on the information available (historical cost, actual quotes/tenders, published component rates). Due to the highly varied nature of this asset class, only very small subsets of assets can be valued using the same basis. Consequently a high degree of professional judgement is required in establishing replacement cost and this asset class is classified as Level 3. In June 2024, Council has undertaken a fair value assessment to index this asset class to ensure the carrying value approximates the fair value.

Roads

This asset class comprises the Road Carriageway, Guardrails, Kerb and Gutter, Signs and Traffic facilities.

The road carriageway is defined as the trafficable portion of a road, between but not including the kerb and gutter or other roadside drainage. The 'Cost Approach' using Level 3 inputs was used to value the road carriageway and other road infrastructure.

Roads were revalued by Council staff on 30 June 2020. Valuations for the road carriageway, comprising surface, pavement and formation earthworks were based on calculations carried out by the Assets Team, utilising internal cost rates and the detailed asset information residing in Council's Asset Management System - "Confirm". Other Road Infrastructure was valued the same way.

The cost approach was utilised and while the unit rates based on square metres, linear metres or similar could be supported from market evidence (Level 2) other inputs (such as estimated pattern of consumption, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is some uncertainty regarding the actual design, specifications and dimensions of some assets. Consequently a high degree of professional judgement is required in establishing replacement cost and this asset class is classified as Level 3. In June 2024, Council has undertaken a fair value assessment to index this asset class to ensure the carrying value approximates the fair value.

E2-1 Fair value measurement (continued)

Bridges

Bridges were valued in 2020 by Bridge Knowledge using the cost approach and also included a condition assessment. The approach estimated the replacement for each bridge in its entirety; deck, approaches, railings and abutments.

All bridges were physically inspected and an assessment made of the component condition. Unit rates based on deck areas could be supported from market evidence (level 2) however other inputs (pattern of consumption, site-specific technical design issues) require extensive professional judgement and impact on the final determination of fair value. Consequently a high degree of professional judgement is required in establishing replacement cost and this asset class is classified as Level 3. In June 2024, Council has undertaken a fair value assessment to index this asset class to ensure the carrying value approximates the fair value.

Footpaths

Footpaths were revalued by Council Staff on 30 June 2020 using the cost approach using internal unit cost inputs (Level 3). Footpaths are inspected on either an annual or semi-annual basis for defects and condition and the results are included in the asset register (Confirm) system. In June 2024, Council has undertaken a fair value assessment to index this asset class to ensure the carrying value approximates the fair value.

Parking areas

Parking areas are valued and assessed on the same basis as roads.

Bus Shelters

Bus Shelters are valued and assessed on the same basis as Other Structures.

Aerodrome

This comprises the infrastructure assets that form the aerodrome. Equivalent asset classes have been valued using the same conditions and parameters as described above (runway surface, pavement and earthworks as for roads; parking areas, other structures and drainage like for like). Revalued by Council staff on 30 June 2020. Substantial professional judgement has been required to undertake this work and this class is therefore classified as Level 3. In June 2024, Council has undertaken a fair value assessment to index this asset class to ensure the carrying value approximates the fair value.

Water Supply network

Assets within this class comprise the infrastructure to supply a reticulated potable drinking water service to Bathurst and adjoining suburbs/villages. There is also a small non-potable service at Hillview Estate Napoleon Reef and a raw-water supply from Winburndale Dam used for irrigation of parks and playing fields in town.

In Bathurst, there is the Filtration Plant, Pump Stations, Reservoirs and reticulation pipe network. A revaluation was made as at 30 June 2022; the reticulation network valued on the basis outlined in the DPI NSW Reference Rates Manual and all other assets were revalued as part of a CNSWJO-wide contract with Australis Valuers. While this provides some degree of observability, a substantial amount of professional judgement is required due to limitations in the historical records of very long lived assets as there is some uncertainty regarding the actual design, specifications and dimensions of some assets. Consequently a high degree of professional judgement is required in establishing replacement cost and this asset class is classified as Level 3. In June 2024, Council has undertaken a fair value assessment to index this asset class to ensure the carrying value approximates the fair value.

