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Dungog Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2024



Dungog Shire Council

General Purpose Financial Statements

for the year ended 30 June 2024

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Overview

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

198 Dowling Street
DUNGOG NSW 2420

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

- 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.dungog.nsw.gov.au.

Dungog Shire Council

General Purpose Financial Statements

for the year ended 30 June 2024

Statement by Councillors and Management made pursuant to Section 413(2)(c) 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 20 November 2024.

Cr Digby Rayward
MAYOR

Cr Alexandria Carruthers
DEPUTY MAYOR

Gareth Curtis
GENERAL MANAGER

Shaun Chandler
RESPONSIBLE ACCOUNTING OFFICER

Dungog Shire Council

Income Statement

for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Actual 2023
Income from continuing operations				
12,118	Rates and annual charges	B2-1	12,579	11,352
1,313	User charges and fees	B2-2	1,386	1,382
454	Other revenues	B2-3	1,114	1,310
1,294	Grants and contributions provided for operating purposes	B2-4	4,773	9,579
24,269	Grants and contributions provided for capital purposes	B2-4	22,255	21,954
566	Interest and investment income	B2-5	1,080	648
–	Other income	B2-6	189	186
40,014	Total income from continuing operations		43,376	46,411
Expenses from continuing operations				
7,878	Employee benefits and on-costs	B3-1	7,161	6,534
5,487	Materials and services	B3-2	9,476	14,832
113	Borrowing costs	B3-3	1,293	498
6,247	Depreciation, amortisation and impairment of non-financial assets	B3-4	7,879	7,262
3,247	Other expenses	B3-5	1,391	1,426
–	Net loss from the disposal of assets	B4-1	3,864	2,509
22,972	Total expenses from continuing operations		31,064	33,061
17,042	Operating result from continuing operations		12,312	13,350
17,042	Net operating result for the year attributable to Council		12,312	13,350
Net operating result for the year before grants and contributions provided for capital purposes				
(7,227)			(9,943)	(8,604)

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

Dungog Shire 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		12,312	13,350
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	20,773	43,463
Total items which will not be reclassified subsequently to the operating result		20,773	43,463
Total other comprehensive income for the year		20,773	43,463
Total comprehensive income for the year attributable to Council		33,085	56,813

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

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Dungog Shire Council

Statement of Financial Position

as at 30 June 2024

\$ '000	Notes	2024	2023
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	14,043	11,005
Investments	C1-2	11,000	10,000
Receivables	C1-4	2,180	1,796
Inventories	C1-5	633	653
Contract assets and contract cost assets	C1-6	4,520	3,349
Other	C1-8	119	332
Total current assets		32,495	27,135
Non-current assets			
Investments	C1-2	750	750
Receivables	C1-4	20	25
Inventories	C1-5	26	26
Infrastructure, property, plant and equipment (IPPE)	C1-7	559,061	524,991
Total non-current assets		559,857	525,792
Total assets		592,352	552,927
LIABILITIES			
Current liabilities			
Payables	C3-1	3,288	3,894
Contract liabilities	C3-2	11,697	7,030
Borrowings	C3-3	268	258
Employee benefit provisions	C3-4	2,157	1,780
Provisions	C3-5	42	3
Total current liabilities		17,452	12,965
Non-current liabilities			
Payables	C3-1	65	65
Borrowings	C3-3	3,331	3,599
Employee benefit provisions	C3-4	465	366
Provisions	C3-5	31,568	29,546
Total non-current liabilities		35,429	33,576
Total liabilities		52,881	46,541
Net assets		539,471	506,386
EQUITY			
Accumulated surplus	C4-1	167,508	155,196
IPPE revaluation reserve	C4-1	371,963	351,190
Total equity		539,471	506,386

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

Dungog Shire 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		155,196	351,190	506,386	141,846	307,727	449,573
Net operating result for the year		12,312	–	12,312	13,350	–	13,350
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	20,773	20,773	–	43,463	43,463
Total comprehensive income		12,312	20,773	33,085	13,350	43,463	56,813
Closing balance at 30 June		167,508	371,963	539,471	155,196	351,190	506,386

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

Dungog Shire 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>				
12,118	Rates and annual charges		12,468	11,256
1,313	User charges and fees		1,245	1,407
566	Interest received		1,027	573
36,912	Grants and contributions		30,546	28,476
–	Bonds, deposits and retentions received		–	300
527	Other		1,211	2,189
<i>Payments:</i>				
(7,878)	Payments to employees		(6,685)	(6,448)
(5,487)	Payments for materials and services		(9,800)	(15,432)
(113)	Borrowing costs		(111)	(119)
–	Bonds, deposits and retentions refunded		(114)	–
(3,246)	Other		(456)	–
34,712	Net cash flows from operating activities	G1-1	29,331	22,202
Cash flows from investing activities				
<i>Receipts:</i>				
–	Sale of investments		6,159	10,500
–	Sale of real estate assets		–	24
–	Proceeds from sale of IPPE		438	126
–	Deferred debtors receipts		5	–
<i>Payments:</i>				
–	Purchase of investments		(750)	–
–	Acquisition of term deposits		(7,250)	(3,000)
(42,623)	Payments for IPPE		(24,637)	(24,827)
(42,623)	Net cash flows from investing activities		(26,035)	(17,177)
Cash flows from financing activities				
<i>Payments:</i>				
(258)	Repayment of borrowings		(258)	(250)
(258)	Net cash flows from financing activities		(258)	(250)
(8,169)	Net change in cash and cash equivalents		3,038	4,775
6,230	Cash and cash equivalents at beginning of year		11,005	6,230
(1,939)	Cash and cash equivalents at end of year	C1-1	14,043	11,005
10,750	plus: Investments on hand at end of year	C1-2	11,750	10,750
8,811	Total cash, cash equivalents and investments		25,793	21,755

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

Dungog Shire 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 20 November 2024. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

Historical cost convention

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

Significant accounting estimates and judgements

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-7
- (ii) estimated quarry and landfill remediation provisions – refer Note C3-5
- (iii) employee benefit provisions – refer Note C3-4.

Significant judgements in applying the Council's accounting policies

- (i) Council has made a significant judgement about the impairment of a number of its receivables – refer Note E1-1.
- (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 to 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:

- Clarence Town School of Arts
- Dungog Showground Management Committee
- James Theatre Management Committee
- Martins Creek School of Arts
- Gresford School of Arts
- Paterson School of Arts
- Vacy School of Arts
- Vacy Sportsground
- Paterson Sportsground
- Gresford Sporting Complex

A1-1 Basis of preparation (continued)

The Trust Fund

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

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

Goods and Services Tax (GST)

Volunteer services

Volunteer services are used across a range of Council functions, including S355 Committees for community facilities and community groups. The value to Council of these services has not been recognised in the income statement as they cannot be reliably measured. The Council would likely be required to pay if the services were not donated.

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

During the year, Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 30 June 2024.

Those newly adopted standards did not have a material impact on Council's reported financial position, financial performance and/or associated financial statement disclosures.

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										
Corporate & client services	3,213	3,277	10,693	7,815	(7,480)	(4,538)	19	32	44,127	42,724
Public order and safety	32	18	295	283	(263)	(265)	4	177	2,805	2,557
Health	52	83	133	118	(81)	(35)	48	82	–	–
Community services and education	145	152	363	468	(218)	(316)	9	195	1,389	1,267
Housing and community amenities	3,908	4,107	7,342	6,468	(3,434)	(2,361)	110	691	19,076	18,694
Recreation and culture	1,630	1,585	2,437	2,411	(807)	(826)	1,844	2,140	17,273	16,533
Mining, manufacture and construction	86	100	511	628	(425)	(528)	–	–	1,514	1,405
Transport and communication	20,015	23,406	8,727	14,323	11,288	9,083	22,288	25,102	469,775	466,208
Economic affairs	459	328	650	547	(191)	(219)	1	335	3,740	3,287
General purpose income	13,836	13,355	–	–	13,836	13,355	2,191	2,779	163	162
Total functions and activities	43,376	46,411	31,151	33,061	12,225	13,350	26,514	31,533	559,857	552,927

B1-2 Components of functions or activities

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

Corporate & client services

Includes costs relating to Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of Council and policymaking committees, public disclosure (e.g. GIPA), and legislative compliance. Also includes corporate support and other support services, engineering works, and any Council policy compliance.

Public order and safety

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

Health

Includes health administration, food control, control of noxious plants.

Community services and education

Includes administration and education; migrant, Indigenous 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. Also includes 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.

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, manufacture and construction

Includes building control, quarries and pits and mineral resources.

