



**FEDERATION  
COUNCIL**

[www.federationcouncil.nsw.gov.au](http://www.federationcouncil.nsw.gov.au)

CREATING OPPORTUNITY CELEBRATING COMMUNITY

FEDERATION COUNCIL

# FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024



# Federation Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2024

---



# Federation Council

## General Purpose Financial Statements

for the year ended 30 June 2024

---

Contents	Page
<b>Understanding Council's Financial Statements</b>	<b>3</b>
<b>Statement by Councillors and Management</b>	<b>4</b>
<b>Primary Financial Statements:</b>	
Income Statement	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
<b>Contents for the notes to the Financial Statements</b>	<b>10</b>
<b>Independent Auditor's Reports:</b>	
On the Financial Statements (Sect 417 [2])	77
On the Financial Statements (Sect 417 [3])	81

---

### Overview

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

100 Edward Street  
COROWA NSW 2646

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.federationcouncil.nsw.gov.au](http://www.federationcouncil.nsw.gov.au).

# Federation Council

## General Purpose Financial Statements

for the year ended 30 June 2024

### Understanding Council's Financial Statements

---

#### Introduction

Each year, individual Local Governments across NSW are required to present a set of audited financial statements to their council and community.

#### What you will find in the Statements

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

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

#### About the Councillor/Management Statement

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

#### About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

##### 1. The Income Statement

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

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

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

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

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

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

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

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

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

#### About the Notes to the Financial Statements

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

#### About the Auditor's Reports

Council's financial statements are required to be audited by the NSW Audit Office. In NSW the auditor provides 2 audit reports:

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

#### Who uses the Financial Statements?

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

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

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

# Federation Council

## General Purpose Financial Statements

for the year ended 30 June 2024

---

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

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

- the *Local Government Act 1993* (NSW) (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and 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 22 October, 2024

  
Cheryl Cook  
Mayor  
22 October, 2024

  
Rowena Black  
Councillor  
22 October, 2024

  
Adrian Butler  
General Manager  
22 October, 2024

  
Shane Norman  
Responsible Accounting Officer  
22 October, 2024

## Federation Council

### Income Statement

for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Actual 2023
<b>Income from continuing operations</b>				
19,806	Rates and annual charges	B2-1	<b>20,176</b>	17,609
9,626	User charges and fees	B2-2	<b>10,968</b>	8,551
407	Other revenues	B2-3	<b>1,308</b>	598
14,114	Grants and contributions provided for operating purposes	B2-4	<b>26,556</b>	16,126
852	Grants and contributions provided for capital purposes	B2-4	<b>12,157</b>	13,351
435	Interest and investment income	B2-5	<b>2,742</b>	1,486
1,040	Net gain from the disposal of assets	B4-1	<b>–</b>	–
46,280	<b>Total income from continuing operations</b>		<b>73,907</b>	57,721
<b>Expenses from continuing operations</b>				
17,578	Employee benefits and on-costs	B3-1	<b>16,429</b>	14,120
18,024	Materials and services	B3-2	<b>18,897</b>	16,453
520	Borrowing costs	B3-3	<b>494</b>	363
14,491	Depreciation, amortisation and impairment of non-financial assets	B3-4	<b>15,088</b>	14,580
696	Other expenses	B3-5	<b>682</b>	622
–	Net loss from the disposal of assets	B4-1	<b>263</b>	1,477
51,309	<b>Total expenses from continuing operations</b>		<b>51,853</b>	47,615
(5,029)	<b>Operating result from continuing operations</b>		<b>22,054</b>	10,106
(5,029)	<b>Net operating result for the year attributable to Council</b>		<b>22,054</b>	10,106
(5,881)	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>9,897</b>	(3,245)

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

## Federation Council

### Statement of Comprehensive Income

for the year ended 30 June 2024

\$ '000	Notes	2024	2023
<b>Net operating result for the year – from Income Statement</b>		<b>22,054</b>	10,106
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	<b>78,965</b>	66,917
Impairment (loss) / (revaluation decrement) relating to infrastructure, property, plant and equipment	C1-7	<b>–</b>	(8,759)
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>78,965</b>	58,158
<b>Total other comprehensive income for the year</b>		<b>78,965</b>	58,158
<b>Total comprehensive income for the year attributable to Council</b>		<b>101,019</b>	68,264

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



## Federation Council

### Statement of Financial Position

as at 30 June 2024

\$ '000	Notes	2024	2023
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1	24,964	19,342
Investments	C1-2	42,906	29,933
Receivables	C1-4	10,416	8,004
Inventories	C1-5	1,933	2,030
Other		980	218
<b>Total current assets</b>		<b>81,199</b>	<b>59,527</b>
<b>Non-current assets</b>			
Investments	C1-2	–	5,054
Receivables	C1-4	60	60
Infrastructure, property, plant and equipment (IPPE)	C1-7	814,901	732,488
Intangible assets	C1-8	372	267
<b>Total non-current assets</b>		<b>815,333</b>	<b>737,869</b>
<b>Total assets</b>		<b>896,532</b>	<b>797,396</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C2-1	5,361	4,854
Contract liabilities	C2-2	4,110	9,740
Borrowings	C2-3	730	552
Employee benefit provisions	C2-4	3,128	2,962
Provisions	C2-5	432	432
<b>Total current liabilities</b>		<b>13,761</b>	<b>18,540</b>
<b>Non-current liabilities</b>			
Borrowings	C2-3	12,217	9,364
Employee benefit provisions	C2-4	274	231
Provisions	C2-5	709	709
<b>Total non-current liabilities</b>		<b>13,200</b>	<b>10,304</b>
<b>Total liabilities</b>		<b>26,961</b>	<b>28,844</b>
<b>Net assets</b>		<b>869,571</b>	<b>768,552</b>
<b>EQUITY</b>			
Accumulated surplus		548,356	526,302
IPPE revaluation reserve	C3-1	321,215	242,250
<b>Total equity</b>		<b>869,571</b>	<b>768,552</b>

