

Central Tablelands Water

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2023

*"An independent Regional Water Authority providing a
quality water supply - Reliably and Sustainably"*



Central Tablelands Water

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023

*"An independent Regional Water Authority providing a
quality water supply - Reliably and Sustainably"*



Central Tablelands Water

General Purpose Financial Statements

for the year ended 30 June 2023

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Overview

Central Tablelands Water is constituted under the Local Government Act 1993 (NSW) and has its principal place of business at:

30 Church Street
Blayney NSW 2799

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

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

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

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

Central Tablelands Water

General Purpose Financial Statements

for the year ended 30 June 2023

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2023.

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

Primarily records changes in the fair value of Council's Infrastructure, property, plant and equipment.

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

Central Tablelands Water

General Purpose Financial Statements

for the year ended 30 June 2023

Statement by Councillors and Management

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

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

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

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

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

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

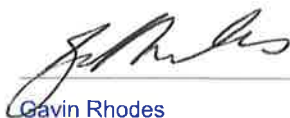
Signed in accordance with a resolution of Council made on 16 August 2023.



Cllr David Somervaille
Chairperson
16 August 2023



Cllr Andrew Rawson
Deputy Chairperson
16 August 2023



Gavin Rhodes
General Manager
16 August 2023



Peter McFarlane
Responsible Accounting Officer
16 August 2023

Central Tablelands Water

Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
	Income from continuing operations			
1,738	Annual charges	B2-1	1,720	1,658
5,868	User charges and fees	B2-2	4,956	4,456
46	Other revenues	B2-3	267	74
–	Grants and contributions provided for operating purposes	B2-4	17	16
264	Grants and contributions provided for capital purposes	B2-4	1,654	1,558
112	Interest and investment income	B2-5	289	67
23	Other income	B2-6	25	23
60	Net gain from the disposal of assets	B4-1	–	–
8,111	Total income from continuing operations		8,928	7,852
	Expenses from continuing operations			
2,422	Employee benefits and on-costs	B3-1	2,384	2,133
2,736	Materials and services	B3-2	2,583	2,192
–	Borrowing costs	B3-3	–	11
2,539	Depreciation, amortisation and impairment of non-financial assets	B3-4	2,727	2,340
12	Other expenses	B3-5	55	14
–	Net loss from the disposal of assets	B4-1	51	67
7,709	Total expenses from continuing operations		7,800	6,757
402	Operating result from continuing operations		1,128	1,095
402	Net operating result for the year attributable to Council		1,128	1,095
138	Net operating result for the year before grants and contributions provided for capital purposes		(526)	(463)

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

Central Tablelands Water

Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
Net operating result for the year – from Income Statement		1,128	1,095
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	7,557	13,634
Impairment (loss) reversal / (revaluation decrement) relating to infrastructure, property, plant and equipment	C1-7	(127)	–
Total items which will not be reclassified subsequently to the operating result		7,430	13,634
Total other comprehensive income for the year		7,430	13,634
Total comprehensive income for the year attributable to Council		8,558	14,729

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

Central Tablelands Water

Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	2022
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	2,268	933
Investments	C1-2	7,700	7,600
Receivables	C1-4	1,040	915
Inventories	C1-5	210	239
Contract assets and contract cost assets	C1-6	–	31
Other		8	17
Total current assets		11,226	9,735
Non-current assets			
Receivables	C1-4	1	1
Infrastructure, property, plant and equipment (IPPE)	C1-7	103,071	95,832
Intangible assets	C1-8	25	49
Total non-current assets		103,097	95,882
Total assets		114,323	105,617
LIABILITIES			
Current liabilities			
Payables	C3-1	567	478
Income received in advance	C3-1	27	36
Employee benefit provisions	C3-4	975	917
Total current liabilities		1,569	1,431
Non-current liabilities			
Employee benefit provisions	C3-4	21	11
Total non-current liabilities		21	11
Total liabilities		1,590	1,442
Net assets		112,733	104,175
EQUITY			
Accumulated surplus	C4-1	49,127	47,999
IPPE revaluation reserve	C4-1	63,606	56,176
Council equity interest		112,733	104,175
Total equity		112,733	104,175

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

Central Tablelands Water

Statement of Changes in Equity

for the year ended 30 June 2023

\$ '000	Notes	2023			2022		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		47,999	56,176	104,175	46,904	42,542	89,446
Net operating result for the year		1,128	–	1,128	1,095	–	1,095
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	7,557	7,557	–	13,634	13,634
– Impairment (loss) reversal relating to IPP&E	C1-7	–	(127)	(127)	–	–	–
Other comprehensive income		–	7,430	7,430	–	13,634	13,634
Total comprehensive income		1,128	7,430	8,558	1,095	13,634	14,729
Closing balance at 30 June		49,127	63,606	112,733	47,999	56,176	104,175

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

Central Tablelands Water

Statement of Cash Flows

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
Cash flows from operating activities				
Receipts:				
1,738	Rates and annual charges		1,727	1,674
5,868	User charges and fees		4,855	4,483
112	Interest received		142	51
264	Grants and contributions		1,813	1,275
–	Bonds, deposits and retentions received		–	2
69	Other		791	518
Payments:				
(2,422)	Payments to employees		(2,316)	(2,157)
(2,736)	Payments for materials and services		(2,804)	(2,222)
–	Borrowing costs		–	(11)
(12)	Other		(209)	(465)
2,881	Net cash flows from operating activities	G1-1	3,999	3,148
Cash flows from investing activities				
Receipts:				
–	Sale of investments		7,600	6,100
282	Proceeds from sale of IPPE		130	257
–	Deferred debtors receipts		18	1
Payments:				
(1,000)	Acquisition of term deposits		(100)	–
–	Deferred debtors and advances made		(19)	–
(2,376)	Payments for IPPE		(2,693)	(1,852)
–	Purchase of investments		(7,600)	(7,600)
(3,094)	Net cash flows from investing activities		(2,664)	(3,094)
Cash flows from financing activities				
Payments:				
–	Repayment of borrowings		–	(413)
–	Net cash flows from financing activities		–	(413)
(213)	Net change in cash and cash equivalents		1,335	(359)
900	Cash and cash equivalents at beginning of year		933	1,292
687	Cash and cash equivalents at end of year	C1-1	2,268	933
8,000	plus: Investments on hand at end of year	C1-2	7,700	7,600
8,687	Total cash, cash equivalents and investments		9,968	8,533

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

Central Tablelands Water

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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 05 October 2023. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (Act)* and *Local Government (General) Regulation 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, 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. employee benefit provisions – refer Note C3-4.

Significant judgements in applying the Council's accounting policies

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

Goods and Services Tax (GST)

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

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

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

A1-1 Basis of preparation (continued)

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2023 reporting period.

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

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

New accounting standards adopted during the year

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 30 June 2023.

None of these standards have had any impact on Council's reported financial position.

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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Functions or activities										
Governance	–	–	274	193	(274)	(193)	–	–	–	–
Water supplies	8,928	7,852	7,526	6,564	1,402	1,288	1,671	1,574	114,323	105,617
Total functions and activities	8,928	7,852	7,800	6,757	1,128	1,095	1,671	1,574	114,323	105,617

B1-2 Components of functions or activities

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

Governance

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

Water supplies

Comprising the water supply systems servicing towns and villages within the Blayney, Cabonne, Weddin, Bland and Cowra Local Government Areas.

B2 Sources of income

B2-1 Annual charges

\$ '000	2023	2022
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Residential	1,177	1,131
Commercial	279	268
Rural	199	192
Industrial	37	38
Other	69	71
Less: pensioner rebates (mandatory)	(92)	(93)
Annual charges levied	1,669	1,607
Pensioner annual charges subsidies received:		
– Water	51	51
Total annual charges	1,720	1,658
TOTAL ANNUAL CHARGES	1,720	1,658
Timing of revenue recognition for rates and annual charges		
Rates and annual charges recognised at a point in time (2)	1,720	1,658
Total rates and annual charges	1,720	1,658

Accounting policy for annual charges

Annual charges are recognised as revenue when the Council obtains control over the assets comprising these receipts.

Pensioner rebates relate to reductions in certain annual charges for eligible pensioners' place of residence in the local government council area. These rebates are funded 55% by the NSW Government and 45% by Council.

Pensioner subsidies are received from the NSW Government to provide a contribution 55% towards the pensioner rebates.

Control over assets acquired from annual charges is obtained when a quarterly water account is issued as it is an enforceable debt linked to the serviced property.

B2-2 User charges and fees

\$ '000	Timing	2023	2022
Specific user charges (per s502 - specific 'actual use' charges)			
Residential	2	2,292	2,116
Commercial	2	607	541
Rural	2	901	757
Industrial	2	617	584
Bulk supplies to Council	2	76	70
Other	2	289	158
Total specific user charges		4,782	4,226
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s608)			
Private works – section 67	2	142	189
Section 603 certificates	2	25	33
Total fees and charges – statutory/regulatory		167	222
(ii) Fees and charges – other (incl. general user charges (per s608))			
Special meter readings and reconnection fees	2	7	8
Total fees and charges – other		7	8
Total other user charges and fees		174	230
Total user charges and fees		4,956	4,456
Timing of revenue recognition for user charges and fees			
User charges and fees recognised at a point in time (2)		4,956	4,456
Total user charges and fees		4,956	4,456

Accounting policy

User charges and fees are recognised as revenue when the service has been provided. Water user charges are recognised after the water has passed the point of supply (usually the water meter) and the actual usage has been determined by a meter reading.