Sewerage network

Assets within this class comprise the infrastructure to supply a reticulated waste water (sewerage) service to Bathurst and adjoining suburbs/villages. This is the Reticulation Pipe Network, Pump Stations and Treatment Plant. A revaluation was made as at 30 June 2022; the reticulation network valued on the basis outlined in the DPI NSW Reference Rates Manual and all other assets were revalued as part of a CNSWJO-wide contract with Australis Valuers. While this provides some degree of observability, a substantial amount of professional judgement is required due to limitations in the historical records of very long lived assets as there is some uncertainty regarding the actual design, specifications and dimensions of some assets. Consequently a high degree of professional judgement is required in establishing replacement cost and this asset class is classified as Level 3. In June 2024, Council has undertaken a fair value assessment to index this asset class to ensure the carrying value approximates the fair value.

Stormwater Drainage

Assets within this class comprise pits, pipes, open channels, headwalls and various types of water quality devices.

E2-1 Fair value measurement (continued)

Drainage assets were revalued by Council staff on 30 June 2020. The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors.

While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar could be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value.

Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. Consequently a high degree of professional judgement is required in establishing replacement cost and this asset class is classified as Level 3. In June 2024, Council has undertaken a fair value assessment to index this asset class to ensure the carrying value approximates the fair value.

Fair value measurements using significant unobservable inputs (level 3)

b. Significant unobservable valuation inputs used (for level 3 asset classes) and their relationship to fair value.

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

\$ '000	Fair value (30/6/24) 2024	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment			
Land & Buildings	479,093	Independent Market Valuation by a Registered Valuer	Land value, land area, restricted use
Infrastructure	1,310,355	Internal Valuation	Based on actual costs and indexed where required. Estimation of remaining asset lives where infrastructure is below ground. Condition.
Other Assets	56,073	Internal Valuation and Independent Market Valuation where available	Based on actual costs and indexed where required.

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

\$ '000	Land and buildings (level 3)		Infrastructure assets (level 3)		Other assets (level 3)		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Opening balance	463,192	356,582	1,207,099	1,128,229	53,949	48,897	1,724,240	1,533,708
Total gains or losses for the period								
Recognised in other comprehensive income – revaluation surplus	17,818	107,594	64,194	73,929	2,687	2,583	84,699	184,106
Other movements								
Transfers from/(to) another asset class	(2,046)	–	2,019	–	27	–	–	–
Purchases (GBV)	7,053	4,950	54,992	32,749	2,992	5,967	65,037	43,666
Disposals (WDV)	(1,335)	(1,622)	–	(905)	(65)	(52)	(1,400)	(2,579)
Depreciation and impairment	(5,589)	(4,312)	(17,949)	(26,903)	(3,517)	(3,446)	(27,055)	(34,661)
Closing balance	479,093	463,192	1,310,355	1,207,099	56,073	53,949	1,845,521	1,724,240

Highest and best use

All of Council's non-financial assets are considered as being utilised for their 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 standard employer contributions and additional lump sum contributions to the fund.

The standard 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 standard employer contribution rates are:

Division B	1.9 times employee contributions; Nil for 180 Point Members*
Division C	2.5% salaries
Division D	1.64 times employee contributions

- For 180 Point Members, Employers are required to contribute 8.0% of salaries 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 2022. 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.

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2024 was \$329,043. The last valuation of the Scheme was performed by Mr Richard Boyfield, FIAA on 30/06/2022, and covers the period ended 30 June 2023.

E3-1 Contingencies (continued)

Council's expected contribution to the plan for the next annual reporting period is \$266,014.

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

Employer reserves only *	\$millions	Asset Coverage
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 this deficit that is broadly attributed to Council is estimated to be in the order of 0.92% as at 30 June 2024.

Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils. For this reason, no liability for the deficiency has been recognised in Council's accounts. Council has a possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

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

* Plus promotional increases

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

(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 this year 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 had one bank guarantee at 30 June 2024 held by the Commonwealth Bank.