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



## Federation Council

### Statement of Changes in Equity

for the year ended 30 June 2024

\$ '000	Notes	2024			2023		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		526,302	242,250	768,552	516,196	184,092	700,288
Net operating result for the year		22,054	–	22,054	10,106	–	10,106
<b>Net operating result for the period</b>		<b>22,054</b>	<b>–</b>	<b>22,054</b>	<b>10,106</b>	<b>–</b>	<b>10,106</b>
<b>Other comprehensive income</b>							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	78,965	78,965	–	66,917	66,917
<b>Other comprehensive income</b>		<b>–</b>	<b>78,965</b>	<b>78,965</b>	<b>–</b>	<b>58,158</b>	<b>58,158</b>
<b>Total comprehensive income</b>		<b>22,054</b>	<b>78,965</b>	<b>101,019</b>	<b>10,106</b>	<b>58,158</b>	<b>68,264</b>
<b>Closing balance at 30 June</b>		<b>548,356</b>	<b>321,215</b>	<b>869,571</b>	<b>526,302</b>	<b>242,250</b>	<b>768,552</b>

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

## Federation Council

## Statement of Cash Flows

for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Actual 2023
<b>Cash flows from operating activities</b>				
<i>Receipts:</i>				
19,806	Rates and annual charges		17,863	17,527
10,224	User charges and fees		9,447	8,710
435	Interest received		2,599	1,482
15,154	Grants and contributions		31,852	28,660
415	Other		3,493	1,031
<i>Payments:</i>				
(18,180)	Payments to employees		(16,205)	(13,979)
(16,778)	Payments for materials and services		(18,628)	(16,687)
(520)	Borrowing costs		(451)	(363)
(725)	Bonds, deposits and retentions refunded		(25)	(151)
–	Other		(1,444)	(657)
9,831	<b>Net cash flows from operating activities</b>	G1-1	<b>28,501</b>	<b>25,573</b>
<b>Cash flows from investing activities</b>				
<i>Receipts:</i>				
–	Redemption of term deposits		48,524	39,524
–	Sale of real estate assets		694	779
1,144	Proceeds from sale of IPPE		806	271
–	Deferred debtors receipts		–	11
<i>Payments:</i>				
–	Acquisition of term deposits		(56,443)	(43,871)
(11,425)	Payments for IPPE		(19,328)	(19,058)
–	Purchase of intangible assets		(160)	–
–	Deferred debtors and advances made		(3)	–
(10,281)	<b>Net cash flows used in investing activities</b>		<b>(25,910)</b>	<b>(22,344)</b>
<b>Cash flows from financing activities</b>				
<i>Receipts:</i>				
1,050	Proceeds from borrowings		3,800	–
<i>Payments:</i>				
(829)	Repayment of borrowings		(769)	(606)
221	<b>Net cash flows from financing activities</b>		<b>3,031</b>	<b>(606)</b>
(229)	<b>Net change in cash and cash equivalents</b>		<b>5,622</b>	<b>2,623</b>
28,198	Cash and cash equivalents at beginning of year	C1-1	19,342	16,719
27,969	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>24,964</b>	<b>19,342</b>
–	plus: Investments on hand at end of year	C1-2	42,906	34,987
27,969	<b>Total cash, cash equivalents and investments</b>		<b>67,870</b>	<b>54,329</b>

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

# Federation Council

## Contents for the notes to the Financial Statements for the year ended 30 June 2024

<b>A About Council and these financial statements</b>	<b>12</b>
A1-1 Basis of preparation	12
<b>B Financial Performance</b>	<b>14</b>
<b>B1 Functions or activities</b>	<b>14</b>
B1-1 Functions or activities – income, expenses and assets	14
B1-2 Components of functions or activities	15
<b>B2 Sources of income</b>	<b>17</b>
B2-1 Rates and annual charges	17
B2-2 User charges and fees	18
B2-3 Other revenues	20
B2-4 Grants and contributions	21
B2-5 Interest and investment income	25
<b>B3 Costs of providing services</b>	<b>26</b>
B3-1 Employee benefits and on-costs	26
B3-2 Materials and services	27
B3-3 Borrowing costs	27
B3-4 Depreciation, amortisation and impairment of non-financial assets	28
B3-5 Other expenses	29
<b>B4 Gains or losses</b>	<b>30</b>
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	30
<b>B5 Performance against budget</b>	<b>31</b>
B5-1 Material budget variations	31
<b>C Financial position</b>	<b>33</b>
<b>C1 Assets we manage</b>	<b>33</b>
C1-1 Cash and cash equivalents	33
C1-2 Financial investments	33
C1-3 Restricted and allocated cash, cash equivalents and investments	35
C1-4 Receivables	37
C1-5 Inventories	39
C1-6 Non-current assets classified as held for sale	39
C1-7 Infrastructure, property, plant and equipment	40
C1-8 Intangible assets	43
<b>C2 Liabilities of Council</b>	<b>44</b>
C2-1 Payables	44
C2-2 Contract Liabilities	44
C2-3 Borrowings	46
C2-4 Employee benefit provisions	47
C2-5 Provisions	48
<b>C3 Reserves</b>	<b>49</b>
C3-1 Nature and purpose of reserves	49
<b>D Council structure</b>	<b>50</b>
<b>D1 Results by fund</b>	<b>50</b>