Transport and communication

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

Economic affairs

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

General purpose income

Includes income from general rates, financial assistance grants, interest income and the share of gains/losses in associates and joint ventures.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2024	2023
Ordinary rates		
Residential	6,153	5,509
Farmland	3,625	3,311
Business	554	506
Less: pensioner rebates	(124)	(127)
Rates levied to ratepayers	10,208	9,199
Pensioner rate subsidies received	67	69
Total ordinary rates	10,275	9,268
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	2,089	1,890
Stormwater management services	42	42
Waste management services (non-domestic)	191	171
Sanitary	3	3
Less: pensioner rebates	(46)	(48)
Annual charges levied	2,279	2,058
Pensioner annual charges subsidies received:		
– Domestic waste management	25	26
Total annual charges	2,304	2,084
Total rates and annual charges	12,579	11,352

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

Material accounting policy information

Rates and annual charges are recognised as revenue 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)			
Domestic waste management services	2	77	158
Total specific user charges		77	158
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s608)			
Inspection services	2	4	5
Planning and building regulation	2	289	329
Private works – section 67	2	112	1
Town planning	2	48	72
Building control	2	45	52
Septic tank applications	2	24	24
Total fees and charges – statutory/regulatory		522	483
(ii) Fees and charges – other (incl. general user charges (per s608))			
Caravan park	2	336	315
Cemeteries	2	48	59
Tourism	2	3	2
Onsite sewerage management services	2	316	299
Inspections and construction certificates – roads	2	61	54
Other	2	23	12
Total fees and charges – other		787	741
Total other user charges and fees		1,309	1,224
Total user charges and fees		1,386	1,382
Timing of revenue recognition for user charges and fees			
User charges and fees recognised at a point in time (2)		1,386	1,382
Total user charges and fees		1,386	1,382

Material accounting policy information

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

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

B2-3 Other revenues

\$ '000	Notes	Timing	2024	2023
Fines – other		2	12	8
Legal fees recovery – other		2	38	8
Commissions and agency fees		2	142	118
Landfill recycling stations sales		2	149	417
Section 88 fee collected		2	606	665
Workers compensation and insurance rebates		2	82	30
Leaseback Fuel Contributions		2	31	47
Other		2	2	17
Effect of re-measurement of remediation provision	C3-5		52	–
Total other revenue			1,114	1,310
Timing of revenue recognition for other revenue				
Other revenue recognised at a point in time (2)			1,114	1,310
Total other revenue			1,114	1,310

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.

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B2-4 Grants and contributions

\$ '000	Timing	Operating 2024	Operating 2023	Capital 2024	Capital 2023
General purpose grants and non-developer contributions (untied)					
Current year allocation					
Financial assistance – general component	2	144	540	–	–
Financial assistance – local roads component	2	51	287	–	–
Payment in advance - future year allocation					
Financial assistance – general component	2	2,047	2,239	–	–
Financial assistance – local roads component	2	1,029	1,158	–	–
Amount recognised as income during current year		3,271	4,224	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Bushfire services	2	4	3	–	–
Floodplain management	1	–	–	59	–
Heritage and cultural	2	–	14	–	–
Community care	1	9	195	–	–
Library	1	69	68	165	550
Library – special projects	2	–	–	18	17
Noxious weeds	2	48	59	–	23
Recreation and culture	1	–	–	1,592	880
Street lighting	2	22	21	–	–
Transport (roads to recovery)	2	–	–	1,150	–
Transport (other roads and bridges funding)	1	1,290	1,512	7,799	9,615
Other specific grants	1	19	55	–	–
Roads and bridges	1	–	–	1,862	1,796
Transport for NSW contributions (regional roads, block grant)	1	11	3,225	9,096	7,462
Tourism	2	1	11	–	–
Other contributions	1	–	–	–	634
Emergency services levy	2	–	174	–	–
Waste management	2	29	17	–	–
– Other	2	–	1	–	–
Total special purpose grants and non-developer contributions (tied)		1,502	5,355	21,741	20,977
Total grants and non-developer contributions		4,773	9,579	21,741	20,977
Comprising:					
– Commonwealth funding		3,271	4,224	2,266	348
– State funding		1,502	5,355	19,427	20,629
– Other funding		–	–	48	–
		4,773	9,579	21,741	20,977

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	G5	2	–	–	514	977
Total developer contributions – cash			–	–	514	977
Total developer contributions			–	–	514	977
Total grants and contributions			4,773	9,579	22,255	21,954
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			1,398	5,378	20,573	20,937
Grants and contributions recognised at a point in time (2)			3,375	4,201	1,682	1,017
Total grants and contributions			4,773	9,579	22,255	21,954

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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 and contributions				
Unspent funds at 1 July	7,978	7,708	7,030	9,770
Add: Funds received and not recognised as revenue in the current year	1,161	977	11,160	3,926
Less: Funds received in prior year but revenue recognised and funds spent in current year	(1,422)	(885)	(6,703)	(6,488)
Adjustment	-	178	(224)	(178)
Unspent funds at 30 June	7,717	7,978	11,263	7,030

Material accounting policy information

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

The performance obligations vary according to the agreement but include evidence of the event taking place or satisfactory achievement of milestones. 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).

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

B2-4 Grants and contributions (continued)

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)	88	47
– Cash and investments	992	601
Total interest and investment income	1,080	648

B2-6 Other income

\$ '000	Notes	2024	2023
Rental income			
Mt. Richardson Radio Station		8	3
Alison Court Aged Units		131	130
Dungog Information Neighbourhood Service		5	5
Clarence Town Pre-School Rental		3	3
Paterson Golf/Tennis Clubs		2	2
Dungog Saleyards		7	7
Leaseback fees - council vehicles		33	36
Total rental income	C2-2	189	186
Total other income		189	186

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2024	2023
Salaries and wages	6,112	6,160
Employee leave entitlements (ELE)	973	632
Superannuation	776	670
Workers' compensation insurance	268	257
Fringe benefit tax (FBT)	81	79
Training costs (other than salaries and wages)	131	86
Other	30	19
Total employee costs	8,371	7,903
Less: capitalised costs	(1,210)	(1,369)
Total employee costs expensed	7,161	6,534

Material accounting policy information

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

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.

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.

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B3-2 Materials and services

\$ '000	Notes	2024	2023
Consultancy costs		9	–
Raw materials and consumables		6,011	10,814
Contractor costs		720	380
Audit Fees	F2-1	155	140
Councillor and Mayoral fees and associated expenses	F1-2	123	115
Advertising		121	143
Bank charges		13	11
Electricity and heating		116	80
Insurance		498	449
Postage		24	21
Printing and stationery		47	45
Street lighting		55	46
Subscriptions and publications		77	52
Telephone and communications		69	72
Valuation fees		50	44
Agency collection costs – Australia Post		26	24
Commissions		193	165
Newcastle regional library		12	16
Weight of loads co-operative		18	17
Rehabilitation provision adjustment		8	1,181
Other expenses		764	886
Legal expenses:			
– Legal expenses: planning and development		244	60
– Legal expenses: other		70	26
Expenses from leases of low value assets		53	43
Other		–	2
Total materials and services		9,476	14,832
Total materials and services		9,476	14,832

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 loans		111	122
Total interest bearing liability costs		111	122
Total interest bearing liability costs expensed		111	122
(ii) Other borrowing costs			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	C3-5	1,182	376
Total other borrowing costs		1,182	376
Total borrowing costs expensed		1,293	498

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		528	557
Office equipment		22	8
Furniture and fittings		30	22
Infrastructure:			
	C1-7		
– Buildings – specialised		840	719
– Other structures		103	98
– Roads		3,259	3,196
– Bridges		916	963
– Footpaths		32	34
– Stormwater drainage		554	516
– Swimming pools		90	81
– Other open space/recreational assets		576	474
Other assets:			
– Library books		35	35
Reinstatement, rehabilitation and restoration assets:			
– Asset reinstatement costs	C3-5,C1-7	894	559
Total depreciation, amortisation and impairment for non-financial assets		7,879	7,262

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.

Impairment of non-financial assets

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

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

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

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

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

B3-5 Other expenses

\$ '000	2024	2023
Other		
Contributions/levies to other levels of government		
– NSW fire brigade levy	24	21
– NSW rural fire service levy	620	620
– Waste levy	626	579
– Other contributions/levies	99	200
Donations, contributions and assistance to other organisations (Section 356)	22	6
Total other expenses	1,391	1,426

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.

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

\$ '000	Notes	2024	2023
Gain (or loss) on disposal of property (excl. investment property)			
Proceeds from disposal – property		40	24
Less: carrying amount of property assets sold/written off		(324)	(1)
Gain (or loss) on disposal		(284)	23
Gain (or loss) on disposal of plant and equipment			
	C1-7		
Proceeds from disposal – plant and equipment		398	126
Less: carrying amount of plant and equipment assets sold/written off		(381)	(125)
Gain (or loss) on disposal		17	1
Gain (or loss) on disposal of infrastructure			
	C1-7		
Less: carrying amount of infrastructure assets sold/written off		(3,597)	(2,533)
Gain (or loss) on disposal		(3,597)	(2,533)
Net gain (or loss) from disposal of assets		(3,864)	(2,509)

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.

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B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 28 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				
Rates and annual charges	12,118	12,579	461	4% F
User charges and fees	1,313	1,386	73	6% F
Other revenues	454	1,114	660	145% F
Operating grants and contributions	1,294	4,773	3,479	269% F
Capital grants and contributions	24,269	22,255	(2,014)	(8)% U
Interest and investment revenue	566	1,080	514	91% F
Other income	-	189	189	∞ F

B5-1 Material budget variations (continued)

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
Expenses				
Employee benefits and on-costs	7,878	7,161	717	9% F
Materials and services	5,487	9,476	(3,989)	(73)% U
Borrowing costs	113	1,293	(1,180)	(1,044)% U
Depreciation, amortisation and impairment of non-financial assets	6,247	7,879	(1,632)	(26)% U
Other expenses	3,247	1,391	1,856	57% F
Net losses from disposal of assets	-	3,864	(3,864)	∞ U
Statement of cash flows				
Cash flows from operating activities	34,712	29,331	(5,381)	(16)% U
Cash flows from investing activities	(42,623)	(26,035)	16,588	(39)% F
Cash flows from financing activities	(258)	(258)	-	0% F

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C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2024	2023
Cash assets		
Cash on hand and at bank	4,510	1,810
Cash equivalent assets		
– Deposits at call	9,533	9,195
Total cash and cash equivalents	14,043	11,005

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	14,043	11,005
Balance as per the Statement of Cash Flows	14,043	11,005

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 Current	2024 Non-current	2023 Current	2023 Non-current
Debt securities at amortised cost				
Long term deposits	11,000	–	10,000	–
NCD's, FRN's (with maturities > 3 months)	–	750	–	750
Total	11,000	750	10,000	750
Total financial investments	11,000	750	10,000	750
Total cash assets, cash equivalents and investments	25,043	750	21,005	750

Material accounting policy information

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

C1-2 Financial investments (continued)

Amortised cost

Council's financial assets measured at amortised cost comprise trade and other receivables, term deposits and cash and cash equivalents in the Statement of Financial Position. Term deposits with an initial term of more than 3 months are classified as investments rather than cash and cash equivalents.