1. Rental bond for the premises used as the Bathurst Rail Museum for \$50,000

2. Other liabilities

E3-1 Contingencies (continued)

(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) Somerville collection

The Council is a member of a company Limited by Guarantee called the Somerville Collection.

The company was established to manage & maintain the Somerville Collection (made up of fossils, minerals and other features) which are exhibited in Bathurst at the Australian Fossil and Mineral Museum. The Company is a non profit entity. In the event that the Company is wound up, Council's liability is limited to a maximum of \$100.

ASSETS NOT RECOGNISED

(i) Land under roads

As permitted under AASB 1051 *Land Under Roads*, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30/6/2008.

(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:

\$ '000	2024	2023
Compensation:		
Short-term benefits	1,787	1,706
Post-employment benefits	170	160
Total	1,957	1,866

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2024	2023
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The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:

Mayoral fee	64	61
Councillors' fees	235	223
Other Councillors' expenses (including Mayor)	35	46
Total	334	330

F2 Other relationships

F2-1 Audit fees

\$ '000	2024	2023
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	95	87
Remuneration for audit and other assurance services	95	87
Total Auditor-General remuneration	95	87
Non NSW Auditor-General audit firms		
(i) Audit and other assurance services		
Audit and review of financial statements	1	3
Remuneration for audit and other assurance services	1	3
(ii) Non-assurance services		
Internal audit	105	31
Remuneration for non-assurance services	105	31
Total remuneration of non NSW Auditor-General audit firms	106	34
Total audit fees	201	121

G Other matters

G1-1 Statement of Cash Flows information

(a) Reconciliation of Operating Result

\$ '000	2024	2023
Net operating result from Income Statement	23,959	(549)
Add / (less) non-cash items:		
Depreciation and amortisation	27,129	34,717
(Gain) / loss on disposal of assets	103	606
Non-cash capital grants and contributions	(10,035)	(2,865)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investment property	(815)	(4,357)
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	7,583	(9,916)
Increase / (decrease) in provision for impairment of receivables	–	(57)
(Increase) / decrease of inventories	(195)	1
(Increase) / decrease of other current assets	(510)	(53)
(Increase) / decrease of contract asset	(2,076)	1,409
Increase / (decrease) in payables	(1,420)	4,129
Increase / (decrease) in accrued interest payable	(9)	82
Increase / (decrease) in other accrued expenses payable	(484)	560
Increase / (decrease) in other liabilities	404	176
Increase / (decrease) in contract liabilities	(8,965)	2,159
Increase / (decrease) in employee benefit provision	(230)	(1,983)
Increase / (decrease) in other provisions	111	77
Net cash flows from operating activities	34,550	24,136

(b) Non-cash investing and financing activities

Other dedications	10,035	2,865
Total non-cash investing and financing activities	10,035	2,865

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2024	2023
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Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Property, plant and equipment

Buildings	–	396
Roads	866	5,482
Sewer	1,173	1,353
Stormwater Drainage	92	–
Structures	708	1,072
Water	9,072	13,147
Other	–	1,374
Total commitments	11,911	22,824

These expenditures are payable as follows:

Within the next year	11,911	22,824
Total payable	11,911	22,824

Sources for funding of capital commitments:

Unrestricted general funds	76	2,183
Future grants and contributions	8,790	14,471
Section 7.11 and 64 funds/reserves	510	1,142
Unexpended grants	510	166
Externally restricted reserves	2,025	4,862
Total sources of funding	11,911	22,824