# Federation Council

## Contents for the notes to the Financial Statements for the year ended 30 June 2024

D1-1 Income Statement by fund	50
D1-2 Statement of Financial Position by fund	51
<b>E Risks and accounting uncertainties</b>	<b>52</b>
E1-1 Risks relating to financial instruments held	52
E2-1 Fair value measurement	56
E3-1 Contingencies	62
<b>F People and relationships</b>	<b>66</b>
<b>F1 Related party disclosures</b>	<b>66</b>
F1-1 Key management personnel (KMP)	66
F1-2 Councillor and Mayoral fees and associated expenses	67
<b>F2 Other relationships</b>	<b>67</b>
F2-1 Audit fees	67
<b>G Other matters</b>	<b>68</b>
G1-1 Statement of Cash Flows information	68
G2-1 Commitments	69
G3-1 Events occurring after the reporting date	69
<b>G4 Statement of developer contributions</b>	<b>70</b>
G4-1 Summary of developer contributions	70
G4-2 Developer contributions by plan	70
<b>G5 Statement of performance measures</b>	<b>71</b>
G5-1 Statement of performance measures – consolidated results	71
G5-2 Statement of performance measures by fund	72
<b>H Additional Council disclosures (unaudited)</b>	<b>74</b>
H1-1 Statement of performance measures – consolidated results (graphs)	74
H1-2 Council information and contact details	76

## A About Council and these financial statements

### A1-1 Basis of preparation

---

These financial statements were authorised for issue by Council on 21 October, 2024. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The 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 and investment property.

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

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

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

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

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-7
- (ii) estimated tip and quarries remediation provisions – refer Note C2-5 and E3-1
- (iii) employee benefit provisions – refer Note C2-4.
- (iv) Impairment of receivables - Council has made a significant judgement about the impairment of a number of its receivables – refer Note C1-4.

### **(c) Monies and other assets received by Council**

#### **(i) The Consolidated Fund**

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

The Consolidated Fund has been included in the financial statements of the Council.

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

- General purpose operations
- Water service
- Sewerage service
- Domestic Waste Service

## A1-1 Basis of preparation (continued)

---

### **(ii) The Trust Fund**

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

### **(d) 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.

### **(e) New accounting standards and interpretations issued not yet effective**

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

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

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

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

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

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

These newly adopted standards had no material 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	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
<b>Functions or activities</b>										
Built Federation	43,344	28,384	34,071	32,488	9,273	(4,104)	24,377	12,913	804,648	723,523
Economic Federation	5,281	5,283	2,155	1,052	3,126	4,231	3,690	3,927	11,262	10,395
Natural Federation	1,209	619	5,227	3,897	(4,018)	(3,278)	730	90	6	7
Social Federation	982	1,073	4,093	3,570	(3,111)	(2,497)	634	774	–	–
Well-Governed Federation	23,091	22,362	6,293	6,537	16,798	15,825	9,282	11,773	80,616	63,471
Amalgamation	–	–	14	71	(14)	(71)	–	–	–	–
<b>Total functions and activities</b>	<b>73,907</b>	<b>57,721</b>	<b>51,853</b>	<b>47,615</b>	<b>22,054</b>	<b>10,106</b>	<b>38,713</b>	<b>29,477</b>	<b>896,532</b>	<b>797,396</b>



## B1-2 Components of functions or activities

---

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

### Built Federation

Council aim to maintain and improve infrastructure that meets the needs of residents and industry by providing the following services:

- Asset inspection - road, stormwater and sewer
- Road management - construction, maintenance and renewal
- Storm water - construction, maintenance and renewal
- Water and sewerage reticulation - construction, maintenance and renewal
- Development contributions planning
- Traffic and parking services
- Fleet management and maintenance
- Waste management

### Economic Federation

Growing, progressive and prosperous communities that build on sustainable manufacturing, agriculture and tourism, close proximity to other centres, on both sides of the Murray River and affordability by providing the following services:

- Visitor Information Centre
- Marketing and promotion
- Economic development
- Events and events sponsorship
- Business support
- Product development and grant applications
- Training facilitation and promotion
- Saleyard management and maintenance
- Caravan park management

### Natural Federation

Sustainable rural landscapes and waterways offering tranquillity and attractive recreational spaces by providing the following services:

- Animal compliance
- Local laws
- Street cleaning
- Waste collection
- Weed management
- Pest control
- Roadside vegetation management
- Community facilities management
- Tree management
- Caravan park management
- Park reserve management
- Development assessment
- Building control and planning
- Environmental health
- Building inspections
- Strategic land use planning

### Social Federation

Close-knit and welcoming communities where people come together and support each other by providing the following services:

- Library services
- Community/ civic events
- Art space
- Community facilities
- Cultural services
- Community support
- Youth services
- Disability services
- Volunteer services
- Ageing well services
- Community grants
- Road safety
- Swimming pool management

## B1-2 Components of functions or activities (continued)

---

### Well-Governed Federation

Strong civic leadership and governance supporting equity across communities and effective communication with residents by providing the following services:

- Financial management
- IT support hardware software and systems
- Records management
- Geographic information system
- Lease management
- Customer service
- Policy development
- Internal and external audits
- Risk and compliance
- Workforce management
- Performance reporting
- Council and committee support
- GIPA (Access to Information)
- Asset management
- Emergency management

### Amalgamation

Federation Council was proclaimed on 12 May 2016, following the amalgamation of the former Corowa Shire and Urana Shire Councils. With the merger, the new Council received significant funding to deliver community projects (\$15 million) and to establish itself as a new robust entity (\$5 million). These funds were received in 2016 and 2018. Outstanding projects have been completed in this financial year with expenditure totalling \$13,739. All funding streams have been acquitted in 2023/24.