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

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

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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	25,793	21,755
Less: Externally restricted cash, cash equivalents and investments	<u>(20,426)</u>	<u>(16,546)</u>
Cash, cash equivalents and investments not subject to external restrictions	5,367	5,209

External restrictions

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

Developer contributions – general	7,362	7,945
Specific purpose unexpended grants – general fund	11,618	6,929
Bike path	8	8
Deposits and retentions	539	653
Kerb and gutter	10	10
Pavement	54	54
Rail Services Australia	39	39
RLCIP infrastructure funding	1	1
Domestic waste management	795	907
External restrictions – other	20,426	16,546
Total external restrictions	20,426	16,546

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	2,007	1,948
Employees leave entitlement	1,678	1,376
Buildings and grounds	465	448
Insurance equalisation	200	200
Other waste management	1,200	1,214
Settlement for the aged	468	426
Shire properties	234	512
Special projects	4,073	4,135
Roads & Bridges - Unexpended Votes	2,491	951
Bennett Park - lights	15	13
Strategic Property & Development	392	596
Other	700	713
Total internal allocations	13,923	12,532

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 Current	2024 Non-current	2023 Current	2023 Non-current
Rates and annual charges	905	-	785	-
Interest and extra charges	120	-	97	-
User charges and fees	8	-	8	-
Private works	128	-	9	-
Accrued revenues				
– Interest on investments	152	-	122	-
– Other income accruals	65	-	3	-
Deferred debtors	-	20	-	25
Net GST receivable	657	-	757	-
Kerb and guttering	3	-	5	-
Rates legal costs recovery	46	-	20	-
Contributions	9	-	-	-
Other debtors	111	-	71	-
Total	2,204	20	1,877	25
Less: provision for impairment				
Other debtors	(24)	-	(81)	-
Total provision for impairment – receivables	(24)	-	(81)	-
Total net receivables	2,180	20	1,796	25

\$ '000	2024	2023
Balance at the beginning of the year	81	157
+ new provisions recognised during the year	-	8
– amounts already provided for and written off this year	-	(84)
Balance at the end of the year	81	81

C1-4 Receivables (continued)

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 estimating ECL, 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.

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

When considering the ECL for rates and annual charges 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.

Credit losses are measured at 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.

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

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

Where 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.

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C1-5 Inventories

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
(i) Inventories at cost				
Stores and materials	633	–	653	–
Total inventories at cost	633	–	653	–
(ii) Inventories at net realisable value (NRV)				
Real estate for resale	–	26	–	26
Total inventories at net realisable value (NRV)	–	26	–	26
Total inventories	633	26	653	26

(i) Other disclosures

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
(a) Details for real estate development				
Residential	–	26	–	26
Total real estate for resale	–	26	–	26
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition costs	–	26	–	26
Total costs	–	26	–	26
Total real estate for resale	–	26	–	26
Movements:				
Real estate assets at beginning of the year	–	26	26	26
– Purchases and other costs	–	–	(26)	–
Total real estate for resale	–	26	–	26

C1-5 Inventories (continued)

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	4,520	–	3,349	–
Total contract assets and contract cost assets	4,520	–	3,349	–

Contract assets

Work relating to infrastructure grants	4,520	–	3,349	–
Total contract assets	4,520	–	3,349	–

Significant changes in contract assets

The significant change in contract assets is the result of Council undertaking a significant number of grant-funded capital infrastructure projects during the year. The receipt of grant funding for specific projects has not coincided with the progress of the completion of the associated works, as provided for in the relevant grant funding agreements.

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	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000														
Capital work in progress	11,587	–	11,587	5,400	1,397	–	–	(9,783)	–	–	–	8,601	–	8,601
Plant and equipment	8,470	(4,549)	3,921	859	36	(381)	(528)	–	–	–	–	8,710	(4,803)	3,907
Office equipment	673	(647)	26	–	–	–	(22)	99	–	–	–	772	(669)	103
Furniture and fittings	493	(260)	233	5	11	–	(30)	–	–	–	–	509	(290)	219
Land:														
– Operational land	12,003	–	12,003	–	25	(281)	–	52	–	–	135	11,934	–	11,934
– Community land	10,406	–	10,406	94	–	–	–	–	–	–	360	10,860	–	10,860
Infrastructure:														
– Buildings – specialised	45,430	(26,758)	18,672	260	129	(43)	(840)	1,373	–	(3,342)	–	55,402	(39,194)	16,208
– Other structures	2,112	(1,108)	1,004	–	11	–	(103)	124	–	–	139	2,473	(1,299)	1,174
– Roads	240,858	(82,827)	158,031	7,553	40	(2,974)	(3,259)	4,575	–	–	10,077	279,564	(105,521)	174,043
– Bridges	88,889	(29,270)	59,619	5,779	–	(623)	(916)	2,170	–	–	16,221	111,615	(29,366)	82,249
– Footpaths	3,123	(1,409)	1,714	1	–	–	(32)	37	–	–	171	3,332	(1,441)	1,891
– Bulk earthworks (non-depreciable)	201,146	–	201,146	1,100	–	–	–	618	–	(5,420)	–	197,444	–	197,444
– Stormwater drainage	45,610	(11,703)	33,907	877	–	–	(554)	221	–	–	1,507	48,215	(12,257)	35,958
– Swimming pools	2,901	(2,493)	408	138	13	–	(90)	–	–	–	392	4,154	(3,293)	861
– Other open space/recreational assets	9,389	(5,240)	4,149	113	668	–	(576)	514	–	–	533	10,756	(5,355)	5,401
Other assets:														
– Library books	957	(838)	119	–	41	–	(35)	–	–	–	–	998	(873)	125
Reinstatement, rehabilitation and restoration assets														
– Tip & quarry assets	9,288	(1,242)	8,046	–	–	–	(894)	–	931	–	–	10,219	(2,136)	8,083
Total infrastructure, property, plant and equipment	693,335	(168,344)	524,991	22,179	2,371	(4,302)	(7,879)	–	931	(8,762)	29,535	765,558	(206,497)	559,061

(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	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	12,525	–	12,525	5,540	1,862	–	–	(8,340)	–	–	11,587	–	11,587
Plant and equipment	8,059	(4,014)	4,045	500	44	(111)	(557)	–	–	–	8,470	(4,549)	3,921
Office equipment	656	(639)	17	7	10	–	(8)	–	–	–	673	(647)	26
Furniture and fittings	326	(250)	76	6	172	–	(22)	–	–	–	493	(260)	233
Land:													
– Operational land	9,223	–	9,223	30	–	–	–	28	–	2,722	12,003	–	12,003
– Community land	5,430	–	5,430	82	–	–	–	–	–	4,894	10,406	–	10,406
Infrastructure:													
– Buildings – specialised	40,448	(26,039)	14,409	99	1,307	–	(719)	373	–	3,203	45,430	(26,758)	18,672
– Other structures	1,928	(1,010)	918	–	42	–	(98)	–	–	142	2,112	(1,108)	1,004
– Roads	219,149	(79,740)	139,409	6,189	–	(1,663)	(3,196)	3,846	–	13,445	240,858	(82,827)	158,031
– Bridges	76,605	(28,500)	48,105	5,708	–	(870)	(963)	2,880	–	4,758	88,889	(29,270)	59,619
– Footpaths	2,958	(1,375)	1,583	–	–	–	(34)	–	–	164	3,123	(1,409)	1,714
– Bulk earthworks (non-depreciable)	188,070	–	188,070	1,408	–	–	–	563	–	11,104	201,146	–	201,146
– Stormwater drainage	42,498	(11,187)	31,311	314	–	–	(516)	617	–	2,180	45,610	(11,703)	33,907
– Swimming pools	2,693	(2,412)	281	9	–	–	(81)	–	–	198	2,901	(2,493)	408
– Other open space/recreational assets	8,540	(4,973)	3,567	65	320	(16)	(474)	33	–	653	9,389	(5,240)	4,149
Other assets:													
– Library books	921	(803)	118	36	–	–	(35)	–	–	–	957	(838)	119
Reinstatement, rehabilitation and restoration assets													
– Tip assets	9,079	(1,570)	7,509	–	–	–	(559)	–	1,096	–	9,288	(1,242)	8,046
Total infrastructure, property, plant and equipment	629,108	(162,512)	466,596	19,993	3,757	(2,660)	(7,262)	–	1,096	43,463	693,335	(168,344)	524,991

(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

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

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

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

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

Useful lives of IPPE

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

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 10	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 40
Stormwater assets			
Drains	80 to 100		
Culverts	50 to 80		
Flood control structures	80 to 100		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	20	Bulk earthworks	Infinite
Sealed roads: structure	50	Swimming pools	80
Sealed roads: other	30 to 60	Unsealed roads	20
Unsealed roads	20 to 40	Other open space/recreational assets	50
Bridge: concrete	80 to 100	Other infrastructure	25
Bridge: timber	50		
Road pavements	80		
Kerb, gutter and footpaths	40		

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

Revaluation model

Infrastructure, property, plant and equipment are held at fair value. Comprehensive valuations are performed at least every 5 years, however the carrying amount of assets is assessed by Council at each reporting date to confirm that it is not materially different from the current fair value.