B2-3 Other revenues

\$ '000	Timing	2023	2022
Legal fees recovery – rates and charges (extra charges)	2	27	11
Legal fees recovery – other	2	–	2
Diesel rebate	2	1	1
Employee contributions to motor vehicles	2	30	31
Insurance incentives and rebates	2	9	6
Investments recovery		25	–
Workers compensation claim reimbursement	2	174	20
Other	2	1	3
Total other revenue		267	74
Timing of revenue recognition for other revenue			
Other revenue recognised at a point in time (2)		267	74
Total other revenue		267	74

Accounting policy 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 are recognised as revenue when the service has been provided, the payment is received or when the penalty has been applied, whichever occurs first.

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

B2-4 Grants and contributions

\$ '000	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Special purpose grants and non-developer contributions (tied)					
Water supplies	1	17	15	998	649
Other councils – joint works/services	2	–	–	37	15
Other specific grants	2	–	1	–	–
Developer charges – mains extensions	2	–	–	140	133
Non-cash contributions					
Dedications	2	–	–	–	136
Total other contributions – non-cash		–	–	–	136
Total grants and non-developer contributions		17	16	1,175	933
Comprising:					
– State funding		17	15	–	649
– Other funding		–	1	1,175	284
		17	16	1,175	933

Developer contributions

\$ '000	Notes	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):			F4			
Cash contributions						
S 64 – water supply contributions		2	–	–	479	625
Total developer contributions – cash			–	–	479	625
Total developer contributions			–	–	479	625
Total contributions			–	–	479	625
Total grants and contributions			17	16	1,654	1,558
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			17	15	–	649
Grants and contributions recognised at a point in time (2)			–	1	1,654	909
Total grants and contributions			17	16	1,654	1,558

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 2023	Operating 2022	Capital 2023	Capital 2022
Unspent grants and contributions				
Unspent funds at 1 July	—	—	—	75
Add: Funds received and not recognised as revenue in the current year	—	—	—	—
Less: Funds received in prior year but revenue recognised and funds spent in current year	—	—	—	(15)
Less: Funds received in prior year and refunded in current year	—	—	—	(60)
Unspent funds at 30 June	—	—	—	—

Accounting policy

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 milestones within AASB 15 grants. 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.

B2-4 Grants and contributions (continued)

Other grants and contributions

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

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

B2-5 Interest and investment income

\$ '000	2023	2022
Interest on financial assets measured at amortised cost		
– Overdue user and annual charges	19	18
– Cash and investments	270	49
Total interest and investment income (losses)	289	67
Interest and investment income is attributable to:		
Restricted investments/funds – external:		
Water fund operations	289	67
Total interest and investment income	289	67

Accounting policy

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

B2-6 Other income

\$ '000	Notes	2023	2022
Rental income			
Land		25	23
Total rental income	C2-2	25	23
Total other income		25	23

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2023	2022
Salaries and wages	1,839	1,730
Employee leave entitlements (ELE)	303	182
Superannuation – defined contribution plans	190	174
Superannuation – defined benefit plans	16	17
Workers' compensation insurance	49	43
Fringe benefit tax (FBT)	25	30
Payroll tax	60	41
Employee assistance program	10	1
Total employee costs	2,492	2,218
Less: capitalised costs	(108)	(85)
Total employee costs expensed	2,384	2,133
Number of 'full-time equivalent' employees (FTE) at year end	24	23

Accounting policy

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 D3-1 for more information.

B3-2 Materials and services

\$ '000	Notes	2023	2022
Raw materials and consumables		901	721
Contractor costs		652	513
Audit Fees	E2-1	63	37
Councillor and Chairperson's fees and associated expenses	E1-2	101	84
Advertising		17	13
Bank charges		34	33
Electricity and heating		318	339
Insurance		168	145
Postage		29	27
Printing and stationery		20	20
Subscriptions and publications		49	51
Telephone and communications		55	65
Travel expenses		9	2
Demand management (water wise programme) expenses		6	4
Groundwater and unregulated access fees		28	22
Training costs (other than salaries and wages)		42	31
Other expenses		60	64
Legal expenses:			
– Legal expenses: debt recovery		25	13
– Legal expenses: other		3	5
Expenses from leases of low value assets		3	3
Total materials and services		2,583	2,192
Total materials and services		2,583	2,192

Accounting policy

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

B3-3 Borrowing costs

\$ '000	2023	2022
(i) Interest bearing liability costs		
Interest on loans	–	11
Total interest bearing liability costs	–	11
Total interest bearing liability costs expensed	–	11
Total borrowing costs expensed	–	11

Accounting policy

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	2023	2022
Depreciation and amortisation			
Plant and equipment		175	171
Office equipment		17	21
Furniture and fittings		1	1
Infrastructure:	C1-7		
– Buildings – non-specialised		66	62
– Water supply network		2,444	2,062
Intangible assets	C1-8	24	23
Total gross depreciation and amortisation costs		2,727	2,340
Total depreciation and amortisation costs		2,727	2,340
Impairment / revaluation decrement of IPPE			
Infrastructure:	C1-7		
– Water supply network		127	–
Total gross IPPE impairment / revaluation decrement costs		127	–
Amounts taken through revaluation reserve	C1-7	(127)	–
Total IPPE impairment / revaluation decrement costs charged to Income Statement		–	–
Total depreciation, amortisation and impairment for non-financial assets		2,727	2,340

Accounting policy

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	2023	2022
Other		
Donations, contributions and assistance to other organisations (Section 356)	55	14
Total other expenses	55	14

Accounting policy

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

Impairment expenses are recognised when identified.

B4 Gains or losses

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

\$ '000	Notes	2023	2022
Gain (or loss) on disposal of plant and equipment	C1-7		
Proceeds from disposal – plant and equipment		130	257
Less: carrying amount of plant and equipment assets sold/written off		(78)	(146)
Gain (or loss) on disposal		52	111
Gain (or loss) on disposal of infrastructure	C1-7		
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure assets sold/written off		(103)	(178)
Gain (or loss) on disposal		(103)	(178)
Gain (or loss) on disposal of investments	C1-2		
Proceeds from disposal/redemptions/maturities – investments		7,600	6,100
Less: carrying amount of investments sold/redeemed/matured		(7,600)	(6,100)
Gain (or loss) on disposal		–	–
Net gain (or loss) from disposal of assets		(51)	(67)

Accounting policy

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

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 22 June 2022 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	2023 Budget	2023 Actual	2023 ----- Variance -----	
Revenues				
User charges and fees	5,868	4,956	(912)	(16)% U
Revenue from user fees and charges was down due to lower water usage.				
Other revenues	46	267	221	480% F
\$174,000 was received in reimbursement for a long term workers compensation claim and \$25,000 from an investment recovery which relates back to impaired investments in the Global Financial Crisis.				
Operating grants and contributions	–	17	17	∞ F
\$17,000 was received for the Caragabal water feasibility study.				
Capital grants and contributions	264	1,654	1,390	527% F
The original budget did not include grant funding for the new Carcoar Water Treatment Plant reservoir as the project was a carryover from the prior year.				
Interest and investment revenue	112	289	177	158% F
Investment revenue was significantly higher due to the rise in interest rates.				
Expenses				
Other expenses	12	55	(43)	(358)% U
A water allowance was provided free of charge to Eugowra village residents to assist with recovery and clean up following the significant flood event in November 2022.				
Net losses from disposal of assets	–	51	(51)	∞ U
Proceeds from sales of motor vehicles was slightly less than budget and there were a number of redundant infrastructure assets written off which resulted in a net loss on disposal.				
Statement of cash flows				
Cash flows from operating activities	2,881	3,999	1,118	39% F
Cash flows from operating activities was higher than budget due to the increase in capital grants.				
Cash flows from investing activities	(3,094)	(2,664)	430	(14)% F
Investments were not purchased which resulted in more funds being held in cash and cash equivalents.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2023	2022
Cash assets		
Cash on hand and at bank	1,568	433
Cash equivalent assets		
– Deposits at call	200	500
– Short-term deposits	500	–
Total cash and cash equivalents	2,268	933

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	2,268	933
Balance as per the Statement of Cash Flows	2,268	933

Accounting policy

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.

C1-2 Financial investments

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Debt securities at amortised cost				
Long term deposits	7,700	–	7,600	–
Total	7,700	–	7,600	–
Total financial investments	7,700	–	7,600	–
Total cash assets, cash equivalents and investments	9,968	–	8,533	–

Accounting policy

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.

Financial assets are not reclassified subsequent to their initial recognition. All Council's existing investments are measured at amortised cost.

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.

C1-2 Financial investments (continued)

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

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

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

\$ '000	2023	2022
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	9,968	8,533
Less: Externally restricted cash, cash equivalents and investments	(12)	(12)
Cash, cash equivalents and investments not subject to external restrictions	9,956	8,521
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Other contributions	12	12
Total external restrictions	12	12

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.