## B2 Sources of income

### B2-1 Rates and annual charges

\$ '000	2024	2023
<b>Ordinary rates</b>		
Residential	5,458	4,549
Farmland	4,508	3,797
Business	869	739
Less: pensioner rebates (mandatory)	(251)	(239)
<b>Rates levied to ratepayers</b>	<b>10,584</b>	<b>8,846</b>
Pensioner rate subsidies received	138	133
<b>Total ordinary rates</b>	<b>10,722</b>	<b>8,979</b>
<b>Annual charges (pursuant to s496, 496A, 496B, 501 &amp; 611)</b>		
Domestic waste management services	2,545	2,371
Water supply services	1,657	1,572
Sewerage services	4,862	4,378
Environmental	23	21
Waste levy	535	531
Less: pensioner rebates (mandatory)	(370)	(453)
<b>Annual charges levied</b>	<b>9,252</b>	<b>8,420</b>
Pensioner annual charges subsidies received:		
– Water	67	66
– Sewerage	62	68
– Domestic waste management	73	76
<b>Total annual charges</b>	<b>9,454</b>	<b>8,630</b>
<b>Total rates and annual charges</b>	<b>20,176</b>	<b>17,609</b>

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

#### Material accounting policy information

Rates and annual charges are recognised as revenue at the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area.

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

## B2-2 User charges and fees

\$ '000	2024	2023
<b>Specific user charges (per s502 - specific 'actual use' charges)</b>		
Water supply services	4,296	2,917
Sewerage services	804	740
Waste management services (non-domestic)	293	306
Other	71	64
Non potable water	5	6
<b>Total specific user charges</b>	<b>5,469</b>	<b>4,033</b>
<b>Other user charges and fees</b>		
<b>(i) Fees and charges – statutory and regulatory functions (per s608)</b>		
Building regulation	129	150
Inspection services	7	9
Planning and building regulation	288	279
Private works – section 67	58	105
Regulatory/ statutory fees	22	26
Registration fees	15	18
Section 10.7 certificates (EP&A Act)	56	52
Section 603 certificates	34	36
Tapping fees	53	80
Other	2	2
Sewer/drainage diagrams fee	39	37
Water meter readings fee	15	18
<b>Total fees and charges – statutory/regulatory</b>	<b>718</b>	<b>812</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s608))</b>		
Aerodrome	8	84
Caravan parks	682	539
Cemeteries	147	183
Community centres	43	37
Leaseback fees – Council vehicles	159	166
Transport for NSW (state roads not controlled by Council)	1,709	927
Saleyards	1,082	868
Swimming centres	421	382
Tourism	7	19
Waste disposal tipping fees	261	246
Rent and hire of non-investment property	244	243
Other	18	12
<b>Total fees and charges – other</b>	<b>4,781</b>	<b>3,706</b>
<b>Total other user charges and fees</b>	<b>5,499</b>	<b>4,518</b>
<b>Total user charges and fees</b>	<b>10,968</b>	<b>8,551</b>
<b>Timing of revenue recognition for user charges and fees</b>		
User charges and fees recognised over time	6,366	4,750
User charges and fees recognised at a point in time	4,602	3,801
<b>Total user charges and fees</b>	<b>10,968</b>	<b>8,551</b>

### Material accounting policy information

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

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

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

## B2-2 User charges and fees (continued)

---

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

## B2-3 Other revenues

\$ '000	2024	2023
Legal fees recovery – rates and charges (extra charges)	13	24
Legal fees recovery – other	–	14
Commissions and agency fees	182	177
Diesel rebate	107	73
Insurance claims recoveries	860	77
Workers compensation incentive rebate	44	40
Other	102	193
<b>Total other revenue</b>	<b>1,308</b>	<b>598</b>
<b>Timing of revenue recognition for other revenue</b>		
Other revenue recognised over time	–	–
Other revenue recognised at a point in time	1,308	598
<b>Total other revenue</b>	<b>1,308</b>	<b>598</b>