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

Land under roads

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

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

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

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. Where the Crown reserves are under a lease arrangement they are accounted for under AASB 16 Leases, refer to Note C2-1.

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 has assessed and determined to not recognise any rural fire service assets.

C1-8 Other

Other assets

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Prepayments	119	-	332	-
Total other assets	119	-	332	-

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C2 Leasing activities

C2-1 Council as a lessee

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

Terms and conditions of leases

Office and IT equipment

Leases for photocopiers and IT equipment are considered low value assets. The leases are for 5 years, with no renewal option. The payments are fixed, however some of the leases include variable payments based on usage.

(a) Income Statement

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

\$ '000	2024	2023
Expenses relating to leases of low-value assets	53	43
	53	43

(b) Statement of Cash Flows

Total cash outflow for leases	78	61
	78	61

Material accounting policy information

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

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

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

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

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

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

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

Exceptions to lease accounting

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

C2-2 Council as a lessor

Operating leases

\$ '000	2024	2023
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(i) Assets held as property, plant and equipment

Council provides operating leases over Council buildings or properties for the purpose of various community activities, emergency services, commercial use and aged housing. The table below relates to operating leases on assets disclosed in C1-7.

Lease income (excluding variable lease payments not dependent on an index or rate)	189	186
Total income relating to operating leases for Council assets	189	186

Amount of IPPE leased out by Council under operating leases

Plant & Equipment	457	412
Land	1,308	947
Buildings	1,219	1,621
Other Structures	56	59
Swimming Pools	748	625
Total amount of IPPE leased out by Council under operating leases	3,788	3,664

(ii) Maturity analysis of contractual lease income

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

< 1 year	164	156
1–2 years	171	162
2–3 years	178	167
3–4 years	186	173
4–5 years	194	180
> 5 years	202	186
Total undiscounted lease payments to be received	1,095	1,024

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 Current	2024 Non-current	2023 Current	2023 Non-current
Goods and services – operating expenditure	2,325	–	2,669	–
Accrued expenses:				
– Borrowings	2	–	2	–
– Other expenditure accruals	201	–	358	–
Security bonds, deposits and retentions	539	–	653	–
Other	–	65	–	65
Prepaid rates	221	–	212	–
Total payables	3,288	65	3,894	65

Material accounting policy information

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

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

C3-2 Contract Liabilities

\$ '000	Notes	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	11,263	–	6,725	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	355	–	204	–
Total grants received in advance		11,618	–	6,929	–
User fees and charges received in advance:					
Other		79	–	101	–
Total user fees and charges received in advance		79	–	101	–
Total contract liabilities		11,697	–	7,030	–

Notes

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

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

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

\$ '000	2024	2023
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	6,703	6,465

C3-2 Contract Liabilities (continued)

\$ '000	2024	2023
Operating grants (received prior to performance obligation being satisfied)	48	23
Total revenue recognised that was included in the contract liability balance at the beginning of the period	6,751	6,488

Significant changes in contract liabilities

The increase in contract liabilities reflects the receipt of significant grant funding for infrastructure projects relating to roads, bridges, recreation and building assets.

Material accounting policy information

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

C3-3 Borrowings

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Loans – secured ¹	268	3,331	258	3,599
Total borrowings	268	3,331	258	3,599

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

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

(a) Changes in liabilities arising from financing activities

\$ '000	2023			Non-cash movements			2024
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	3,857	(258)	–	–	–	–	3,599
Total liabilities from financing activities	3,857	(258)	–	–	–	–	3,599

\$ '000	2022			Non-cash movements			2023
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	4,107	(250)	–	–	–	–	3,857
Total liabilities from financing activities	4,107	(250)	–	–	–	–	3,857

(b) Financing arrangements

\$ '000	2024	2023
Total facilities		
Total financing facilities available to Council at the reporting date are:		
Credit cards/purchase cards	85	85
Total financing arrangements	85	85

Drawn facilities

Financing facilities drawn down at the reporting date are:

Undrawn facilities

C3-3 Borrowings (continued)

\$ '000	2024	2023
Undrawn financing facilities available to Council at the reporting date are:		
– Credit cards/purchase cards	76	70
Total undrawn financing arrangements	76	70

Additional financing arrangements information

Breaches and defaults

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

Material accounting policy information

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

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

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

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C3-4 Employee benefit provisions

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
Annual leave	1,068	–	926	–
Sick leave	1	(1)	–	–
Long service leave	1,088	466	854	366
Total employee benefit provisions	2,157	465	1,780	366

\$ '000	2024	2023
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The following provisions, even though classified as current, are not expected to be settled in the next 12 months.

Provisions – employees benefits	1,131	899
	1,131	899

Material accounting policy information

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

Short-term obligations

Liabilities for wages and salaries (including non-monetary benefits, 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.

C3-5 Provisions

\$ '000	2024	2024	2023	2023
	Current	Non-Current	Current	Non-Current
Other provisions				
Other	3	–	3	–
Sub-total – other provisions	3	–	3	–
Asset remediation/restoration:				
Asset remediation/restoration (future works)	39	31,568	–	29,546
Sub-total – asset remediation/restoration	39	31,568	–	29,546
Total provisions	42	31,568	3	29,546

C3-5 Provisions (continued)

\$ '000	Other provisions	
	Asset remediation	Total
2024		
At beginning of year - restated	29,546	29,546
Unwinding of discount	1,182	1,182
Remeasurement effects	879	879
Total other provisions at end of year	31,607	31,607
2023		
At beginning of year - restated	26,914	26,914
Unwinding of discount	377	377
Remeasurement effects	2,255	2,255
Total other provisions at end of year	29,546	29,546

Nature and purpose of provisions

Asset remediation

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

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 – tips and quarries

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

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

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

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

The infrastructure, property, plant and equipment revaluation reserve is used to record increments / decrements of non-current asset values due to their revaluation.

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D Council structure

D1 Interests in other entities

D1-1 Interests in joint arrangements

Material accounting policy information

Council no longer includes in the consolidated financial statements the assets, liabilities and results of Arrow Collaborative Services Limited. Council's ownership and voting rights are below 20%. Council has assessed the fair value of investment in the entity in accordance with AASB 13 Fair Value Measurement and determined that its investment in the joint venture is immaterial.

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E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

Risk management

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.

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.

A comparison by category of the carrying amounts and fair values of Council's financial assets and financial liabilities recognised in the financial statements is presented below.

(a) Market risk – interest rate and price risk

\$ '000	2024	2023
<p>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.</p>		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	8	8
Impact of a 10% movement in price of investments		
– Equity / Income Statement	75	75

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

(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. Council also encourages ratepayers to pay their rates by the due date through incentives.

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.

The level of outstanding receivables is reviewed monthly and benchmarks are set and monitored for acceptable collection performance. The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be high credit quality.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable in the financial statements.

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

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

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue rates and annual charges			Total
	Not yet overdue	< 5 years	≥ 5 years	
2024				
Gross carrying amount	628	208	69	905
2023				
Gross carrying amount	547	191	47	785

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	4,520	1,239	3	14	63	5,839
Expected loss rate (%)	0.00%	0.05%	7.50%	14.32%	31.50%	0.39%
ECL provision	–	1	–	2	20	23
2023						
Gross carrying amount	3,349	1,036	–	–	81	4,466
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	100.00%	1.81%
ECL provision	–	–	–	–	81	81

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

(c) Liquidity risk

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

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

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

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

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

The amounts disclosed in the table are the undiscounted contracted cash flows for non-lease liabilities (refer to Note C2-1(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	≤ 1 Year	payable in:		Total cash outflows	Actual carrying values
				1 - 5 Years	> 5 Years		
2024							
Payables	0.00%	539	2,749	65	–	3,353	3,353
Borrowings	3.09%	–	268	1,354	1,977	3,599	3,599
Total financial liabilities		539	3,017	1,419	1,977	6,952	6,952
2023							
Payables	0.00%	653	3,161	65	–	3,879	3,959
Borrowings	3.11%	–	258	1,351	2,248	3,857	3,857
Total financial liabilities		653	3,419	1,416	2,248	7,736	7,816

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

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							
		Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2024	2023	2024	2023	2024	2023	2024	2023
Recurring fair value measurements									
Infrastructure, property, plant and equipment									
	C1-7								
Operational land		30/06/24	30/06/18	11,934	12,003	–	–	11,934	12,003
Community land		30/06/24	30/06/21	–	–	10,860	10,406	10,860	10,406
Buildings		30/06/24	30/06/18	–	–	16,208	18,672	16,208	18,672
Other structures		30/06/24	30/06/18	–	–	1,174	1,004	1,174	1,004
Roads		30/06/24	30/06/19	–	–	174,043	158,031	174,043	158,031
Bridges		30/06/24	30/06/19	–	–	82,249	59,619	82,249	59,619
Footpaths		30/06/22	30/06/22	–	–	1,891	1,714	1,891	1,714
Bulk earthworks		30/06/24	30/06/19	–	–	197,444	201,146	197,444	201,146
Stormwater drainage		30/06/20	30/06/20	–	–	35,958	33,907	35,958	33,907
Other assets		30/06/20	30/06/20	–	–	344	352	344	352
Restoration assets		30/06/21	30/06/21	–	–	8,083	8,046	8,083	8,046
Plant and Equipment		30/06/20	30/06/20	4,010	3,947	–	–	4,010	3,947
Swimming pools		30/06/24	30/06/18	–	–	861	408	861	408
Open space / recreational assets		30/06/24	30/06/18	–	–	5,401	4,149	5,401	4,149
Total infrastructure, property, plant and equipment				15,944	15,950	534,516	497,454	550,460	513,404

E2-1 Fair value measurement (continued)

Valuation techniques

Current Replacement Costs (CRC)

Current Replacement Cost is the minimum that it would cost, in the normal course of business, to replace the existing asset with a technologically modern equivalent asset with the same economic benefits.