G3 Statement of developer contributions as at 30 June 2024

G3-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2023	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Drainage	5,725	438	–	–	125	(2,471)	–	3,817	–
Roads	4,652	1,299	–	–	185	(107)	–	6,029	–
Traffic facilities	12	1	–	–	1	–	–	14	–
Parking	250	20	–	–	5	–	–	275	–
Open space	596	559	–	–	29	–	–	1,184	–
Community facilities	1,790	1,901	–	–	56	(814)	–	2,933	–
S7.11 contributions – under a plan	13,025	4,218	–	–	401	(3,392)	–	14,252	–
Total S7.11 and S7.12 revenue under plans	13,025	4,218	–	–	401	(3,392)	–	14,252	–
S7.11 not under plans	373	91	–	–	12	(86)	–	390	–
S7.4 planning agreements	32	49	–	–	3	(4)	–	80	–
S64 contributions	32,457	3,357	–	–	1,190	(785)	–	36,219	–
Total contributions	45,887	7,715	–	–	1,606	(4,267)	–	50,941	–

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.

G3-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2023	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
CONTRIBUTION PLAN – Jordan Creek Stormwater Drainage Management									
Drainage	653	15	–	–	28	–	–	696	–
Total	653	15	–	–	28	–	–	696	–

G3-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2023	Contributions received during the year					Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other	Interest and investment income earned					
CONTRIBUTION PLAN – Raglan Creek Stormwater Drainage										
Drainage	3,410	173	–	–	43	(2,471)	–	1,155	–	
Total	3,410	173	–	–	43	(2,471)	–	1,155	–	
CONTRIBUTION PLAN – Sawpit Creek Drainage										
Drainage	707	177	–	–	13	–	–	897	–	
Total	707	177	–	–	13	–	–	897	–	
CONTRIBUTION PLAN – Central Carparking Strategies										
Parking	250	20	–	–	5	–	–	275	–	
Total	250	20	–	–	5	–	–	275	–	
CONTRIBUTION PLAN – Community Facilities and Services Bathurst										
Community facilities	1,790	1,901	–	–	56	(814)	–	2,933	–	
Total	1,790	1,901	–	–	56	(814)	–	2,933	–	
CONTRIBUTION PLAN – Robin Hill Drainage										
Drainage	492	–	–	–	21	–	–	513	–	
Total	492	–	–	–	21	–	–	513	–	

G3-2 Developer contributions by plan (continued)

\$ '000	Opening balance at 1 July 2023	Contributions received during the year				Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other						
CONTRIBUTION PLAN – Eglinton Open Space & Drainage										
Drainage	463	73	–	–	20	–	–	556	–	
Open space	521	84	–	–	23	–	–	628	–	
Total	984	157	–	–	43	–	–	1,184	–	
CONTRIBUTION PLAN – Bathurst Regional Open Space										
Open space	75	475	–	–	6	–	–	556	–	
Total	75	475	–	–	6	–	–	556	–	
CONTRIBUTION PLAN – Roadworks – New Residential Subdivisions										
Roads	4,652	1,299	–	–	185	(107)	–	6,029	–	
Total	4,652	1,299	–	–	185	(107)	–	6,029	–	
CONTRIBUTION PLAN - Bathurst Regional Traffic Generating Development										
Traffic facilities	12	1	–	–	1	–	–	14	–	
Total	12	1	–	–	1	–	–	14	–	

G3-3 Contributions not under plans

CONTRIBUTIONS NOT UNDER A PLAN

Roads	76	6	–	–	3	–	–	85	–
Other	297	85	–	–	9	(86)	–	305	–
Total	373	91	–	–	12	(86)	–	390	–

G4 Statement of performance measures

G4-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2024	Indicator 2024	Indicators 2023 2022		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(9,945)	(8.49)%	(19.94)%	(20.80)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	117,101				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	98,258	65.38%	71.70%	70.46%	> 60.00%
Total continuing operating revenue ¹	150,297				
3. Unrestricted current ratio					
Current assets less all external restrictions	15,871	0.89x	0.96x	1.15x	> 1.50x
Current liabilities less specific purpose liabilities	17,877				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	18,794	2.70x	2.03x	2.46x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	6,969				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	3,959	6.68%	6.32%	5.82%	< 10.00%
Rates and annual charges collectable	59,231				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	58,983	5.97	9.22	12.20	> 3.00
Monthly payments from cash flow of operating and financing activities	9,876	months	months	months	months