### Material accounting policy information for other revenue

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

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

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

## B2-4 Grants and contributions

\$ '000	Operating 2024	Operating 2023	Capital 2024	Capital 2023
<b>General purpose grants and non-developer contributions (untied)</b>				
<b>General purpose (untied)</b>				
<b>Current year allocation</b>				
Financial assistance – general component	258	1,347	–	–
Financial assistance – local roads component	127	713	–	–
<b>Payment in advance - future year allocation</b>				
Financial assistance – general component	5,127	5,699	–	–
Financial assistance – local roads component	2,499	2,802	–	–
<b>Amount recognised as income during current year</b>	<b>8,011</b>	<b>10,561</b>	<b>–</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>				
<b>Cash contributions</b>				
Sewerage services	–	–	474	–
Bushfire and emergency services	255	194	11	–
Economic development	–	–	2,893	3,917
Employment and training programs	17	17	–	–
Environmental programs	159	102	–	–
Floodplain management	250	–	–	–
Heritage and cultural	–	–	22	–
Library	99	100	–	–
Noxious weeds	91	75	–	–
Recreation and culture	–	53	64	–
Storm/flood damage	1,027	1,000	–	–
Preschools	446	466	–	–
Aerodrome	–	–	–	177
Community Projects	–	–	518	62
Regional Growth Fund	–	–	2,229	–
Street lighting	48	48	–	–
Community Services	89	156	–	80
Drought	100	–	–	–
Sheep EID	496	–	–	–
Other specific grants	24	20	–	–
Transport (roads to recovery)	3,486	300	–	–
Transport (other roads and bridges funding)	9,759	1,086	3,514	5,548
Dedications – subdivisions (other than by s7.11)	–	–	43	455
Recreation and culture	–	–	1,002	1,047
Transport for NSW contributions (regional roads, block grant)	1,897	1,948	–	–
Tourism	302	–	–	–
Local Roads and Community Infrastructure (LRCI)	–	–	174	–
<b>Total special purpose grants and non-developer contributions – cash</b>	<b>18,545</b>	<b>5,565</b>	<b>10,944</b>	<b>11,286</b>
<b>Non-cash contributions</b>				
Bushfire services	–	–	–	105
Community services	–	–	–	199
Dedications – subdivisions (other than by s7.4 and s7.11 – EP&A Act, s64 of the LGA)	–	–	622	1,113
Recreation and culture	–	–	–	416
<b>Total other contributions – non-cash</b>	<b>–</b>	<b>–</b>	<b>622</b>	<b>1,833</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>	<b>18,545</b>	<b>5,565</b>	<b>11,566</b>	<b>13,119</b>
<b>Total grants and non-developer contributions</b>	<b>26,556</b>	<b>16,126</b>	<b>11,566</b>	<b>13,119</b>
<b>Comprising:</b>				
– Commonwealth funding	11,643	10,868	1,020	2,789



## B2-4 Grants and contributions (continued)

\$ '000	Operating 2024	Operating 2023	Capital 2024	Capital 2023
– State funding	14,743	5,119	9,881	8,041
– Other funding	170	139	665	2,289
	<b>26,556</b>	<b>16,126</b>	<b>11,566</b>	<b>13,119</b>

## B2-4 Grants and contributions (continued)

### Developer contributions

\$ '000	Notes	Operating 2024	Operating 2023	Capital 2024	Capital 2023
<b>Developer contributions: (s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>					
<b>Cash contributions</b>					
S 7.11 – contributions towards amenities/services	G4	–	–	48	–
S 7.12 – fixed development consent levies		–	–	261	–
S 64 – water supply contributions		–	–	133	158
S 64 – sewerage service contributions		–	–	149	74
<b>Total developer contributions – cash</b>		<b>–</b>	<b>–</b>	<b>591</b>	<b>232</b>
<b>Total developer contributions</b>		<b>–</b>	<b>–</b>	<b>591</b>	<b>232</b>
<b>Total contributions</b>		<b>–</b>	<b>–</b>	<b>591</b>	<b>232</b>
<b>Total grants and contributions</b>		<b>26,556</b>	<b>16,126</b>	<b>12,157</b>	<b>13,351</b>
<b>Timing of revenue recognition for grants and contributions</b>					
Grants and contributions recognised over time		400	457	10,132	10,653
Grants and contributions recognised at a point in time		26,156	15,669	2,025	2,698
<b>Total grants and contributions</b>		<b>26,556</b>	<b>16,126</b>	<b>12,157</b>	<b>13,351</b>

### Unspent grants and contributions

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

\$ '000	Operating 2024	Operating 2023	Capital 2024	Capital 2023
<b>Unspent grants and contributions</b>				
Unspent funds at 1 July	–	–	–	–
<b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	7,981	–	–	–
<b>Add:</b> Funds received and not recognised as revenue in the current year	–	–	–	–
<b>Unspent funds at 30 June</b>	<b>7,981</b>	<b>–</b>	<b>–</b>	<b>–</b>

### Material accounting policy information

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

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligations is satisfied.

The performance obligations are varied based on the agreement. Payment terms vary depending on the terms of the grant, with cash received upfront for some grants and on the achievement of certain payment milestones for others.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control. Within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

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.

## B2-4 Grants and contributions (continued)

---

### Grant income

Assets arising from grants in the scope of AASB 1058 is recognised at the assets' 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.

### Capital grants

Capital grants received to enable Council to acquire or construct an item of infrastructure, property, plant and equipment to identified specifications which will be under Council's control and which are enforceable 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 as there is no profit margin.

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*.

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. Council may apply contributions according to the priorities established in work schedules.

## B2-5 Interest and investment income

\$ '000	2024	2023
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	172	90
– Cash and investments	2,570	1,396
<b>Total interest and investment income</b>	<b>2,742</b>	<b>1,486</b>
<b>Interest and investment income is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
Overdue rates and annual charges (general fund)	74	50
General Council cash and investments	1,525	878
<b>Restricted investments/funds – external:</b>		
Water fund operations	679	310
Sewerage fund operations	464	248
<b>Total interest and investment income</b>	<b>2,742</b>	<b>1,486</b>

### Material accounting policy information

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

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

## B3 Costs of providing services

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

\$ '000	2024	2023
Salaries and wages	12,519	11,226
Travel expenses	59	49
Employee leave entitlements (ELE)	2,484	2,099
Superannuation – defined contribution plans	1,498	1,237
Superannuation – defined benefit plans	93	96
Workers' compensation insurance	529	317
Fringe benefit tax (FBT)	103	111
Training costs (other than salaries and wages)	187	171
Other	85	77
<b>Total employee costs</b>	<b>17,557</b>	<b>15,383</b>
Less: capitalised costs	(1,128)	(1,263)
<b>Total employee costs expensed</b>	<b>16,429</b>	<b>14,120</b>
Number of 'full-time equivalent' employees (FTE) at year end	163	161

#### Material accounting policy information

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

#### *Retirement benefit obligations*

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

#### *Superannuation plans*

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

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note E3-1 for more information.