Residual Value (RV)

The Residual Value of an asset is the estimated amount that would be obtained today from disposal of the asset after deducting the estimated costs of disposal.

Condition Assessment

Condition assessment of the various assets has been undertaken IPWEA guidelines and Council requirements using the skills of consultants, experienced engineering and operational staff. All assets, with the exception of unsealed roads, have been rated using a 1 to 5 rating system where a rating of 1 represents "as new" condition and a rating of 5 represents "very poor" condition requiring renewal of the asset. Unsealed Roads have been rated utilising a 1 to 3 rating system where a rating of 1 represents "as new" condition and a rating of 3 represents "very poor" condition requiring renewal of the asset.

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

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

Infrastructure, property, plant and equipment (IPPE)

Plant & equipment, office equipment and furniture & fittings

Plant & equipment, office equipment and furniture & fittings are valued at cost but are disclosed at fair value in the notes. The purchase cost of these assets is taken as their fair value. There has been no change in the valuation process during the period.

Operational land

The valuation of Council's operational land was undertaken as at 30 June 2018 by Nicholas Brady Valuations (NICHOLAS BRADY AAPI (VAL,P&M) Certified Practising Valuer, Real Estate Valuers, Registration No. 3609).

The land value has been assessed by direct comparison on a rate per square metre, and has been valued in accordance with the Dungog Shire Council Draft LEP 2013. The valuations were based on the Draft LEP 2013 as the "market place" would also have due regard to the proposed zoning. Sale prices of comparable land parcels were considered where appropriate. The most significant unobservable input into the valuation of operational land is the price per square metre. These assets have been classified as using Level 2 valuation inputs due to the professional judgement required and valued using the Market Approach – the approach uses prices generated by market transactions involving identical or similar assets. There have been no changes in the valuation process during the period.

Community Land

Land values based on the 2021 valuation made by the Valuer-General were used to value Council's community land, where the Valuer-General did not provide a land value, an average unit rate based on similar properties was used taking into regard the highest or best use for the land. As these rates are not considered to be observable market evidence they have been classified as Level 3 valuation inputs. There has been no change in the valuation process during the period.

Buildings

Council's buildings were valued using the summation (cost) approach by Nicholas Brady Valuations (NICHOLAS BRADY AAPI (VAL, P&M) Certified Practising Valuer, Real Estate Valuers, Registration No. 3609) as at 30 June 2018.

Having regard to the specialised nature of the majority of the improvements, Council's buildings were valued by the summation approach, whereby the depreciated replacement cost of the improvements is added to the land value.

The replacement cost of each building was estimated taking into account different components within the building, their use and useful lives. The unit rate could be supported by market evidence making it a level 2 input, however, inputs such as estimates of residual use, and patterns of consumption required significant professional judgement and impact significantly on the final determination of fair value. As such, these assets have been valued using Level 3 unobservable inputs. There have been no changes in the valuation process during the period.

E2-1 Fair value measurement (continued)

Roads

The valuation of the Council's Road assets was carried out as of 30 June 2019. This was completed by a third-party Information Management Group (IMG) and Council engineers.

Roads have been classified into regional, rural local sealed, rural local unsealed, urban local sealed and urban local unsealed roads categories for condition rating and valuation purposes.

Sealed Roads - All

Data collection - data collection for sealed roads was undertaken by external consultants utilising video and in-vehicle roughness count technologies. Where an intersection occurs, the pavement values are attributed to the through road.

Componentisation - road assets have been componentised in accordance with required guidelines. Sealed roads have been broken down into three (3) components being earthworks (non-depreciable), pavement and seal. The pavement and seal have been separated due to different life expectations for these two components. Costs are based upon existing road dimensions.

Condition - condition assessment was undertaken by external consultants utilising video and in-vehicle roughness count technologies. The roads have been segmented and the pavement condition information detailed for each segment. Condition indicators were collected as follows:-

- Regional Roads:-
 - o Roughness - NAASRA standards used
 - o Pavement defects - by area
 - o Surface defects - by area
 - o Cracking - all cracking types recorded by area
- Local Sealed Roads (Rural and Urban):-
 - o Pavement defects - by area
 - o Surface defects - by area
 - o Cracking - all cracking types recorded by area

From the above condition indicators, a 1 to 5 rating system was utilised to identify the condition of the asset.

Percentage life remaining - the rating of the road was then used to calculate the percentage of life remaining based upon an exponential decay curve as shown below:

Rating	Factor applied	Percentage Depreciated	% Life Remaining
1	0	0 %	100 %
2	4	16 %	84 %
3	9	36 %	64 %
4	16	64 %	36 %
5	25	100 %	0 %

Useful life - traffic volumes and geographical location play little part in the life of a road asset as it is assumed that the asset was designed for the traffic loadings to be carried. Useful lives have therefore been determined based upon experience, observed lives of assets and industry standards as follows:

- Earthworks - no useful life has been applied as earthworks do not depreciate over time.
- Pavement - the useful life of a sealed pavement was adopted as 60 years based upon the following:
 - 0 year - Year of construction
 - 15 years - Reseal
 - 30 years - Rehabilitation
 - 45 years - Reseal
 - 60 years - Full reconstruction
- Seal - The useful life of the seal was based on 20 years as per industry standard;

Current Replacement Cost (CRC) - the CRC has been determined as follows:

- Earthworks - CRC is based on topography to determine the amount of earthworks required and current costings for the construction of the earthworks in today's dollars;

E2-1 Fair value measurement (continued)

- Pavement - CRC has been based upon the cost to rehabilitate these roads utilising the average of three (3) recent projects undertaken by Council;
 - Seal - CRC has been based upon current contracted sealing costs through Dungog Shire Council's involvement with the regional procurement tenders.
- Residual values - in practice, the residual value of many assets or components of such are often insignificant and therefore immaterial in the calculation of the depreciable amount. In the case of sealed roads, it was determined that the following residual values apply:
- Earthworks - have an indefinite life/residual value and will therefore not be depreciated;
 - Pavements - whilst pavements may have some residual value in terms of the possibility of the in-situ material being re-used in the rehabilitation of the pavement. It has, however, been determined that existing pavements would need to be treated (stabilised) or replaced at the end of their useful lives and the cost of such would more or less negate the value of that pavement component. Therefore, the residual value has been determined to have no material value in the calculation of depreciation;
 - Seals - These have no financial implications on the application of the next seal. Therefore there is no residual value.

Depreciation - all sealed road assets have been assessed as to their condition. The remaining life of the asset has then been determined based on the condition assessment, the percentage life remaining and the overall useful life of the asset. The residual depreciable value of the asset was then divided by the remaining useful life to determine the annual depreciation rate.

Data Limitations – inputs such as estimated patterns of consumption, residual values, asset condition and useful life required extensive professional judgement which impacted significantly on the final determination of fair value. Additionally, due to limitations in the historical records of very long lived assets, there may be some uncertainty regarding the actual design, specifications and dimensions of some assets.

Unsealed Roads - All

Data collection - data collection for sealed roads was undertaken by external consultants utilising video and in-vehicle roughness count technologies. Where an intersection occurs, the pavement values are attributed to the through road.

Componentisation - the road asset has been componentised in accordance with required guidelines. As there is no "surface" on unsealed roads, the unsealed road asset has been broken down into two (2) components being earthworks (non-depreciable) and pavement. Costs are based upon existing road dimensions.

Condition - The roads have been segmented and assessment undertaken by experienced Council engineering and operational staff. As the surface condition of unsealed roads is highly changeable due to weather and climatic conditions, the condition was then based upon the depth of gravel on individual sections. From these indicators, a 1 to 3 rating system was utilised to identify the condition of the asset.

Percentage life remaining - as the rating of the road was based upon depth of gravel and it is expected that this depth will deteriorate consistently over time, the percentage of life remaining was based upon a straight line depreciation model. This process may be reviewed for future revaluations.

Useful life - Useful lives have been determined based upon experience, observed lives of assets and industry standards as follows:

- Earthworks - no useful life has been applied as earthworks do not depreciate over time.
 - Pavement - the useful life of the unsealed pavement was adopted as 20 years based upon experience and observed lives of assets.
- Current Replacement Cost (CRC) - the CRC has been determined as follows:
- Earthworks - CRC has been based on topography to determine the amount of earthworks required and current costings for the construction of the earthworks in today's dollars;
 - Pavement - CRC has been based upon the minimum gravel depths as determined by Council standards as set out in Council's "Road Strategy", normal Council practice and current costings for the construction of the pavement in today's dollars.