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

\$ '000	2023	2022
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(b) Internal allocations**Cash, cash equivalents and investments not subject to external restrictions**

9,956	8,521
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Less: Internally restricted cash, cash equivalents and investments

(9,456)	(8,021)
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Unrestricted and unallocated cash, cash equivalents and investments

500	500
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Internal allocations

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

Plant and vehicle replacement	771	671
Infrastructure replacement	7,465	6,200
Employees leave entitlement	598	558
Development reserve	482	482
Consultancy	140	110
Total internal allocations	9,456	8,021

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

\$ '000	2023	2022
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(c) Unrestricted and unallocated

Unrestricted and unallocated cash, cash equivalents and investments	500	500
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C1-4 Receivables

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
User charges and fees	554	–	462	–
Accrued revenues				
– Interest on investments	176	–	29	–
Amounts due from other councils	14	–	24	–
Deferred debtors	8	1	7	1
Government grants and subsidies	265	–	376	–
Net GST receivable	12	–	17	–
Other debtors	19	–	8	–
Total	1,048	1	923	1
Less: provision for impairment				
User charges and fees	(8)	–	(8)	–
Total provision for impairment – receivables	(8)	–	(8)	–
Total net receivables	1,040	1	915	1

\$ '000	2023	2022
Movement in provision for impairment of receivables		
Balance at the beginning of the year	8	8
Balance at the end of the year	8	8

Accounting policy

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 water 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, or when the receivables are over 2 years past due, whichever occurs first.

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.

C1-5 Inventories

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
(i) Inventories at cost				
Stores and materials	210	–	239	–
Total inventories at cost	210	–	239	–
Total inventories	210	–	239	–

(i) Other disclosures

Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at cost. 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. Freight costs incurred in getting stores into their current location is expensed.

C1-6 Contract assets and Contract cost assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Contract assets	–	–	31	–
Total contract assets and contract cost assets	–	–	31	–

Contract assets

Grants Capital	–	–	31	–
Total contract assets	–	–	31	–

Significant changes in contract assets

Council has grant approvals for several new projects however no income has yet been received.

Accounting policy

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 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	Impairment loss / revaluation decrements (recognised in equity)	WIP transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	2,656	—	2,656	72	1,006	—	—	—	(392)	—	3,342	—	3,342
Plant and equipment	1,521	(849)	672	—	209	(78)	(175)	—	—	—	1,587	(959)	628
Office equipment	164	(137)	27	—	15	—	(17)	—	—	—	180	(155)	25
Furniture and fittings	39	(36)	3	—	—	—	(1)	—	—	—	39	(37)	2
Land:													
— Operational land	2,366	—	2,366	—	—	—	—	—	—	615	2,981	—	2,981
Infrastructure:													
— Buildings	2,853	(1,199)	1,654	—	12	—	(66)	—	—	414	3,599	(1,585)	2,014
— Water supply network	161,436	(72,982)	88,454	674	705	(103)	(2,444)	(127)	392	6,528	174,783	(80,704)	94,079
Total infrastructure, property, plant and equipment	171,035	(75,203)	95,832	746	1,947	(181)	(2,703)	(127)	—	7,557	186,511	(83,440)	103,071

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

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period							At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation increments to equity (ARR)		Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	1,895	—	1,895	298	664	—	—	(201)	—		2,656	—	2,656
Plant and equipment	1,349	(821)	528	—	461	(146)	(171)	—	—		1,521	(849)	672
Office equipment	156	(116)	40	—	8	—	(21)	—	—		164	(137)	27
Furniture and fittings	39	(35)	4	—	—	—	(1)	—	—		39	(36)	3
Land:													
— Operational land	2,366	—	2,366	—	—	—	—	—	—		2,366	—	2,366
Infrastructure:													
— Buildings – non-specialised	2,853	(1,145)	1,708	8	—	—	(62)	—	—		2,853	(1,199)	1,654
— Water supply network	146,583	(70,273)	76,310	330	219	(178)	(2,062)	201	13,634		161,436	(72,982)	88,454
Total infrastructure, property, plant and equipment	155,241	(72,390)	82,851	636	1,352	(324)	(2,317)	—	13,634		171,035	(75,203)	95,832

(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)

Accounting policy

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
Office equipment	5 to 10
Office furniture	10 to 20
Computer equipment	3
Vehicles	5 to 8
Other plant and equipment	5 to 15

Water assets

Dams and reservoirs	20 to 200
Bores	30 to 50
Reticulation pipes: PVC	80 to 100
Reticulation pipes: other	50 to 100
Pumps stations	15 to 100
Telemetry	15
Treatment Plants	15 to 80
Trunk mains	50 to 100

Buildings

Buildings: masonry	50 to 100
Buildings: other	20 to 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 current fair value.

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Department of Planning, Industry and Environment – Water.

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.

Infrastructure, property, plant and equipment – current year impairments

\$ '000	2023	2022
Impairment losses recognised direct to equity (ARR):		
– Broad Street Eugowra pump station	(127)	–
Total impairment losses	(127)	–
Impairment of assets – direct to equity (ARR)	(127)	–

C1-8 Intangible assets

Intangible assets are as follows:

\$ '000	2023	2022
Software		
Opening values at 1 July		
Gross book value	117	117
Accumulated amortisation	(68)	(45)
Net book value – opening balance	49	72
Movements for the year		
Amortisation charges	(24)	(23)
Closing values at 30 June		
Gross book value	117	117
Accumulated amortisation	(92)	(68)
Total software – net book value	25	49
Total intangible assets – net book value	25	49

Accounting policy

IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs relating to minor software purchases or modifications to existing software are expensed as incurred and are not capitalised,

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

C2 Leasing activities

C2-1 Council as a lessee

Council has a lease for a photocopier. Information relating to the leases in place and associated balances and transactions is provided below.

Terms and conditions of leases

Office and IT equipment

The lease for office equipment is for a low value asset. The lease is 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	2023	2022
Expenses relating to low-value leases	3	3
	3	3

(b) Statement of Cash Flows

Total cash outflow for leases	3	3
	3	3

Accounting policy

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.

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

Council leases out a number of properties for grazing purposes and communication towers. These leases been classified as operating leases for financial reporting purposes and the assets are included as IPP&E in the Statement of Financial Position.

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

\$ '000	2023	2022
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(ii) Assets held as property, plant and equipment

Council provides operating leases on Council land for the purpose of grazing. The table below relates to operating leases on assets disclosed in C1-7. Council also has right of access agreements with the NBN and NSW Telco Authority to allow for the installation and maintenance of communications equipment on council infrastructure such as reservoirs. The agreements give no other rights over the assets and therefore the value of these assets has not been included in the IPP&E table below.

Lease income (excluding variable lease payments not dependent on an index or rate)	25	23
Total income relating to operating leases for Council assets	25	23

Amount of IPPE leased out by Council under operating leases

Land	496	453
Total amount of IPPE leased out by Council under operating leases	496	453

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

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

< 1 year	26	25
1–2 years	26	25
2–3 years	27	25
3–4 years	16	25
4–5 years	16	13
> 5 years	77	79
Total undiscounted lease payments to be received	188	192

Accounting policy

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	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Payables				
Goods and services	202	–	194	–
Accrued expenses:				
– Salaries and wages	79	–	74	–
– Other expenditure accruals	120	–	51	–
Security bonds, deposits and retentions	12	–	12	–
Prepaid user charges	154	–	147	–
Total payables	567	–	478	–
Income received in advance				
Payments received in advance	27	–	36	–
Total income received in advance	27	–	36	–
Total payables	594	–	514	–

Accounting policy

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.

The financial liabilities of the Council comprise trade payables, bank and other loans.

Payables

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

C3-2 Contract Liabilities

There are no contract liabilities as at 30 June 2023.

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

\$ '000	2023	2022
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	–	15
Total revenue recognised that was included in the contract liability balance at the beginning of the period	–	15

Accounting policy

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

	2021		Non-cash movements				2022
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
\$ '000							
Loans – secured	413	(413)	–	–	–	–	–
Total liabilities from financing activities	413	(413)	–	–	–	–	–

Financing arrangements

\$ '000	2023	2022
Total facilities		
Credit cards/purchase cards	45	45
Total financing arrangements	45	45
Undrawn facilities		
– Credit cards/purchase cards	45	45
Total undrawn financing arrangements	45	45

Accounting policy

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

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

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

C3-4 Employee benefit provisions

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Annual leave	370	–	313	–
Long service leave	605	21	604	11
Total employee benefit provisions	975	21	917	11

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

\$ '000	2023	2022
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	726	692
	726	692

Accounting policy

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.

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

D Risks and accounting uncertainties

D1-1 Risks relating to financial instruments held

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

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

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

Financial risk management is carried out by Council's corporate department under policies approved by the Council.

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

(a) Market risk – interest rate and price risk

\$ '000	2023	2022
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	84	81

(b) Credit risk

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

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing debt recovery procedures. Council also encourages consumers to pay their water charges by the due date to avoid late payment charges.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are approved deposit institutions regulated by the Australian Prudential Regulatory Authority.

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

Council makes suitable provision for doubtful receivables as required.

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

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

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue	overdue rates and annual charges		Total
		< 5 years	≥ 5 years	
2023				
Gross carrying amount	374	180	–	554
2022				
Gross carrying amount	373	89	–	462

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	
2023						
Gross carrying amount	491	–	1	–	3	495
Expected loss rate (%)	1.60%	0.00%	0.00%	0.00%	0.00%	1.59%
ECL provision	8	–	–	–	–	8
2022						
Gross carrying amount	491	–	1	1	–	493
Expected loss rate (%)	1.60%	0.00%	0.00%	0.00%	0.00%	1.59%
ECL provision	8	–	–	–	–	8

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

(c) Liquidity risk

Payables and borrowings are both subject to liquidity risk – 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 maintaining an adequate cash buffer.