## B3-2 Materials and services

\$ '000	Notes	2024	2023
Raw materials, consumables and contractor cost		<b>30,634</b>	29,029
Audit Fees	F2-1	<b>103</b>	76
Councillor and Mayoral fees and associated expenses	F1-2	<b>209</b>	148
Advertising		<b>110</b>	121
Bank charges		<b>116</b>	108
Computer software charges		<b>625</b>	542
Electricity and heating		<b>906</b>	835
Fire control expenses		<b>219</b>	204
Insurance		<b>795</b>	799
Office expenses (including computer expenses)		<b>72</b>	16
Postage		<b>62</b>	49
Printing and stationery		<b>31</b>	42
Street lighting		<b>172</b>	155
Subscriptions and publications		<b>163</b>	123
Telephone and communications		<b>77</b>	81
Tourism expenses (excluding employee costs)		<b>383</b>	126
Valuation fees		<b>70</b>	65
Other expenses		<b>67</b>	86
<b>Legal expenses:</b>			
– Legal expenses: planning and development		<b>10</b>	45
– Legal expenses: debt recovery		<b>13</b>	22
– Legal expenses: other		<b>38</b>	96
Other		<b>31</b>	24
<b>Total materials and services</b>		<b>34,906</b>	<b>32,792</b>
Less: capitalised costs		<b>(16,009)</b>	(16,339)
<b>Total materials and services</b>		<b>18,897</b>	<b>16,453</b>

### Material accounting policy information

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

## B3-3 Borrowing costs

\$ '000	2024	2023
<b>(i) Interest bearing liability costs</b>		
Interest on loans	<b>494</b>	363
<b>Total borrowing costs expensed</b>	<b>494</b>	<b>363</b>

### Material accounting policy information

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

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

\$ '000	Notes	2024	2023
<b>Depreciation and amortisation</b>			
Plant and equipment		770	736
Office equipment		145	208
Furniture and fittings		15	8
Land improvements (depreciable)		277	187
<b>Infrastructure:</b>	C1-7		
– Buildings – non-specialised		405	664
– Buildings – specialised		1,796	1,820
– Other structures		36	27
– Roads		6,456	5,914
– Bridges		317	275
– Footpaths		285	254
– Stormwater drainage		549	803
– Water supply network		1,591	1,449
– Sewerage network		1,844	1,683
– Swimming pools		342	321
– Other open space/recreational assets		205	191
Intangible assets	C1-8	55	40
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>15,088</b>	<b>14,580</b>

### Material accounting policy information

#### Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-7 for IPPE assets and Note C1-8 for intangible assets.

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

#### Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are no longer required to be tested for impairment under AASB 136. This is because these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

Intangible assets that have an indefinite useful life, or are not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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



### B3-5 Other expenses

\$ '000	2024	2023
<b>Other</b>		
Contributions/levies to other levels of government		
– Emergency services levy (includes FRNSW, SES, and RFS levies)	596	562
Donations, contributions and assistance to other organisations (Section 356)	86	60
<b>Total other expenses</b>	<b>682</b>	<b>622</b>

#### Material accounting policy information

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

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

\$ '000	Notes	2024	2023
<b>Gain (or loss) on disposal of plant and equipment</b>			
	C1-7		
Proceeds from disposal – plant and equipment		806	271
Less: carrying amount of plant and equipment assets sold/written off		(758)	(206)
<b>Gain (or loss) on disposal</b>		<b>48</b>	<b>65</b>
<b>Gain (or loss) on disposal of infrastructure</b>			
	C1-7		
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure assets sold/written off		(711)	(2,015)
<b>Gain (or loss) on disposal</b>		<b>(711)</b>	<b>(2,015)</b>
<b>Gain (or loss) on disposal of real estate assets held for sale</b>			
	C1-5		
Proceeds from disposal – real estate assets		694	779
Less: carrying amount of real estate assets sold/written off		(294)	(306)
<b>Gain (or loss) on disposal</b>		<b>400</b>	<b>473</b>
<b>Gain (or loss) on disposal of term deposits</b>			
	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		48,524	39,524
Less: carrying amount of term deposits sold/redeemed/matured		(48,524)	(39,524)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>–</b>
<b>Net gain (or loss) from disposal of assets</b>		<b>(263)</b>	<b>(1,477)</b>

**Material accounting policy information**

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

The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer and the asset is de-recognised.