Residual values - In practice, the residual value of many assets or components of such are often insignificant and therefore immaterial in the calculation of the depreciable amount. In the case of unsealed roads, it was determined that the following residual values apply:

- Earthworks - have an indefinite life/residual value and will therefore not be depreciated;
- Pavements - in the case of unsealed road pavements, full depreciation or end of useful life is determined when there is no residual gravel on the pavement. By definition, there is no material available to be re-used therefore there is no residual value for the determination of depreciation.

E2-1 Fair value measurement (continued)

Depreciation - all unsealed road assets have been assessed as to their condition. The remaining life of the asset has then been determined based on the condition assessment, the percentage life remaining and the overall useful life of the asset. The residual depreciable value of the asset was then divided by the remaining useful life to determine the annual depreciation rate.

Data limitations – inputs such as estimated patterns of consumption, residual values, asset condition and useful life required extensive professional judgement which impacted significantly on the final determination of fair value. Additionally, due to limitations in the historical records of very long lived assets, there may be some uncertainty regarding the actual design, specifications and dimensions of some assets.

Bridges

In accordance with the definitions used by the Grants Commission, a structure with an opening of greater than 6m in deck length is assessed as a bridge. Bridges have been broken down into timber structures (full or part timber construction) and non-timber structures (primarily concrete or concrete/steel structures) for condition rating and valuation purposes.

Timber Bridges

Data collection - data collection for timber bridges was undertaken via physical measurement by Council staff to determine dimensions.

Componentisation - timber bridge assets have been componentised into two (2) components being substructure and superstructure. The substructure and superstructure have been separated to allow for differential condition rating of these two components.

Condition - condition assessment was undertaken by experienced Council engineering and operational staff. Condition information was detailed for each bridge. A 1 to 5 rating system was then utilised to identify the condition of each component of the asset and an average condition of these two components adopted as the overall bridge condition.

Percentage life remaining - the rating of the timber bridge was then used to calculate the percentage of life remaining based upon an exponential decay curve as shown below:

Rating	Percentage Depreciated	% Life Remaining
1	0 %	100 %
2	16 %	84 %
3	36 %	64 %
4	64 %	36 %
5	100 %	0 %

Useful life - useful lives have therefore been determined based upon experience, observed lives of assets and industry standards. The useful life of a timber bridge has been adopted as 50 years.

Current Replacement Cost (CRC) - the CRC has been determined has been determined based upon experience, observed lives of assets and industry standards.

Residual values - in practice, the residual value of many assets or components of such are often insignificant and therefore immaterial in the calculation of the depreciable amount. In the case of timber bridges, there would be no residual components that would have any value in the replacement of the asset with a concrete structure. Therefore there is no residual value applied.

Depreciation - all timber bridges have been assessed as to their condition. The remaining life of the asset has then been determined based on the condition assessment, the percentage life remaining and the overall useful life of the asset. The residual depreciable value of the asset was then divided by the remaining useful life to determine the annual depreciation rate.

Data Limitations – inputs such as estimated patterns of consumption, residual values, asset condition and useful life required extensive professional judgement which impacted significantly on the final determination of fair value. Additionally, due to limitations in the historical records of very long lived assets, there may be some uncertainty regarding the actual design, specifications and dimensions of some assets.

Non-Timber Bridges

Data collection - data collection for non-timber bridges was undertaken via physical measurement by Council staff to determine dimensions.

Componentisation - non-timber bridge assets have not been componentised any further than it being a single asset.

E2-1 Fair value measurement (continued)

Condition - condition assessment was undertaken by experienced Council engineering and operational staff. Condition information was detailed for each bridge. A 1 to 5 rating system was then utilised to identify the condition of the asset.

Percentage life remaining - as non-timber bridges deteriorate at a different rate to timber bridges, the following exponential decay curve was utilised to calculate the percentage of life remaining:

Rating	Percentage Depreciated	% Life Remaining
1	0 %	100 %
2	16 %	84 %
3	36 %	64 %
4	64 %	36 %
5	100 %	0 %

Useful life - useful lives have therefore been determined based upon experience, observed lives of assets and industry standards. The useful life of a non-timber bridge has been adopted as 80 years.

Current Replacement Cost (CRC) - the CRC has been determined based upon the Rawlinson's Australian Construction Handbook, recent bridge tenders received by Council and industry standards.

Residual values - in practice, the residual value of many assets or components of such are often insignificant and therefore immaterial in the calculation of the depreciable amount. In the case of non-timber bridges, there would be no residual components that would be expected to last double the 80 year useful life and therefore would not have any value in the replacement of the asset. Therefore there is no residual value applied.

Depreciation - all non-timber bridges have been assessed as to their condition. The remaining life of the asset has then been determined based on the condition assessment, the percentage life remaining and the overall useful life of the asset. The residual depreciable value of the asset was then divided by the remaining useful life to determine the annual depreciation rate.

Data limitations – inputs such as estimated patterns of consumption, residual values, asset condition and useful life required extensive professional judgement which impacted significantly on the final determination of fair value. Additionally, due to limitations in the historical records of very long lived assets, there may be some uncertainty regarding the actual design, specifications and dimensions of some assets.

Rural stormwater drainage & causeways

Drainage structures on the rural road network have been broken down into culvert structures and causeways.

Culvert Structures

Data collection - data collection was undertaken via physical measurement by Council staff to determine dimensions. There is a limitation in the data due to only 23% of unsealed rural roads, 48% of sealed rural roads and 96% of regional roads stormwater network being inspected and the data from this applied across the entire rural stormwater network.

Componentisation - the culvert asset has been componentised into two (2) components being the culvert pipe or box section and the headwall component. These have been separated to allow for differential condition rating of these two components.

Condition - condition assessment was undertaken by experienced Council engineering and operational staff. Condition information was detailed for each structure. A 1 to 5 rating system was then utilised to identify the condition of each component of the asset and an average condition of these two components adopted as the overall culvert structure condition.

Percentage life remaining - the rating of the structure was then used to calculate the percentage of life remaining based upon an exponential decay curve as shown below:

Rating	Percentage Depreciated	% Life Remaining
1	0 %	100 %
2	16 %	84 %
3	36 %	64 %
4	64 %	36 %
5	100 %	0 %

Useful life - useful lives have been determined based upon experience, observed lives of assets and industry standards.

Current Replacement Cost (CRC) - the CRC has been determined has been determined based upon experience, observed lives of assets, industry standards and Rawlinson's Australian Construction Handbook.

E2-1 Fair value measurement (continued)

Residual values - in practice, the residual value of many assets or components of such are often insignificant and therefore immaterial in the calculation of the depreciable amount. In the case of concrete culvert structures, there would be no residual components that would be expected to last double the initial useful life and therefore would not have any value in the replacement of the asset. Therefore there is no residual value applied.

Depreciation - all concrete culvert structures have been assessed as to their condition. The remaining life of the asset has then been determined based on the condition assessment, the percentage life remaining and the overall useful life of the asset. The residual depreciable value of the asset was then divided by the remaining useful life to determine the annual depreciation rate.

Causeways

Data collection - data collection for causeways was undertaken via physical measurement by Council staff to determine dimensions.

Componentisation - the causeway asset has been componentised into two (2) components being the culvert pipe or box section (if existing) and the causeway component. These have been separated to allow for differential condition rating of these two components.

Condition - condition assessment was undertaken by experienced Council engineering and operational staff. Condition information was detailed for each bridge. A 1 to 5 rating system was then utilised to identify the condition of the asset.

Percentage life remaining - the rating of the structure was then used to calculate the percentage of life remaining based upon an exponential decay curve as shown below:

Rating	Percentage Depreciated	% Life Remaining
1	0 %	100 %
2	16 %	84 %
3	36 %	64 %
4	64 %	36 %
5	100 %	0 %

Useful life - useful lives have been determined based upon experience, observed lives of assets and industry standards.

Current Replacement Cost (CRC) - the CRC has been determined based upon experience, observed lives of assets, industry standards and Rawlinson's Australian Construction Handbook.

Residual values - in practice, the residual value of many assets or components of such are often insignificant and therefore immaterial in the calculation of the depreciable amount. In the case of concrete causeway structures, there would be no residual components that would be expected to last double the 80 year useful life and therefore would not have any value in the replacement of the asset. Therefore there is no residual value applied.

Depreciation - all causeway structures have been assessed as to their condition. The remaining life of the asset has then been determined based on the condition assessment, the percentage life remaining and the overall useful life of the asset. The residual depreciable value of the asset was then divided by the remaining useful life to determine the annual depreciation rate.

Urban stormwater drainage

Council's urban drainage assets were revalued for the financial year ended 30 June 2020 by Council's Engineering Department.

Data collection - data collection was undertaken via works as executed construction plans and checked via field observation by Council staff to determine dimensions and age.

Componentisation - the asset has been componentised into individual components within the asset class.

Condition - condition assessment was undertaken by age due to the high accuracy of construction plans, which are spot-checked via field observation by Council Engineering staff. Condition information was then derived for each structure. A 1 to 5 rating system was subsequently utilised to determine the condition of drainage structure.

Percentage life remaining - the rating of the asset was then utilised to determine the percentage of life remaining.

Useful life - useful lives have been determined based upon experience, observed lives of assets, industry standards and modelling per Dr. Peter Coombes.

Current Replacement Cost (CRC) - the CRC has been determined based upon experience, observed lives of assets, industry standards and NSW Reference Rate Manual 2014 with CPI adjustment.