Payment terms can (in extenuating circumstances) also be extended and overdraft facilities utilised as required.

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

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 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: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2023							
Payables	0.00%	12	555	–	–	567	567
Total financial liabilities		12	555	–	–	567	567
2022							
Payables	0.00%	12	466	–	–	478	478
Total financial liabilities		12	466	–	–	478	478

D2-1 Fair value measurement

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

– Infrastructure, property, plant and equipment

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).

		Fair value measurement hierarchy					
\$ '000	Notes	Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022	2023	2022
Recurring fair value measurements							
Infrastructure, property, plant and equipment	C1-7						
Plant & Equipment		–	–	628	672	628	672
Office Equipment		–	–	25	27	25	27
Furniture & Fittings		–	–	2	3	2	3
Operational Land		–	–	2,981	2,366	2,981	2,366
Buildings		524	314	1,490	1,340	2,014	1,654
Water Supply Network		–	–	94,079	88,454	94,079	88,454
Capital Works in Progress		–	–	3,342	2,656	3,342	2,656
Total infrastructure, property, plant and equipment		524	314	102,547	95,518	103,071	95,832

D2-1 Fair value measurement (continued)

Valuation techniques

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

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

Infrastructure, property, plant and equipment (IPPE)

Plant & Equipment, Office Equipment and Furniture & Fittings

Loader, vehicles, trucks, computers, desks, chairs, cupboards, etc. - (Level 3)

Valuation Technique - Cost approach

These assets are valued at cost but are disclosed at fair value in Note C1-7. The carrying amount of these assets are assumed to approximate fair value due to the nature of the items and their short useful lives.

Operational Land - (Level 3)

Valuation Technique - Market approach

This asset class comprises all of Council's land classified as Operational Land under the NSW Local Government Act 1993. The key unobservable input to the valuation is the price per square metre. The last valuation was undertaken at 30 June 2023 and was performed by AssetVal by Regan Kenealy, Certified Practising Valuer AAPI.

Buildings – (Level 2 and 3)

Council Office, Council Depots and Council Filtration Plant Buildings

Council's Buildings were last valued on 30 June 2023 by AssetVal by Regan Kenealy, Certified Practising Valuer AAPI. Fair value was determined using the Cost approach (using depreciated current replacement cost). This method determines the cost to market participant to acquire or construct a similar building of comparable service potential adjusted for depreciation or obsolescence.

The market approach was applied to two buildings where sufficient sales evidence existed to permit recent sales history to permit a market value to be determined.

Water Supply Network

Trunk Mains, Reticulation Mains, Filtration Plants, Reservoirs, Pump Stations, Bores, Dams, Telemetry - (Level 3)

The Water Supply Network was revalued on 30 June 2022 by Australis Asset Advisory Group who have extensive experience and qualifications in the valuation of assets of this type. The valuation was completed in accord with fair valuation principles. These principles lead to valuations being made on the basis of depreciated replacement costs using standard unit rates. The valuation considered the nature and condition of the assets based upon physical inspection and asset data such as asset life.

D2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

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

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

\$ '000	Fair value (30/6/23) 2023	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment			
Plant & Equipment	628	Refer Note D2-1 above	Increase/decrease in cost of unit or useful life
Office Equipment	25	Refer Note D2-1 above	Increase/decrease in cost of unit or useful life
Furniture & Fittings	2	Refer Note D2-1 above	Increase/decrease in cost of unit or useful life
Operational Land	2,981	Refer Note D2-1 above	Increase/decrease in land value, land area
Buildings	1,490	Refer Note D2-1 above	Market value
Water Supply Network	94,079	Refer Note D2-1 above	Increase/decrease in cost of unit or useful life, asset condition
Capital Works in Progress	3,342	Refer Note D2-1 above	Increase/decrease in cost of unit

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

\$ '000	IPP&E	
	2023	2022
Opening balance	95,518	82,539
Total gains or losses for the period		
Recognised in other comprehensive income – revaluation surplus	7,452	13,634
Other movements		
Purchases (GBV)	2,681	1,980
Disposals (WDV)	(181)	(324)
Depreciation and impairment	(2,923)	(2,311)
Closing balance	102,547	95,518

Information relating to the transfers into and out of the level 3 fair valuation hierarchy includes:

There have been no transfers between level 2 and level 3 hierarchy.

Highest and best use

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

D3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

(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 8.0% of salaries or the year ended 30 June 2023 (increasing to 8.5% in line with the increase in 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 2022. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

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

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

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2023 was \$ 9,414.09. The last valuation of the Scheme was performed by Fund Actuary, Richard Boyfield, FIAA, as at 30 June 2022.

D3-1 Contingencies (continued)

The amount of additional contributions included in the total employer contribution advised above is \$7,515.48. Council's expected contribution to the plan for the next annual reporting period is \$9,745.80

The estimated employer reserves financial position for the Pooled Employers at 30 June 2023 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	2,290.9	
Past Service Liabilities	2,236.1	102.4%
Vested Benefits	2,253.6	101.7%

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

Based on on Past Service Liabilities Methodology the share of any surplus or deficit can be attributed to Central Tablelands Water is .04%.

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	6.0% per annum 22/23 2.5% thereafter

* Plus promotional increases

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

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review, which will be a triennial actuarial investigation will be completed by December 2023.

(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 30/6/21 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.

2. Other liabilities

D3-1 Contingencies (continued)

(i) Third party claims

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

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

E People and relationships

E1 Related party disclosures

E1-1 Key management personnel (KMP)

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

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

\$ '000	2023	2022
Compensation:		
Short-term benefits	554	515
Post-employment benefits	82	81
Other long-term benefits	15	15
Total	651	611

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. water supply services to KMP) will not be disclosed. There were no non arm's length related party transactions between KMP and Council during the year ended 30 June, 2023.

E1-2 Councillor and Chair fees and associated expenses

\$ '000	2023	2022
The aggregate amount of Councillor and Chair fees and associated expenses included in materials and services expenses in the Income Statement are:		
Member expenses – chairperson’s fee	17	14
Member expenses – member fees	63	57
Members Expenses - superannuation	7	–
Member expenses (incl. chairperson) – other (excluding fees above)	14	13
Total	101	84

E2 Other relationships

E2-1 Audit fees

\$ '000	2023	2022
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	38	33
Remuneration for audit and other assurance services	38	33
Total Auditor-General remuneration	38	33
Non NSW Auditor-General audit firms		
(i) Audit and other assurance services		
Other audit and assurance services – Internal Audit	25	4
Remuneration for audit and other assurance services	25	4
Total remuneration of non NSW Auditor-General audit firms	25	4
Total audit fees	63	37

F Other matters

F1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

\$ '000	2023	2022
Net operating result from Income Statement	1,128	1,095
Add / (less) non-cash items:		
Depreciation and amortisation	2,727	2,340
(Gain) / loss on disposal of assets	51	67
Non-cash capital grants and contributions	–	(136)
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(124)	(170)
(Increase) / decrease of inventories	29	(39)
(Increase) / decrease of other current assets	9	(8)
(Increase) / decrease of contract asset	31	129
Increase / (decrease) in payables	8	9
Increase / (decrease) in other accrued expenses payable	74	(61)
Increase / (decrease) in other liabilities	(2)	28
Increase / (decrease) in contract liabilities	–	(75)
Increase / (decrease) in employee benefit provision	68	(31)
Net cash flows from operating activities	3,999	3,148

F2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2023	2022
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Plant and equipment	71	–
Water Infrastructure	2,769	3,485
Total commitments	2,840	3,485
These expenditures are payable as follows:		
Within the next year	2,840	3,485
Total payable	2,840	3,485
Sources for funding of capital commitments:		
Future grants and contributions	1,959	2,675
Internally restricted reserves	881	810
Total sources of funding	2,840	3,485

Details of capital commitments

Council has capital commitments for the project management and construction of a new 12 megalitre reservoir at Carcoar water filtration plant.

F3-1 Events occurring after the reporting date

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

F4 Statement of developer contributions as at 30 June 2023

F4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
S64 contributions	—	479	—	—	—	(479)	—	—	—
Total contributions	—	479	—	—	—	(479)	—	—	—

Under Section 64 of the Local Government Act 1993 , Council has obligations to provide water infrastructure in accordance with its Development Servicing Plan.

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.