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

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

G4-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2024	2023	2024	2023	2024	2023	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(16.91)%	(20.77)%	6.46%	(18.91)%	15.46%	(16.90)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	62.02%	70.36%	67.70%	63.85%	78.39%	89.54%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	0.89x	0.96x	6.91x	2.29x	7.81x	41.95x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	1.47x	1.56x	8.60x	2.77x	∞	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	9.13%	8.64%	0.00%	0.00%	0.00%	0.00%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	4.90 months	5.26 months	∞	∞	∞	∞	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

(1) - (2) Refer to Notes at Note 24a 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

H Additional Council disclosures (unaudited)

H1-1 Council information and contact details

Principal place of business:

158 Russell Street
BATHURST NSW 2795

Contact details

Mailing Address:

Private Mail Bag 17
BATHURST NSW 2795

Telephone: 02 6333 6111

Facsimile: 02 6331 7211

Opening hours:

General Office, Departments and Cashiers
8.30am to 4.45pm weekdays

Internet: www.bathurst.nsw.gov.au

Email: council@bathurst.nsw.gov.au

Officers

General Manager

David Sherley

Responsible Accounting Officer

Aaron Jones

Public Officer

Aaron Jones

Auditors

Auditor General of NSW
Level 19, Darling Park Tower 2
201 Sussex St, Sydney NSW 2000

Elected members

Mayor

Jess Jennings

Councillors

Warren Aubin

Kirralee Burke

Ben Fry

Graeme Hanger

Margaret Hogan

Ian North

Andrew Smith

Robert Taylor

Other information

ABN: 42 173 522 302

Bathurst Regional Council

General Purpose Financial Statements

for the year ended 30 June 2024

Independent Auditor's Reports:

On the Financial Statements (Sect 417 [2])

Independent Auditor's Report

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

This page is a placeholder for the audit report once the audit has been completed

Bathurst Regional Council

General Purpose Financial Statements

for the year ended 30 June 2024

Independent Auditor's Reports: (continued)

On the Financial Statements (Sect 417 [3])

Independent Auditor's Report

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

This page is a placeholder for the audit report once the audit has been completed

Bathurst Regional Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2024

*A vibrant regional centre that enjoys a rural lifestyle
A Region full of community spirit and shared prosperity.*



Bathurst Regional Council

Special Purpose Financial Statements

for the year ended 30 June 2024

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Background

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

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

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

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

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

Bathurst Regional Council

Special Purpose Financial Statements

for the year ended 30 June 2024

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

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

- the NSW Government Policy Statement '*Application of National Competition Policy to Local Government*',
- the 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*,
- the NSW Office of *Water Best-Practice Management of Water and Sewerage Guidelines*.

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

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

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

Signed in accordance with a resolution of Council made on 21 August 2024.

Jess Jennings

Mayor

21 August 2024

Benjamin Fry

Deputy Mayor

21 August 2024

David Sherley

General Manager

21 August 2024

Aaron Jones

Responsible Accounting Officer

21 August 2024

Bathurst Regional Council

Income Statement of water supply business activity

for the year ended 30 June 2024

\$ '000	2024	2023
Income from continuing operations		
Access charges	3,356	3,281
User charges	14,945	12,158
Fees	176	241
Interest and investment income	503	311
Grants and contributions provided for operating purposes	115	114
Net gain from the disposal of assets	28	–
Other income	45	59
Total income from continuing operations	19,168	16,164
Expenses from continuing operations		
Employee benefits and on-costs	4,297	4,230
Borrowing costs	546	428
Materials and services	8,862	9,738
Depreciation, amortisation and impairment	2,913	3,812
Calculated taxation equivalents	325	305
Debt guarantee fee (if applicable)	151	141
Other expenses	1,311	1,012
Total expenses from continuing operations	18,405	19,666
Surplus (deficit) from continuing operations before capital amounts	763	(3,502)
Grants and contributions provided for capital purposes	8,974	8,973
Surplus (deficit) from continuing operations after capital amounts	9,737	5,471
Surplus (deficit) from all operations before tax	9,737	5,471
Less: corporate taxation equivalent (25%) [based on result before capital]	(191)	–
Surplus (deficit) after tax	9,546	5,471
Plus accumulated surplus	143,819	137,902
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	325	305
– Debt guarantee fees	151	141
– Corporate taxation equivalent	191	–
Closing accumulated surplus	154,032	143,819
Return on capital %	0.4%	(0.9)%
Subsidy from Council	13,542	16,453
Calculation of dividend payable:		
Surplus (deficit) after tax	9,546	5,471
Less: capital grants and contributions (excluding developer contributions)	(8,974)	(8,973)
Surplus for dividend calculation purposes	572	–
Potential dividend calculated from surplus	286	–