## B5 Performance against budget

### B5-1 Material budget variations

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

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

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

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

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
<b>Revenues</b>				
<b>Rates and annual charges</b>	19,806	20,176	370	2% <b>F</b>
<b>User charges and fees</b>	9,626	10,968	1,342	14% <b>F</b>
The favourable outcome was partly driven by unbudgeted state road maintenance work. This resulted in increased income from Transport for NSW (TNSW), which contributed significantly to the positive financial result. The additional revenue from these projects helped to improve the Council's overall financial position for the current reporting period.				
<b>Other revenues</b>	407	1,308	901	221% <b>F</b>
A budget variance occurred due to an unbudgeted (\$750k) insurance claim related to flood damage. This expense was not accounted for in the original budget, leading to the variance				
<b>Operating grants and contributions</b>	14,114	26,556	12,442	88% <b>F</b>
During the financial year 2023/2024, Federation Council received additional \$1.2 million funding from Department of Infrastructure for Roads to Recovery projects. Council also recognised \$9.2 million income under AASB 1058 from Regional and Local Roads Repair Program funding and \$1 million from Local Government Recovery Grants, thus leading to a significant budget variance. These receipts were not budgeted for in the original budget.				
<b>Capital grants and contributions</b>	852	12,157	11,305	1,327% <b>F</b>
Council only budgeted for new work in 2023/24, work that had been adopted in previous years had been brought forward as a carry forward. Significant grants received were Saleyards (\$2.9M), Regional Growth Fund (\$2.2M) & roads (\$3.5M). This approach was adopted to accurately represent the financial position of the Council and avoid distorting the original budget figures, which could have resulted in misleading variances between the original budget and actual expenditures for the current financial year.				
<b>Interest and investment revenue</b>	435	2,742	2,307	530% <b>F</b>
Budgeted investment revenue was prepared based on conservative historical performance for 2021/22 and 2022/23 with actual ROI. In 2023/24, actual ROI have significantly improved with the multiple increase of interest rate by RBA with a cumulative of 4.35% from 2022/2023. Council received significant money in advance, specially \$7.1 million was received as part of the funding for the Regional and Local Road Repair Program. This prepayment relates to a project whose delivery date is scheduled for October 2027. Since the project is not scheduled to commence immediately, the funds have been prudently invested. As a result of this investment, interest revenue has increased, reflecting the earnings generated from the invested funds. This proactive financial management ensures that the received funds continue to generate value for the organization in the period leading up to the program's commencement.				
<b>Net gains from disposal of assets</b>	1,040	-	(1,040)	(100)% <b>U</b>
Council's budget included expected gains from the disposal of plant and real estate assets. The budget did not include losses from the disposal of infrastructure assets when they are renewed (such as road, water mains and sewer mains, etc.) as the measurability of this loss is significantly more challenging to calculate reliably and the value for decision making purposes is limited.				

## B5-1 Material budget variations (continued)

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----		
<b>Expenses</b>					
Employee benefits and on-costs	17,578	16,429	1,149	7%	F
Materials and services	18,024	18,897	(873)	(5)%	U
Borrowing costs	520	494	26	5%	F
Depreciation, amortisation and impairment of non-financial assets	14,491	15,088	(597)	(4)%	U
Other expenses	696	682	14	2%	F
Net losses from disposal of assets	-	263	(263)	∞	U

**Statement of cash flows**

<b>Cash flows from operating activities</b>	<b>9,831</b>	<b>28,501</b>	<b>18,670</b>	<b>190%</b>	<b>F</b>
---	--------------	---------------	---------------	-------------	----------

This favourable result is primarily due to the significant increase in grant income recognised, and the increase in the advance payment of Financial Assistance Grants and additional funding for flood relief payments.

<b>Cash flows from investing activities</b>	<b>(10,281)</b>	<b>(25,910)</b>	<b>(15,629)</b>	<b>152%</b>	<b>U</b>
---	-----------------	-----------------	-----------------	-------------	----------

Original budget did not take into account additional cash flow from advance revenue received during the financial year.

<b>Cash flows from financing activities</b>	<b>221</b>	<b>3,031</b>	<b>2,810</b>	<b>1,271%</b>	<b>F</b>
---	------------	--------------	--------------	---------------	----------

\$3.8M borrowing was budgeted to be drawn down over two years, i.e. \$2.8M in 2022/23 and \$1M in 2023/24. Disbursement was delayed and all took place in 2023/24 instead, hence the variance due to 2022/23 allocation.

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

\$ '000	2024	2023
<b>Cash assets</b>		
Cash on hand and at bank	8,834	2,282
Cash equivalent assets		
– Deposits at call	4,104	2,680
– Short-term deposits	12,026	14,380
<b>Total cash and cash equivalents</b>	<b>24,964</b>	<b>19,342</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	24,964	19,342
<b>Balance as per the Statement of Cash Flows</b>	<b>24,964</b>	<b>19,342</b>

#### Material accounting policy information

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

#### C1-2 Financial investments

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
<b>Financial assets</b>				
Long term deposits	42,906	–	29,933	5,054
<b>Total financial investments</b>	<b>42,906</b>	<b>–</b>	<b>29,933</b>	<b>5,054</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>67,870</b>	<b>–</b>	<b>49,275</b>	<b>5,054</b>

#### Material accounting policy information

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

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

#### Financial assets

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

#### Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

#### Amortised cost

Assets measured at amortised cost are financial assets where:

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

## C1-2 Financial investments (continued)

---

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

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

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

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

### **Financial assets through profit or loss**

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss.

Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

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

\$ '000	2024	2023
(a) Externally restricted cash, cash equivalents and investments		
<b>Total cash, cash equivalents and investments</b>	<b>67,870</b>	54,329
Less: Externally restricted cash, cash equivalents and investments	<u>(38,699)</u>	<u>(31,227)</u>
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>29,171</b>	23,102
<b>External restrictions</b>		
<b>External restrictions – included in liabilities</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – Contract Liabilities	4,134	9,764
Specific purpose unexpended grants – general fund	<u>7,981</u>	<u>–</u>
<b>External restrictions – included in liabilities</b>	<b>12,115</b>	9,764
<b>External restrictions – other</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	406	98
Developer contributions – water fund	1,612	1,478
Developer contributions – sewer fund	1,547	1,398
Water fund	14,122	10,516
Sewer fund	<u>8,897</u>	<u>7,973</u>
<b>External restrictions – other</b>	<b>26,584</b>	21,463
<b>Total external restrictions</b>	<b>38,699</b>	31,227