F5 Statement of performance measures

F5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2023	Indicator 2023	Prior periods 2022 2021		Benchmark
1. Operating performance ratio					
Total continuing operating revenue ^{(1) (2)} excluding capital grants and contributions less operating expenses	<u>(475)</u>	-6.53%	-6.29%	-24.27%	> 0.00%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	<u>7,274</u>				
2. Own source operating revenue ratio					
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	<u>7,257</u>	81.28%	79.95%	76.07%	> 60.00%
Total continuing operating revenue ⁽¹⁾	<u>8,928</u>				
3. Unrestricted current ratio					
Current assets less all external restrictions	<u>11,214</u>	13.49x	13.37x	7.26x	> 1.5x
Current liabilities less specific purpose liabilities	<u>831</u>				
4. Debt service cover ratio					
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	<u>2,252</u>	0.00x	4.61x	2.20x	> 2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<u>—</u>				
5. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	<u>9,968</u>	22.45 mths	19.4 mths	16.3 mths	> 3 mths
Monthly payments from cash flow of operating and financing activities	<u>444</u>				
WATER AVAILABILITY & USER CHARGES RATIO					
Council has operated under a "user pays" system since January 1994 and has not raised rates since that time. Since Council does not have any rates within it's income base, the ratios shown below have more relevance:					
6. Annual water charges coverage ratio					
Annual water charges	<u>6,502</u>	89.39%	93.49%	94.07%	
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	<u>7,274</u>				
7. Annual water charges, interest and extra charges outstanding percentage					
Annual water and extra charges outstanding	<u>554</u>	7.92%	7.28%	7.57%	
Annual water and extra charges collectible	<u>6,999</u>				

Notes

⁽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

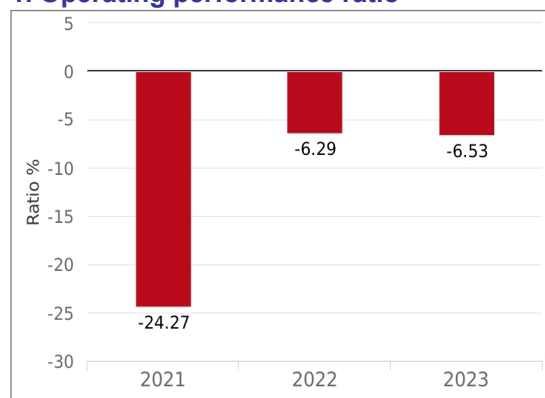
⁽²⁾ Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

End of the audited financial statements

G Additional Council disclosures (unaudited)

G1-1 Statement of performance measures – consolidated results (graphs)

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2022/23 result

2022/23 ratio (6.53)%

Council's operating result was impacted by lower than expected water sales due to wet weather. Depreciation costs on infrastructure also increased due to the full impact of the revaluation of water assets at 30 June 2022.

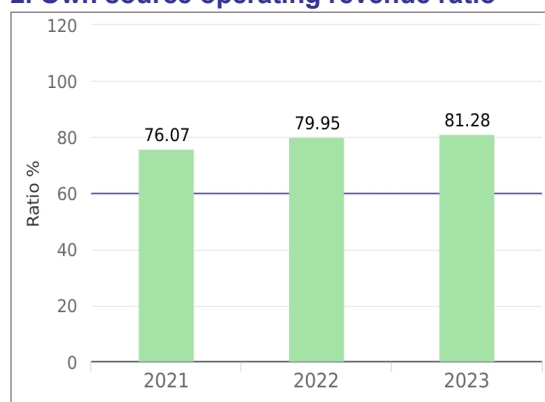
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2022/23 result

2022/23 ratio 81.28%

Council has a strong level of own source revenue through water availability and water sales. Council has limited opportunities to access grants.

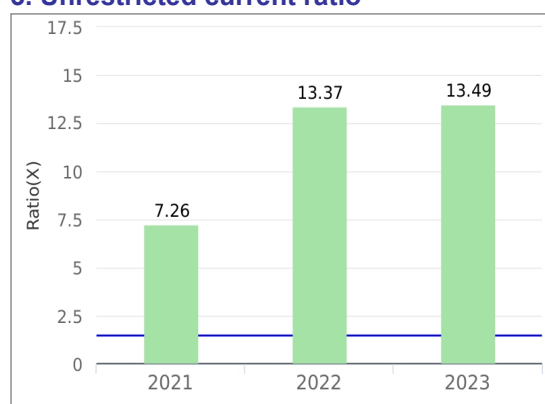
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2022/23 result

2022/23 ratio 13.49x

Council continues to maintain a strong liquidity position. Council is able to meet its debts as and when they fall due.

Benchmark: — > 1.50x

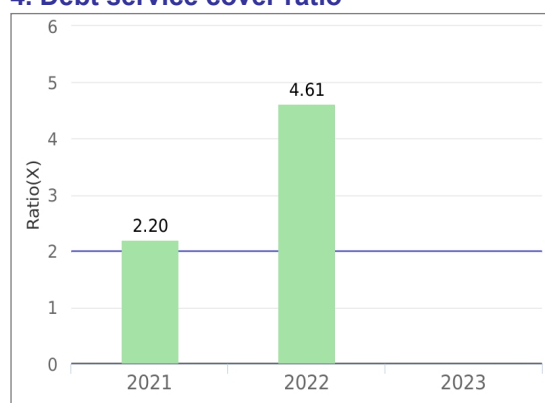
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

G1-1 Statement of performance measures – consolidated results (graphs) (continued)

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2022/23 result

2022/23 ratio ∞

Council currently has no borrowings.

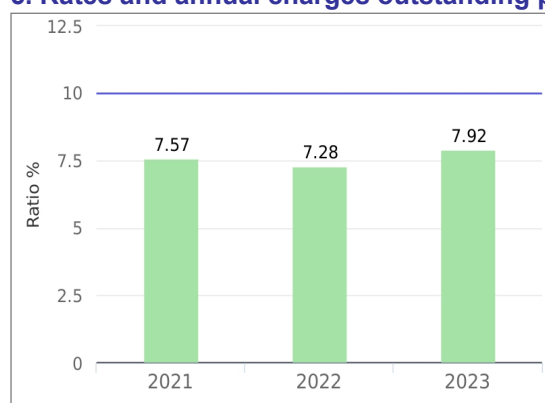
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2022/23 result

2022/23 ratio 7.92%

Outstanding water charges continue at consistent levels to the previous two years. Council has undertaken a higher level of debt recovery action since the end of the COVID pandemic and this has assisted in maintaining the ratio at a satisfactory level.

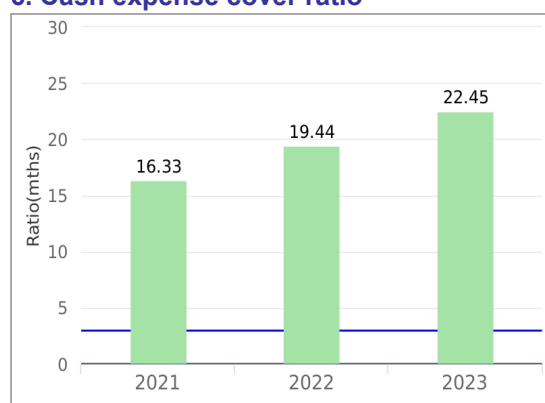
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2022/23 result

2022/23 ratio 22.45 months

Council has a strong capacity to meet its operating expenses in the event of anything happening that may adversely impact its revenue inflows.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

G1-2 Financial review

Key financial figures of Council over the past 5 years

\$ '000	2023	2022	2021	2020	2019
Inflows:					
Rates and annual charges revenue	1,720	1,658	1,602	1,573	1,523
User charges revenue	4,956	4,456	3,968	5,015	4,929
Interest and investment revenue (losses)	289	67	59	120	195
Grants income – operating and capital	1,192	949	1,492	630	11,565
Total income from continuing operations	8,928	7,852	7,504	7,720	18,861
Sale proceeds from IPPE	130	257	97	321	154
Outflows:					
Employee benefits and on-cost expenses	2,384	2,133	2,222	1,991	2,026
Borrowing costs	–	11	49	83	114
Materials and contracts expenses	2,583	2,192	2,236	2,232	1,046
Total expenses from continuing operations	7,800	6,757	7,330	7,129	6,894
Total cash purchases of IPPE	2,693	1,852	2,105	2,351	3,576
Total loan repayments (incl. finance leases)	–	413	532	497	466
Operating surplus/(deficit) (excl. capital income)	(526)	(463)	(1,582)	(265)	82
Financial position figures					
Current assets	11,226	9,735	8,504	7,916	7,245
Current liabilities	1,569	1,431	1,962	1,944	2,053
Net current assets	9,657	8,304	6,542	5,972	5,192
Available working capital (Unrestricted net current assets)	504	(9)	1,844	1,858	1,785
Cash and investments – unrestricted	500	500	500	499	500
Cash and investments – internal restrictions	9,456	8,021	6,817	6,243	5,628
Cash and investments – total	9,968	8,533	7,392	6,815	6,129
Total borrowings outstanding (loans, advances and finance leases)	–	–	413	945	1,442
Total value of IPPE (excl. land and earthworks)	183,530	168,669	152,875	159,195	156,076
Total accumulated depreciation	83,440	75,203	72,390	78,484	75,360
Indicative remaining useful life (as a % of GBV)	55%	55%	53%	51%	52%

Source: published audited financial statements of Council (current year and prior year)

G1-3 Council information and contact details

Principal place of business:

30 Church Street
BLAYNEY NSW 2799

Contact details

Contact Details
Mailing Address
PO Box 61
BLAYNEY NSW 2799

Opening hours:

9.00am - 4.30pm
Monday to Friday

Telephone: 02 6391 7200

Internet: www.ctw.nsw.gov.au

Email: water@ctw.nsw.gov.au

Officers**General Manager**

Gavin Rhodes

Responsible Accounting Officer

Peter McFarlane

Public Officer

Peter McFarlane

Auditors

Audit Office of NSW
Level 19
Tower 2 Darling Park
201 Sussex Street
NSW 2000

Elected members**CHAIRPERSON**

Cllr David Somervaille

DEPUTY CHAIRPERSON

Cllr Andrew Rawson

Councillors

Cllr Allan Ewin
Cllr Marlene Nash
Cllr Paul Best
Cllr Michelle Cook

Other information

ABN: 43 721 523 632



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Central Tablelands County Council

To the Councillors of Central Tablelands County Council

Opinion

I have audited the accompanying financial statements of Central Tablelands County Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2023, the Statement of Financial Position as at 30 June 2023, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been prepared, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2023, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

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

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

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

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

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

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Other Information

The Council's annual report for the year ended 30 June 2023 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the special purpose financial statements.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the *Local Government Act 1993*, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note B5-1 'Material budget variations
- on the Special Schedules
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

A handwritten signature in black ink, reading 'Monique Bartley'. The signature is fluid and cursive, with the first name 'Monique' and the last name 'Bartley' clearly legible.