E2-1 Fair value measurement (continued)

Residual values - in practice, the residual value of many assets or components of such are often insignificant and therefore immaterial in the calculation of the depreciable amount. In the case of concrete culvert structures, there would be no residual components that would be expected to last double the initial useful life and therefore would not have any value in the replacement of the asset. Therefore there is no residual value applied.

Depreciation - all drainage structures have been assessed as to their condition based on age and field checks. The remaining life of the asset has then been determined based on that condition assessment. The residual depreciable value of the asset was then divided by the remaining useful life to determine the annual depreciation rate.

Footpath, kerb & gutter and guardrail

Ancillary items on the road network have been broken down into footpaths, kerb & gutter and guardrail assets.

Footpaths and Kerb & Gutter

Data collection - data collection was undertaken via physical measurement by Council staff to determine dimensions and use of aerial photography for confirmation.

Componentisation - footpaths, bike paths and kerb & gutter have been segmented to different locations and identified as individual assets.

Condition - condition assessment was undertaken by experienced Council engineering and operational staff. Condition information was detailed for each asset. A 1 to 5 rating system was then utilised to identify the condition of each asset.

Percentage life remaining - the rating of the asset was then used to calculate the percentage of life remaining.

Useful life - useful lives have been determined based upon experience, observed lives of assets and industry standards.

Current Replacement Cost (CRC) - the CRC has been determined has been determined based upon experience, observed lives of assets, industry standards and Rawlinson's Australian Construction Handbook.

Residual values - in practice, the residual value of many assets or components of such are often insignificant and therefore immaterial in the calculation of the depreciable amount. In the case of these assets, there would be no residual components that would be expected to last double the initial useful life. Whilst there may be a residual earthworks value, this would be negated by the cost to remove the existing fully depreciated asset. Therefore there is no residual value applied.

Depreciation - all of these assets have been assessed as to their condition. The remaining life of the asset has then been determined based on the condition assessment, the percentage life remaining and the overall useful life of the asset. The residual depreciable value of the asset was then divided by the remaining useful life to determine the annual depreciation rate.

Guardrail

Data Collection - data collection was undertaken via physical measurement by Council staff to determine dimensions and use of aerial photography for confirmation.

Componentisation - guardrail sections have been identified as individual assets.

Condition - condition assessment was undertaken by experienced Council engineering and operational staff. Condition information was detailed for each section. A 1 to 5 rating system was then utilised to identify the condition of each asset.

Percentage life remaining - the rating of the guardrail was then used to calculate the percentage of life remaining.

Useful life - useful lives have been determined based upon experience, observed lives of assets and industry standards.

Current Replacement Cost (CRC) - the CRC has been determined has been determined based upon experience, observed lives of assets, industry standards and Rawlinson's Australian Construction Handbook.

Residual values - in practice, the residual value of many assets or components of such are often insignificant and therefore immaterial in the calculation of the depreciable amount. In the case of guardrail, there would be no residual components that would be expected to last double the initial useful life. Therefore there is no residual value applied.

Depreciation - all guardrail assets have been assessed as to their condition. The remaining life of the asset has then been determined based on the condition assessment, the percentage life remaining and the overall useful life of the asset. The residual depreciable value of the asset was then divided by the remaining useful life to determine the annual depreciation rate.

Park assets (non-building) & other structures

E2-1 Fair value measurement (continued)

Data collection - data collection was undertaken via physical measurement by Council staff to determine dimensions and use of aerial photography for confirmation.

Componentisation - asset have been identified as individual assets.

Condition - condition assessment was undertaken by experienced Council engineering and operational staff. Condition information was detailed for each section. A 1 to 5 rating system was then utilised to identify the condition of each asset.

Percentage life remaining - the rating of the asset was then used to calculate the percentage of life remaining.

Useful life - useful lives have been determined based upon experience, observed lives of assets and industry standards.

Current Replacement Cost (CRC) - the CRC has been determined has been determined based upon experience, observed lives of assets, industry standards and Rawlinson's Australian Construction Handbook.

Residual values - in practice, the residual value of many assets or components of such are often insignificant and therefore immaterial in the calculation of the depreciable amount. In the case of these assets, there would be no residual components that would be expected to last double the initial useful life. Therefore there is no residual value applied.

Depreciation - all of these assets have been assessed as to their condition. The remaining life of the asset has then been determined based on the condition assessment, the percentage life remaining and the overall useful life of the asset. The residual depreciable value of the asset was then divided by the remaining useful life to determine the annual depreciation rate.

Landfill and quarry assets

See note C3-5 for background and breakdown of these assets.

Values are estimates of rehabilitation costs, and these included capping of landfill, revegetation of roadside quarries, battering of high walls, safety fencing and other associated restoration works.

There is extensive professional judgement which impacts 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 design, specification and dimensions of these assets.

Inputs include discount rates, cost escalation, cost timing and regulation changes.

E2-1 Fair value measurement (continued)

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.

	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment		
Building specialised	Cost approach	<ul style="list-style-type: none"> •Gross replacement cost •Asset condition •Remaining useful life •Residual value
Other structures	Cost approach	<ul style="list-style-type: none"> •Gross replacement cost •Asset condition •Remaining useful life •Residual value
Roads	Cost approach	<ul style="list-style-type: none"> •Gross replacement cost •Asset condition •Remaining useful life •Residual value
Bridges	Cost approach	<ul style="list-style-type: none"> •Gross replacement cost •Asset condition •Remaining useful life •Residual value
Bulk earthworks	Cost approach	<ul style="list-style-type: none"> •Gross replacement cost •Asset condition •Remaining useful life •Residual value
Footpaths	Cost approach	<ul style="list-style-type: none"> •Gross replacement cost •Asset condition •Remaining useful life •Residual value
Stormwater drainage	Cost approach	<ul style="list-style-type: none"> •Gross replacement cost •Asset condition •Remaining useful life •Residual value
Other assets	Cost approach	<ul style="list-style-type: none"> •Gross replacement cost •Asset condition •Remaining useful life •Residual value
Restoration assets	Cost approach	Environmental legislation, timing of expected cash outflows, asset condition

E2-1 Fair value measurement (continued)

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

\$ '000	Community Land		Building specialised		Other structures		Roads	
	2024	2023	2024	2023	2024	2023	2024	2023
Opening balance	10,406	5,430	18,672	14,409	1,004	918	158,031	139,409
Total gains or losses for the period								
Other movements								
Purchases (GBV)	94	82	389	1,406	11	42	7,593	6,189
Disposals (WDV)	–	–	(43)	–	–	–	(2,974)	(1,663)
Depreciation and impairment	–	–	(840)	(719)	(103)	(98)	(3,259)	(3,196)
Revaluation	360	4,894	(3,342)	3,203	139	142	10,077	13,445
Transfer from WIP	–	–	1,373	373	124	–	4,575	3,847
Other adjustments	–	–	–	–	–	–	–	–
Closing balance	10,860	10,406	16,209	18,672	1,175	1,004	174,043	158,031

\$ '000	Bridges		Bulk earthworks		Footpaths		Stormwater drainage	
	2024	2023	2024	2023	2024	2023	2024	2023
Opening balance	59,619	48,105	201,146	188,070	1,714	1,583	33,907	31,311
Total gains or losses for the period								
Other movements								
Purchases (GBV)	5,779	5,708	1,100	1,408	1	–	877	314
Disposals (WDV)	(623)	(870)	–	–	–	–	–	–
Depreciation and impairment	(916)	(963)	–	–	(32)	(34)	(554)	(516)
Revaluation	16,221	4,759	(5,420)	11,105	171	165	1,507	2,180
Transfer from WIP	2,170	2,880	618	563	37	–	221	618
Other adjustments	–	–	–	–	–	–	–	–
Closing balance	82,250	59,619	197,444	201,146	1,891	1,714	35,958	33,907

\$ '000	Other assets		Restoration assets		Swimming pools		open space / recreational assets	
	2024	2023	2024	2023	2024	2023	2024	2023
Opening balance	352	194	8,046	7,509	408	281	4,149	3,567
Total gains or losses for the period								
Other movements								
Purchases (GBV)	57	215	–	–	151	9	781	385
Disposals (WDV)	–	–	–	–	–	–	–	(16)
Depreciation and impairment	(65)	(57)	(894)	(559)	(90)	(81)	(576)	(474)
Revaluation	–	–	–	1,096	392	199	533	654
Transfer from WIP	–	–	–	–	–	–	514	33
Other adjustments	–	–	931	–	–	–	–	–
Closing balance	344	352	8,083	8,046	861	408	5,401	4,149

E2-1 Fair value measurement (continued)

\$ '000	Total	
	2024	2023
Opening balance	497,454	440,786
Purchases (GBV)	16,833	15,758
Disposals (WDV)	(3,640)	(2,549)
Depreciation and impairment	(7,329)	(6,697)
Revaluation	20,638	41,842
Transfer from WIP	9,632	8,314
Other adjustments	931	—
Closing balance	534,519	497,454

Highest and best use

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

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E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

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

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

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

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

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

The adequacy of contributions is assessed at each triennial actuarial investigation, the next of which is due effective 30 June 2024, 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 past service contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the Council.

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

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

E3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2024 was \$39,109.27. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2023.

The amount of additional contributions included in the total employer contribution advised above is \$35,014. Council's expected contribution to the plan for the next annual reporting period is \$24,652.02.

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

Defined Benefit 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 other accumulation accounts and reserves in both assets and liabilities.