Bathurst Regional Council

Income Statement of sewerage business activity

for the year ended 30 June 2024

\$ '000	2024	2023
Income from continuing operations		
Access charges	12,499	11,889
User charges	2,089	2,014
Liquid trade waste charges	636	831
Fees	104	144
Interest and investment income	1,120	714
Grants and contributions provided for operating purposes	113	112
Net gain from the disposal of assets	27	–
Other income	33	31
Total income from continuing operations	16,621	15,735
Expenses from continuing operations		
Employee benefits and on-costs	4,367	4,065
Materials and services	6,567	8,015
Depreciation, amortisation and impairment	2,072	5,456
Calculated taxation equivalents	8	9
Other expenses	1,046	859
Total expenses from continuing operations	14,060	18,404
Surplus (deficit) from continuing operations before capital amounts	2,561	(2,669)
Grants and contributions provided for capital purposes	4,438	1,713
Surplus (deficit) from continuing operations after capital amounts	6,999	(956)
Surplus (deficit) from all operations before tax	6,999	(956)
Less: corporate taxation equivalent (25%) [based on result before capital]	(640)	–
Surplus (deficit) after tax	6,359	(956)
Plus accumulated surplus	94,511	95,458
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	8	9
– Corporate taxation equivalent	640	–
Closing accumulated surplus	101,518	94,511
Return on capital %	1.6%	(1.7)%
Subsidy from Council	4,476	8,825
Calculation of dividend payable:		
Surplus (deficit) after tax	6,359	(956)
Less: capital grants and contributions (excluding developer contributions)	(4,438)	(1,713)
Surplus for dividend calculation purposes	1,921	–
Potential dividend calculated from surplus	960	–

Bathurst Regional Council

Income Statement of Waste Management business activity

for the year ended 30 June 2024

\$ '000	2024 Category 1	2023 Category 1
Income from continuing operations		
Annual charges	8,648	8,227
Fees	7,716	8,147
Interest and investment income	241	133
Grants and contributions provided for operating purposes	108	11
Net gain from the disposal of assets	4	–
Other income	(4)	1
Total income from continuing operations	16,713	16,519
Expenses from continuing operations		
Employee benefits and on-costs	3,926	3,575
Borrowing costs	85	77
Materials and services	9,673	8,811
Depreciation, amortisation and impairment	616	546
Net loss from the disposal of assets	(28)	336
Calculated taxation equivalents	40	55
Other expenses	26	34
Total expenses from continuing operations	14,338	13,434
Surplus (deficit) from continuing operations before capital amounts	2,375	3,085
Surplus (deficit) from continuing operations after capital amounts	2,375	3,085
Surplus (deficit) from all operations before tax	2,375	3,085
Less: corporate taxation equivalent (25%) [based on result before capital]	(594)	(771)
Surplus (deficit) after tax	1,781	2,314
Plus accumulated surplus	49,082	45,942
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	40	55
– Corporate taxation equivalent	594	771
Closing accumulated surplus	51,497	49,082
Return on capital %	19.9%	27.6%