Monique Bartley
Delegate of the Auditor-General for New South Wales

24 October 2023
SYDNEY



Cr David Somervaille
Chairperson
Central Tablelands County Council
PO Box 61
BLAYNEY NSW 2799

Contact: Monique Bartley
Phone no: 02 9275 7204
Our ref: R008-16585809-44925

24 October 2023

Dear Chairperson

**Report on the Conduct of the Audit
for the year ended 30 June 2023
Central Tablelands County Council**

I have audited the general purpose financial statements (GPFS) of the Central Tablelands County Council (the Council) for the year ended 30 June 2023 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Council's GPFS.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2023 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

INCOME STATEMENT

Operating result

	2023	2022	Variance
	\$m	\$m	%
Annual charges revenue	1.72	1.66	↑ 3.6
User charges revenue	4.96	4.46	↑ 11.2
Grants and contributions revenue	1.67	1.57	↑ 6.4
Operating result from continuing operations	1.13	1.09	↑ 3.7

Net operating result before capital grants and contributions	(0.53)	(0.46)	15.2
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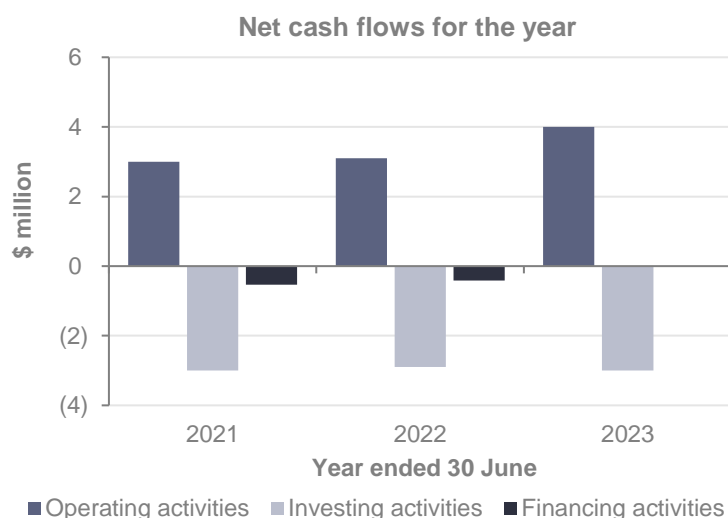
The Council's operating result from continuing operations (\$1.13 million including depreciation and amortisation expense of \$2.73 million) was \$40,000 higher than the 2021-22 result.

The net operating result before capital grants and contributions (deficit of \$0.53 million) increased by \$7,000 compared to 2021-22 (deficit of \$0.46 million).

Revenue from user charges and fees increased by \$0.5 million compared to 2021-22, due to declining wet weather conditions within the region. Drier weather conditions increased stock watering resulting in a significant increase in 'Rural' specific user charges. Additionally, 'Other' specific user charges significantly increased due to the Flyers Creek Development and additional revenue generated from standpipes within this development.

STATEMENT OF CASH FLOWS

There has been minimal change in the overall cashflows of Council for the last three years. The loan was paid out in full in March 2022, therefore zero cash payments in financing activities in 2022-23.



FINANCIAL POSITION

Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	9.97	8.53	Externally restricted balances funds held in respect of specific purpose liabilities.
Restricted and allocated cash, cash equivalents and investments:			Balances are internally allocated due to Council policy or decisions for forward plans including work programs.
• External restrictions	0.01	0.01	
• Internal allocations	9.46	8.02	

Debt

At 30 June 2023, Council had:

- no external borrowings as loans were paid out in full during the 2021-22 financial year.
- access to a \$45,000 (30 June 2022: \$45,000) credit card facility, which was unused at year-end.

PERFORMANCE

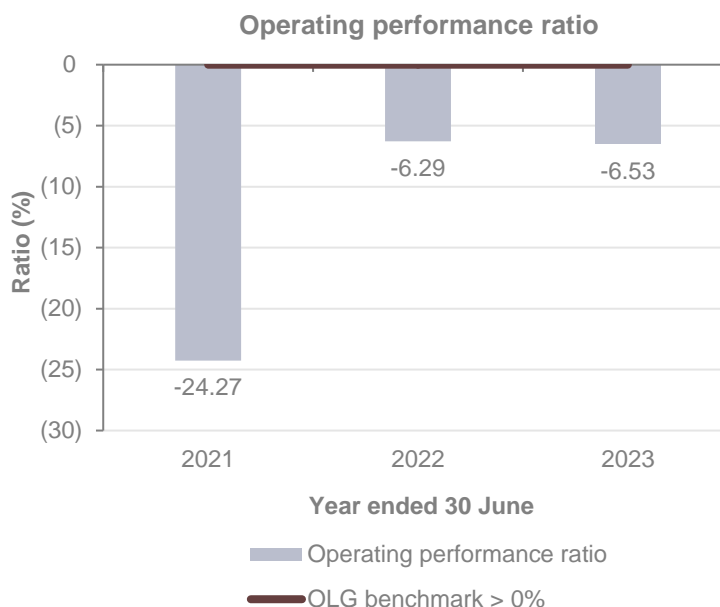
Performance measures

The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning and Environment.

Operating performance ratio

Council has improved the ratio but remains below the benchmark for the current year. Due to Council's relatively small size, small dollar movements can result in large percentage movements.

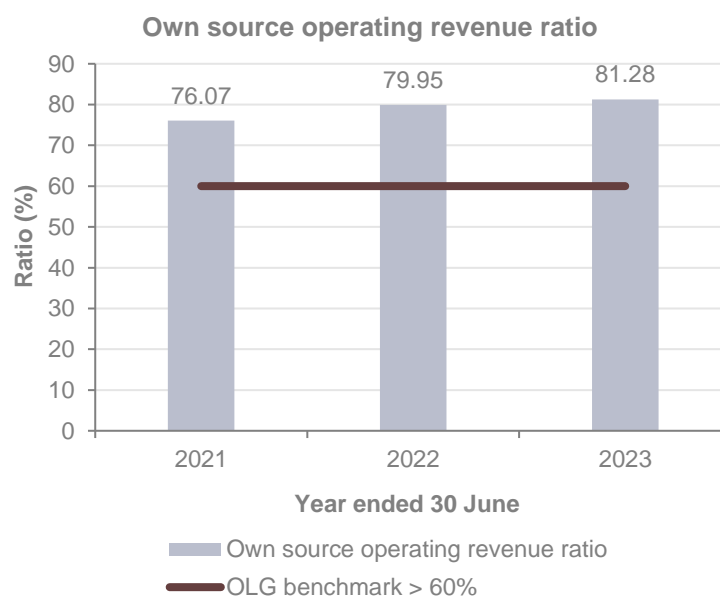
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

Council has exceeded the benchmark for the last three financial years.

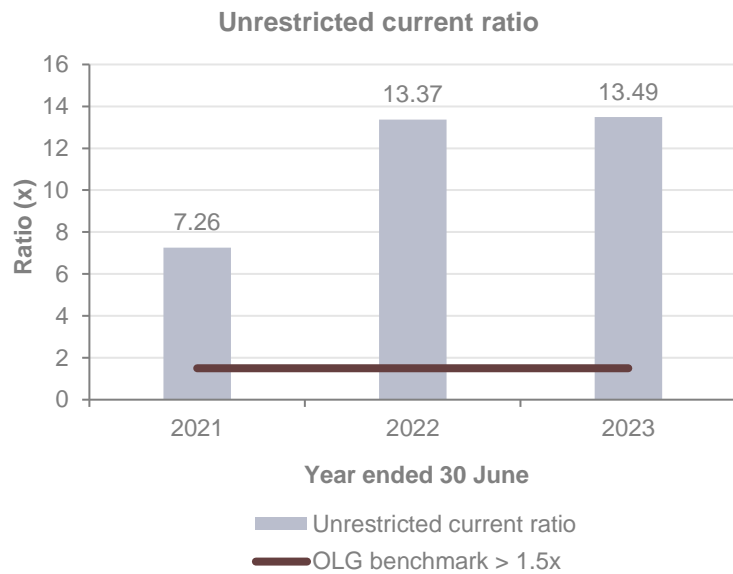
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

Council continues to meet the OLG benchmark.