The share of any funding surplus or deficit that can be attributed to Council is 0.19%.

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 22/23 2.5% per annum thereafter

* Plus promotional increases

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

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

(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.

E3-1 Contingencies (continued)

2. Other liabilities

(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.

ASSETS NOT RECOGNISED

(i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30/6/08.

(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.

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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	1,202	958
Post-employment benefits	138	92
Termination benefits	-	169
Total	1,340	1,219

Other transactions with KMP and their related parties

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

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2024	2023
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	17	16
Councillors' fees	80	79
Other Councillors' expenses (including Mayor)	26	20
Total	123	115

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F2 Other relationships

F2-1 Audit fees

\$ '000	2024	2023
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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 - Financial year end of 30 June 2024	115	–
Audit and review of financial statements - Financial year end of 30 June 2023	22	110
Audit and review of financial statements - Financial year end of 30 June 2022	18	30
Remuneration for audit and other assurance services	155	140
Total Auditor-General remuneration	155	140
Total audit fees	155	140

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G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of Operating Result

\$ '000	2024	2023
Net operating result from Income Statement	12,312	13,350
Add / (less) non-cash items:		
Depreciation and amortisation	7,879	7,262
(Gain) / loss on disposal of assets	3,864	2,509
Unwinding of discount rates on reinstatement provisions	1,182	377
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(327)	73
Increase / (decrease) in provision for impairment of receivables	(57)	(76)
(Increase) / decrease of inventories	20	(209)
(Increase) / decrease of other current assets	213	(215)
(Increase) / decrease of contract asset	(1,171)	(617)
Increase / (decrease) in payables	(344)	(391)
Increase / (decrease) in accrued interest payable	-	2
Increase / (decrease) in other accrued expenses payable	(157)	218
Increase / (decrease) in other liabilities	(105)	318
Increase / (decrease) in contract liabilities	4,667	(2,740)
Increase / (decrease) in employee benefit provision	476	86
Increase / (decrease) in other provisions	879	2,255
Net cash flows from operating activities	29,331	22,202

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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

Other	5,290	5,838
Total commitments	5,290	5,838

These expenditures are payable as follows:

Within the next year	5,290	5,838
Total payable	5,290	5,838

Sources for funding of capital commitments:

Unrestricted general funds	98	393
Future grants and contributions	5,192	5,445
Total sources of funding	5,290	5,838

Details of capital commitments

Major projects that Council has material commitments for at 30 June 2024 and anticipated to be spent during 2024-2025 include:

- Bingleburra Road Landslip repair work
- Stroud Hill Road upgrade.

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G3-1 Events occurring after the reporting date

Council is unaware of any material or significant 'non-adjusting events' that should be disclosed.

G4 Changes from prior year statements

G4-1 Correction of errors

Council needs to enter custom text here : Nature of prior period error – free format !

Council needs to enter custom text here : PLUS EITHER: !

Changes to the opening Statement of Financial Position at 1 July 2022

Statement of Financial Position

\$ '000	Original Balance 1 July, 2022	Impact Increase/ (decrease)	Restated Balance 1 July, 2022
Contract assets	-	-	-
Total current assets	-	-	-
Total assets	-	-	-
Contract liabilities	-	-	-
Total current liabilities	-	-	-
Total liabilities	-	-	-
Net assets	-	-	-
Accumulated surplus	-	-	-
Total equity	-	-	-

Adjustments to the comparative figures for the year ended 30 June 2023

Statement of Financial Position

\$ '000	Original Balance 30 June, 2023	Impact Increase/ (decrease)	Restated Balance 30 June, 2023
Contract assets	-	-	-
Total current assets	-	-	-
Infrastructure property plant & equipment	-	-	-
Total non-current assets	-	-	-
Total assets	-	-	-
Contract liabilities	-	-	-
Total current liabilities	-	-	-
Total liabilities	-	-	-
Net assets	-	-	-
Accumulated surplus	-	-	-
Total equity	-	-	-

continued on next page ...

G4-1 Correction of errors (continued)

Income Statement

\$ '000	Original Balance 30 June, 2023	Impact Increase/ (decrease)	Restated Balance 30 June, 2023
Grants and contributions provided for capital purposes	-	-	-
Total income from continuing operations	-	-	-
Materials & services	-	-	-
Total expenses from continuing operations	-	-	-
Net operating result for the year	-	-	-
Net operating result for the year before grants and contributions provided for capital purposes	-	-	-

Statement of Comprehensive Income

\$ '000	Original Balance 30 June, 2023	Impact Increase/ (decrease)	Restated Balance 30 June, 2023
Net operating result for the year	-	-	-
Total comprehensive income for the year attributable to Council	-	-	-

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G5 Statement of developer contributions

G5-1 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					
Roads	401	-	-	-	14	-	-	415	-
Traffic facilities	7	-	-	-	-	-	-	7	-
Open space	5,413	-	-	-	216	(950)	-	4,679	-
Community facilities	144	-	-	-	6	-	-	150	-
Other	1,657	448	-	-	30	(428)	-	1,707	-
Bushfire	54	-	-	-	2	-	-	56	-
S7.11 contributions – under a plan	7,676	448	-	-	268	(1,378)	-	7,014	-
Total S7.11 and S7.12 revenue under plans	7,676	448	-	-	268	(1,378)	-	7,014	-
S7.11 not under plans	269	66	-	-	13	-	-	348	-
Total contributions	7,945	514	-	-	281	(1,378)	-	7,362	-

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.

G5-2 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 NUMBER 2										
Roads	11	-	-	-	-	-	-	-	11	-
Traffic facilities	7	-	-	-	-	-	-	-	7	-
Open space	19	-	-	-	1	-	-	-	20	-
Community facilities	34	-	-	-	2	-	-	-	36	-
Bushfire	23	-	-	-	1	-	-	-	24	-
Total	94	-	-	-	4	-	-	-	98	-
CONTRIBUTION PLAN NUMBER 3										
Roads	390	-	-	-	14	-	-	-	404	-
Open space	31	-	-	-	2	-	-	-	33	-
Community facilities	110	-	-	-	4	-	-	-	114	-
Bushfire	31	-	-	-	1	-	-	-	32	-
Other	2	-	-	-	1	-	-	-	3	-
Total	564	-	-	-	22	-	-	-	586	-

G5-2 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 NUMBER 4									
Other	204	-	-	-	8	-	-	212	-
Sports fields	1,677	-	-	-	65	(950)	-	792	-
Parklands	86	-	-	-	3	-	-	89	-
Swimming pools	464	-	-	-	18	-	-	482	-
Indoor sports	482	-	-	-	19	-	-	501	-
Local community centre	170	-	-	-	7	-	-	177	-
District community centre	117	-	-	-	5	-	-	122	-
Youth venue	89	-	-	-	4	-	-	93	-
Arts and crafts centre	25	-	-	-	1	-	-	26	-
Aged facilities	83	-	-	-	3	-	-	86	-
Library	30	-	-	-	2	-	-	32	-
Pre school	316	-	-	-	13	-	-	329	-
Rural sub-arterial roads	298	-	-	-	12	-	-	310	-
Rural local roads	421	-	-	-	17	-	-	438	-
Traffic management	35	-	-	-	1	-	-	36	-
Bikeways facilities	97	-	-	-	4	-	-	101	-
Fire service	499	-	-	-	20	-	-	519	-
Section 94 administration	261	-	-	-	10	-	-	271	-
Unsealed roads and bridges	9	-	-	-	1	-	-	10	-
Total	5,363	-	-	-	213	(950)	-	4,626	-
CONTRIBUTION PLAN NUMBER 5									
Roads	1,396	350	-	-	15	(428)	-	1,333	-
Open space	215	91	-	-	12	-	-	318	-
Other	44	7	-	-	2	-	-	53	-
Total	1,655	448	-	-	29	(428)	-	1,704	-

G5-3 Contributions not under plans

\$ '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					
S7.11 CONTRIBUTIONS – NOT UNDER A PLAN									
Roads	260	66	–	–	13	–	–	339	–
Open space	9	–	–	–	–	–	–	9	–
Total	269	66	–	–	13	–	–	348	–

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G6 Statement of performance measures

G6-1 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}	(6,079)	(28.78)%	(24.92)%	(20.95)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	21,121				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	16,348	37.69%	32.06%	35.34%	> 60.00%
Total continuing operating revenue ¹	43,376				
3. Unrestricted current ratio					
Current assets less all external restrictions	12,819	0.79x	2.06x	2.13x	> 1.50x
Current liabilities less specific purpose liabilities	16,321				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	3,093	1.99x	2.23x	3.17x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	1,551				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	1,025	7.57%	7.25%	6.91%	< 10.00%
Rates and annual charges collectable	13,549				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	25,043	17.25 months	11.33 months	16.47 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	1,452				

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

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

End of the audited financial statements

H Additional Council disclosures (unaudited)

H1-1 Council information and contact details

Principal place of business:

198 Dowling Street
Dungog NSW 2420

Contact details

Mailing Address:

PO Box 95
Dungog NSW 2420

Telephone: 02 4995 7777

Opening hours:

8:45am - 4:30pm
Monday to Friday

Internet: www.dungog.nsw.gov.au

Email: shirecouncil@dungog.nsw.gov.au

Officers

General Manager

Gareth Curtis

Responsible Accounting Officer

Shaun Chandler

Auditors

Auditor General NSW

Elected members

Mayor

John Connors

Other information

ABN: 62 610 350 256

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Dungog Shire 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).

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Dungog Shire 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).

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