Bathurst Regional Council

Statement of Financial Position of water supply business activity

as at 30 June 2024

\$ '000	2024	2023
ASSETS		
Current assets		
Contract assets and contract cost assets	–	447
Cash and cash equivalents	9,408	12,231
Receivables	4,152	3,789
Other	29	16
Total current assets	13,589	16,483
Non-current assets		
Investments	11,615	10,002
Receivables	57	51
Infrastructure, property, plant and equipment	345,361	332,805
Total non-current assets	357,033	342,858
Total assets	370,622	359,341
LIABILITIES		
Current liabilities		
Contract liabilities	–	5,797
Payables	678	168
Borrowings	469	445
Employee benefit provisions	820	786
Total current liabilities	1,967	7,196
Non-current liabilities		
Income received in advance	227	–
Borrowings	10,315	10,784
Total non-current liabilities	10,542	10,784
Total liabilities	12,509	17,980
Net assets	358,113	341,361
EQUITY		
Accumulated surplus	154,033	143,819
Revaluation reserves	204,080	197,542
Total equity	358,113	341,361

Bathurst Regional Council

Statement of Financial Position of sewerage business activity

as at 30 June 2024

\$ '000	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	1,190	23,927
Receivables	5,920	1,331
Other	38	40
Total current assets	7,148	25,298
Non-current assets		
Right of use assets	1	1
Investments	24,604	22,456
Receivables	20,468	41
Infrastructure, property, plant and equipment	163,647	153,144
Total non-current assets	208,720	175,642
Total assets	215,868	200,940
LIABILITIES		
Current liabilities		
Payables	426	70
Employee benefit provisions	489	533
Total current liabilities	915	603
Non-current liabilities		
Lease liabilities	1	1
Total non-current liabilities	1	1
Total liabilities	916	604
Net assets	214,952	200,336
EQUITY		
Accumulated surplus	101,519	94,511
Revaluation reserves	113,433	105,825
Total equity	214,952	200,336

Bathurst Regional Council

Statement of Financial Position of Waste Management business activity

as at 30 June 2024

\$ '000	2024 Category 1	2023 Category 1
ASSETS		
Current assets		
Cash and cash equivalents	48,020	45,923
Receivables	976	1,048
Other	2	5
Total current assets	48,998	46,976
Non-current assets		
Receivables	30	69
Infrastructure, property, plant and equipment	12,363	11,458
Total non-current assets	12,393	11,527
Total assets	61,391	58,503
LIABILITIES		
Current liabilities		
Contract liabilities	243	76
Payables	289	312
Employee benefit provisions	428	511
Total current liabilities	960	899
Non-current liabilities		
Remediation Provision	3,276	3,180
Total non-current liabilities	3,276	3,180
Total liabilities	4,236	4,079
Net assets	57,155	54,424
EQUITY		
Accumulated surplus	51,495	49,082
Revaluation reserves	5,660	5,342
Total equity	57,155	54,424

Note – Material accounting policy information

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

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

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

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

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1

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

a. Bathurst Regional Council Water Supplies

Council's water supply activities (established as separate Special Rate Funds) servicing the region of Bathurst.

b. Bathurst Regional Council Sewerage Service

Council's sewerage reticulation & treatment activities (established as a Special Rate Fund) servicing the region of Bathurst.

c. Bathurst Regional Council Waste Services

Council's domestic waste service & solid waste depot activities servicing the region of Bathurst.

Note – Material accounting policy information (continued)

Category 2

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

Council has no Category 2 businesses.

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%** (2023 - 25%)

Land tax – the first \$1,075,000 of combined land values attracts **0%**. For the combined land values in excess of \$1,075,001 up to \$6,571,000 the rate is **\$100 + 1.6%**. For the remaining combined land value that exceeds \$6,571,000 a premium marginal rate of **2.0%** applies.

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

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%. (2023 25%).

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

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

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

Note – Material accounting policy information (continued)

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.30% at 30/6/24.

(iii) Dividends

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

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 DCCEEW's regulatory and assurance framework 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 2024 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

Bathurst Regional Council

Special Purpose Financial Statements

for the year ended 30 June 2024

This page is a placeholder for the audit report once the audit has been completed