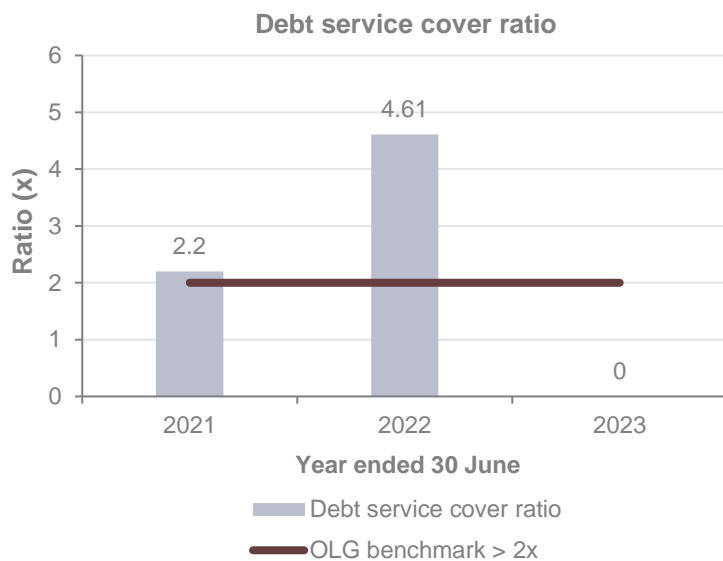
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

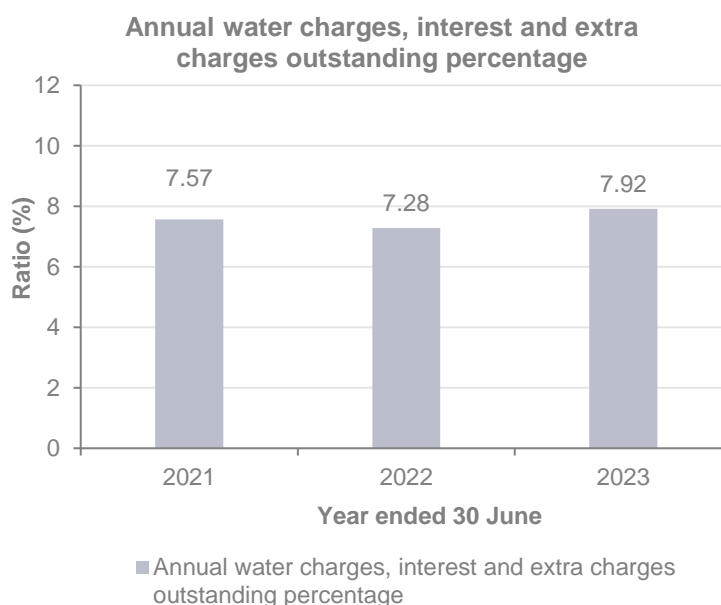
Council exceeded the benchmark for the previous reporting periods. In the current reporting period Council did not have any debt.

The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Annual water charges, interest and extra charges outstanding percentage

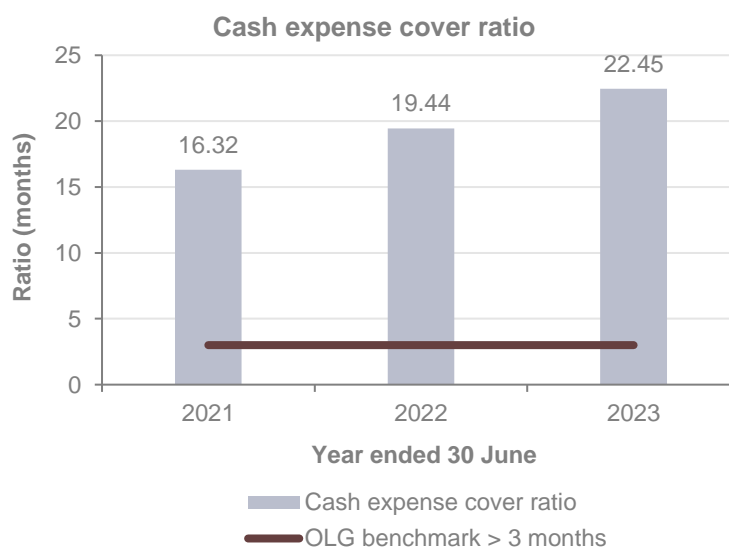
Council's annual water charges, interest and extra charges outstanding ratio has remained consistent over the past three years. The 'annual water charges, interest and extra charges outstanding percentage' assesses the impact of uncollected charges on council's liquidity and the adequacy of debt recovery efforts. There is no benchmark set by OLG.



Cash expense cover ratio

Council's strong liquidity is reflected by this measure. Council has comfortably exceeded the benchmark and has done so for several years.

This liquidity ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.



Infrastructure, property, plant and equipment renewals

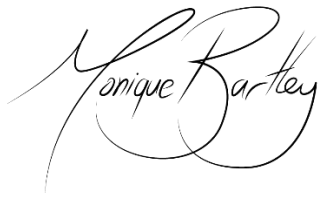
Council has renewed \$0.75 million of infrastructure assets in the 2022-23 financial year compared to \$0.64 million in the 2021-22 financial year. A further \$1.95 million was spent on new assets during the 2021-22 financial year (\$1.35 million).

OTHER MATTERS

Legislative compliance

My audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Council's accounting records or financial statements. The Council's:

- accounting records were maintained in a manner and form to allow the GPFS to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.

A handwritten signature in black ink, reading 'Monique Bartley'. The signature is fluid and cursive, with the first name 'Monique' and last name 'Bartley' clearly legible.

Monique Bartley

Audit Leader, Financial Audit

Delegate of the Auditor-General for New South Wales

Central Tablelands Water

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023

*"An independent Regional Water Authority providing a
quality water supply - Reliably and Sustainably"*



**Central
Tablelands
Water**

Central Tablelands Water

Special Purpose Financial Statements

for the year ended 30 June 2023

Contents	Page
Statement by Councillors and Management	3
Special Purpose Financial Statements:	
Income Statement of water supply business activity	4
Statement of Financial Position of water supply business activity	5
Note – Significant Accounting Policies	6
Auditor's Report on Special Purpose Financial Statements	9

Background

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

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

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

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

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

Central Tablelands Water

Special Purpose Financial Statements

for the year ended 30 June 2023

Statement by Councillors and Management

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 16 August 2023.



Cllr David Somerville

Chairperson

16 August 2023



Cllr Andrew Rawson

Deputy Chairperson

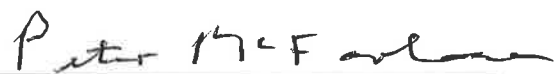
16 August 2023



Gavin Rhodes

General Manager

16 August 2023



Peter McFarlane

Responsible Accounting Officer

16 August 2023

Central Tablelands Water

Income Statement of water supply business activity

for the year ended 30 June 2023

\$ '000	2023	2022
Income from continuing operations		
Access charges	1,720	1,658
User charges	4,956	4,456
Interest and investment income	289	67
Grants and contributions provided for operating purposes	17	16
Other income	267	74
Rental income	25	23
Total income from continuing operations	7,274	6,294
Expenses from continuing operations		
Employee benefits and on-costs	2,384	2,133
Borrowing costs	–	11
Materials and services	2,583	2,192
Depreciation, amortisation and impairment	2,727	2,340
Net loss from the disposal of assets	51	67
Other expenses	55	14
Total expenses from continuing operations	7,800	6,757
Surplus (deficit) from continuing operations before capital amounts	(526)	(463)
Grants and contributions provided for capital purposes	1,654	1,558
Surplus (deficit) from continuing operations after capital amounts	1,128	1,095
Surplus (deficit) from all operations before tax	1,128	1,095
Surplus (deficit) after tax	1,128	1,095
Plus accumulated surplus	47,999	46,904
Plus adjustments for amounts unpaid:		
Closing accumulated surplus	49,127	47,999
Return on capital %	(0.5)%	(0.5)%
Subsidy from Council	4,669	3,959
Calculation of dividend payable:		
Surplus (deficit) after tax	1,128	1,095
Less: capital grants and contributions (excluding developer contributions)	(1,654)	(1,558)
Surplus for dividend calculation purposes	–	–
Potential dividend calculated from surplus	–	–

Central Tablelands Water

Statement of Financial Position of water supply business activity

as at 30 June 2023

\$ '000	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	2,268	933
Investments	7,700	7,600
Receivables	1,040	915
Inventories	210	239
Contract assets and contract cost assets	–	31
Other	8	17
Total current assets	11,226	9,735
Non-current assets		
Receivables	1	1
Infrastructure, property, plant and equipment	103,071	95,832
Intangible assets	25	49
Total non-current assets	103,097	95,882
Total assets	114,323	105,617
LIABILITIES		
Current liabilities		
Payables	567	478
Income received in advance	27	36
Employee benefit provisions	975	917
Total current liabilities	1,569	1,431
Non-current liabilities		
Employee benefit provisions	21	11
Total non-current liabilities	21	11
Total liabilities	1,590	1,442
Net assets	112,733	104,175
EQUITY		
Accumulated surplus	49,127	47,999
Revaluation reserves	63,606	56,176
Total equity	112,733	104,175

Note – Significant Accounting Policies

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

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

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

The disclosures in these special purpose financial statements have been prepared in accordance with the *Local Government Act 1993* (Act), the *Local Government (General) Regulation 2021* (Regulation) and the Local Government Code of Accounting Practice and Financial Reporting.

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

National Competition Policy

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

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

Declared business activities

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

Category 1

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

Central Tablelands Water Supplies

Comprising the whole of the operations and net assets of the water supply systems servicing towns and villages within the Local Government Areas of Blayney, Cabonne, Cowra, Bland and Weddin.

Category 2

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

Council has no Category 2 Business Activities.

Taxation equivalent charges

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

Notional rate applied (%)

Corporate income tax rate – **25%** (21/22 25%)

Land tax – the first \$969,000 of combined land values attracts **0%**. For the combined land values in excess of \$969,000 up to \$5,925,000 the rate is **\$100 + 1.6%**. For the remaining combined land value that exceeds \$5,925,000 a premium marginal rate of **2.0%** applies.

Note – Significant Accounting Policies (continued)

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

In accordance with section 4 of Department of Planning and Environment (DPE) – Water's regulatory and assurance framework, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the regulatory and assurance framework as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the Act.

Achievement of substantial compliance to sections 3 and 4 of DPE – Water's regulatory and assurance framework is not a prerequisite for the payment of the tax equivalent charges; however the payment must not exceed \$3 per assessment.

Income tax

An income tax equivalent has been applied on the profits of the business activities. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level – gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the relevant corporate income tax rate, currently 25% (20/21 26%).

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

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

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.02% at 30/6/23.

(iii) Dividends

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

Note – Significant Accounting Policies (continued)

A local government water supply and sewerage business is permitted to pay annual dividends from their water supply or sewerage business surpluses. Each dividend must be calculated and approved in accordance with section 4 of DPE – Water's regulatory and assurance framework and must not exceed 50% of the relevant surplus in any one year, or the number of water supply or sewerage assessments at 30 June 2023 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with section 4 of DPE – Water's regulatory and assurance framework, statement of compliance and statement of dividend payment, dividend payment form and unqualified independent financial audit report are submitted to DPE – Water.



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Central Tablelands County Council

To the Councillors of Central Tablelands County Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Central Tablelands County Council's (the Council) Declared Business Activity, water supply, which comprise the Statement by Councillors and Management, the Income Statement of the Declared Business Activity for the year ended 30 June 2023, the Statement of Financial Position of the Declared Business Activity as at 30 June 2023 and the Significant accounting policies note.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activity as at 30 June 2023, and its financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Significant accounting policies note and the Local Government Code of Accounting Practice and Financial Reporting 2022–23 (LG Code).

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

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

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

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

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

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

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to the Significant accounting policies note to the financial statements which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the LG Code. As a result, the financial statements may not be suitable for another purpose.

Other Information

The Council's annual report for the year ended 30 June 2023 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:


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

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

A handwritten signature in black ink, reading "Monique Bartley". The signature is fluid and cursive, with the first name "Monique" and last name "Bartley" clearly legible.

Monique Bartley
Delegate of the Auditor-General for New South Wales

24 October 2023
SYDNEY

Central Tablelands Water

SPECIAL SCHEDULES
for the year ended 30 June 2023

*"An independent Regional Water Authority providing a
quality water supply - Reliably and Sustainably"*



Central Tablelands Water

Special Schedules

for the year ended 30 June 2023

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Report on infrastructure assets as at 30 June 2023	3

Central Tablelands Water

Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2022/23 Required maintenance ^a	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Buildings	400	200	84	87	2,014	3,599	58.0%	31.0%	0.0%	10.0%	1.0%
	Sub-total	400	200	84	87	2,014	3,599	58.0%	31.0%	0.0%	10.0%	1.0%
Water supply network	Filtration Plants	2,171	840	814	867	8,952	16,268	10.0%	42.0%	38.0%	10.0%	0.0%
	Reticulation Mains	1,105	1,060	475	612	22,578	35,848	55.0%	29.0%	12.0%	4.0%	0.0%
	Trunk Mains	1,000	–	218	131	35,399	67,895	42.0%	40.0%	18.0%	0.0%	0.0%
	Bores	152	50	70	80	367	686	5.0%	38.0%	41.0%	12.0%	4.0%
	Reservoirs	5,646	2,686	176	96	9,260	20,415	5.0%	17.0%	54.0%	24.0%	0.0%
	Dams	12,150	7,973	89	67	9,799	21,948	18.0%	2.0%	9.0%	70.0%	1.0%
	Pump Stations	1,377	471	459	335	6,724	10,466	41.0%	36.0%	14.0%	7.0%	2.0%
	Telemetry	43	9	92	83	407	636	57.0%	8.0%	32.0%	3.0%	0.0%
	Other	–	–	5	5	593	621	100.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	23,644	13,089	2,398	2,276	94,079	174,783	34.4%	30.0%	21.5%	13.8%	0.3%
Total – all assets		24,044	13,289	2,482	2,363	96,093	178,382	34.9%	30.0%	21.1%	13.7%	0.3%

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

Infrastructure asset condition assessment 'key'

1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

Central Tablelands Water

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2023	Indicator 2023	Indicators 2022 2021		Benchmark
Buildings and infrastructure renewals ratio					
Asset renewals ¹	746	28.29%	29.94%	19.52%	> 100.00%
Depreciation, amortisation and impairment	2,637				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	24,044	24.18%	47.86%	34.55%	< 2.00%
Net carrying amount of infrastructure assets	99,435				
Asset maintenance ratio					
Actual asset maintenance	2,363	95.21%	82.81%	107.65%	> 100.00%
Required asset maintenance	2,482				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	13,289	7.45%	7.34%	2.03%	
Gross replacement cost	178,382				

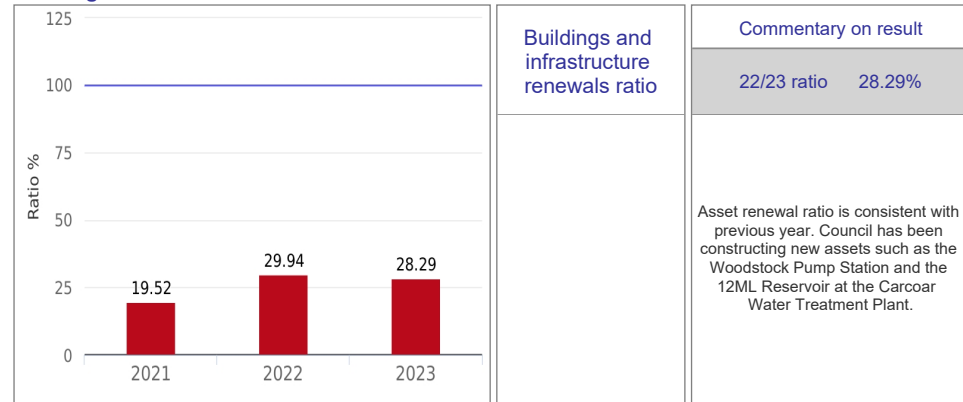
(*) All asset performance indicators are calculated using classes identified in the previous table.

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

Central Tablelands Water

Report on infrastructure assets as at 30 June 2023

Buildings and infrastructure renewals ratio



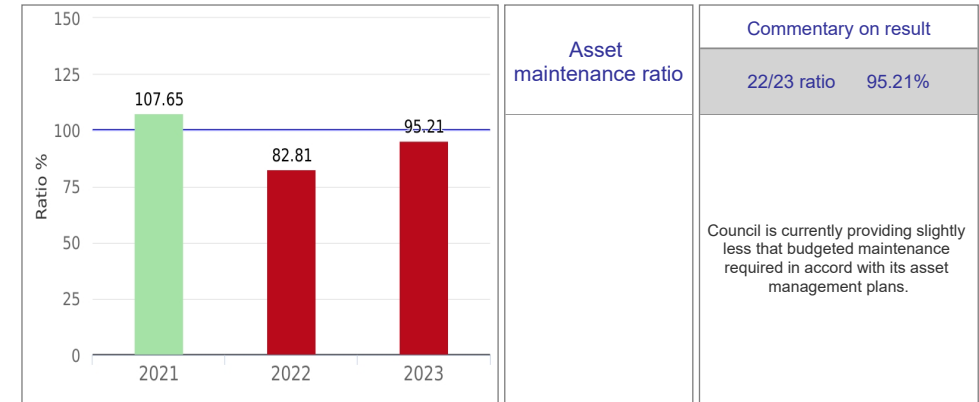
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Asset maintenance ratio



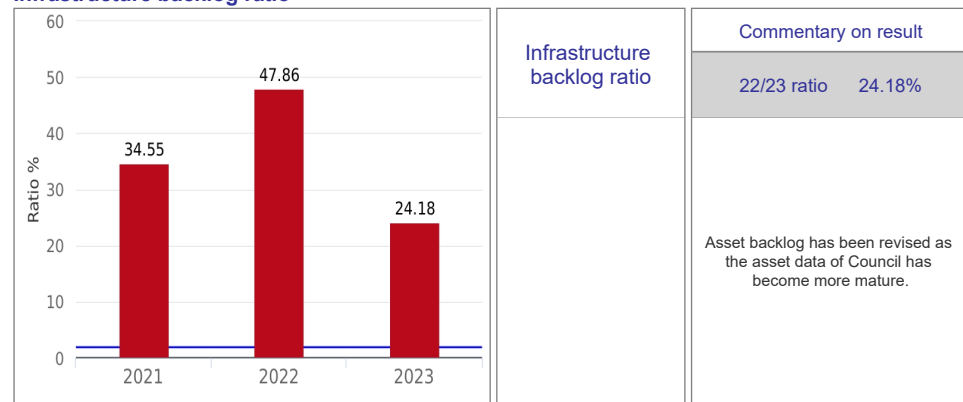
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Infrastructure backlog ratio



Benchmark: — < 2.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Cost to bring assets to agreed service level