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)**

<b>\$ '000</b>	<b>2024</b>	2023
<b>(b) Internal allocations</b>		
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>29,171</b>	23,102
Less: Internally restricted cash, cash equivalents and investments	<u>(24,291)</u>	<u>(20,631)</u>
<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>4,880</b>	2,471

**Internal allocations**

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

Plant and vehicle replacement	<b>650</b>	–
Employees leave entitlement	<b>3,402</b>	2,349
Carry over works	<b>2,985</b>	2,865
Gravel pits restoration	<b>1,352</b>	1,202
Waste restoration	<b>735</b>	200
Urana aquatic centre – upgrade	<b>137</b>	137
Cemetery	<b>35</b>	35
Rural Fire Service	<b>207</b>	–
Insurance Recoveries - Flood Works	<b>289</b>	–
Special Rate Variation - Carry Over Works	<b>560</b>	–
Industrial land development reserve	<b>1,121</b>	1,340
Preschool building asbestos removal	<b>30</b>	30
Billabidgee aged care units	<b>–</b>	44
Victoria park	<b>–</b>	8
Combined town and recreation s355	<b>125</b>	127
Weir repairs reserve	<b>28</b>	28
Creditor reserve	<b>3,255</b>	2,790
Security bonds, deposit and retention reserve	<b>950</b>	975
Financial Assistance Grant (FAGs) advance payment	<b>7,626</b>	8,501
Pre Paid Rates in Advance	<b>804</b>	–
<b>Total internal allocations</b>	<b>24,291</b>	20,631

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

<b>\$ '000</b>	<b>2024</b>	2023
<b>(c) Unrestricted and unallocated</b>		
<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>4,880</b>	2,471

## C1-4 Receivables

\$ '000	2024		2023	
	Current	Non-current	Current	Non-current
Rates and annual charges	1,620	–	1,277	–
Interest and extra charges	191	–	48	–
User charges and fees	524	–	666	–
Private works	64	–	63	–
Contributions to works	43	–	41	–
Accrued revenues				
– Rates and annual charges	3,660	–	3,116	–
Amounts due from other councils	716	–	69	–
Deferred debtors	5	–	2	–
Government grants and subsidies	2,310	–	1,721	–
Loans to non-profit organisations	–	60	–	60
Net GST receivable	452	–	382	–
Sundry works	652	–	475	–
Saleyard fees	86	–	44	–
Certificates	2	–	–	–
Leases/Rentals	21	–	–	–
Other debtors	135	–	165	–
<b>Total</b>	<b>10,481</b>	<b>60</b>	<b>8,069</b>	<b>60</b>
<b>Less: provision for impairment</b>				
Rates and annual charges	(61)	–	(61)	–
User charges and fees	(4)	–	(4)	–
<b>Total provision for impairment – receivables</b>	<b>(65)</b>	<b>–</b>	<b>(65)</b>	<b>–</b>
<b>Total net receivables</b>	<b>10,416</b>	<b>60</b>	<b>8,004</b>	<b>60</b>
<b>\$ '000</b>			<b>2024</b>	<b>2023</b>

### Movement in provision for impairment of receivables

Balance at the beginning of the year	65	65
<b>Balance at the end of the period (in accordance with AASB 9)</b>	<b>65</b>	<b>65</b>

### Material accounting policy information

Receivables are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

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.

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

### Impairment

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

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

When considering the ECL for rates debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. For non-rates debtors, Council uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

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

- the other party is unlikely to pay its credit obligations to the Council in full, without recourse by the Council to actions such as realising security (if any is held) or

## C1-4 Receivables (continued)

---

- the financial assets (for non-rates debtors) are more than 90 days past due.

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

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

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

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

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over 5 years past due, whichever occurs first.

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

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

Rates and annual charges outstanding are secured against the property.

## C1-5 Inventories

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
<b>(i) Inventories at cost</b>				
Real estate for resale	1,329	–	1,623	–
Stores and materials	604	–	407	–
<b>Total inventories at cost</b>	<b>1,933</b>	<b>–</b>	<b>2,030</b>	<b>–</b>
<b>Total inventories</b>	<b>1,933</b>	<b>–</b>	<b>2,030</b>	<b>–</b>

### (i) Other disclosures

\$ '000	Notes	2024 Current	2024 Non-current	2023 Current	2023 Non-current
<b>(a) Details for real estate development</b>					
Industrial/commercial		1,329	–	1,623	–
<b>Total real estate for resale</b>		<b>1,329</b>	<b>–</b>	<b>1,623</b>	<b>–</b>
(Valued at the lower of cost and net realisable value)					
<b>Represented by:</b>					
Development costs		1,329	–	1,623	–
<b>Total costs</b>		<b>1,329</b>	<b>–</b>	<b>1,623</b>	<b>–</b>
<b>Total real estate for resale</b>		<b>1,329</b>	<b>–</b>	<b>1,623</b>	<b>–</b>
<b>Movements:</b>					
Real estate assets at beginning of the year		1,623	–	1,929	–
– WDV of sales (expense)	B4-1	(294)	–	(306)	–
<b>Total real estate for resale</b>		<b>1,329</b>	<b>–</b>	<b>1,623</b>	<b>–</b>

### Material accounting policy information

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

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

#### Land held for resale

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

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

## C1-6 Non-current assets classified as held for sale

### Material accounting policy information

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use and are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

## C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2023			Asset movements during the reporting period								At 30 June 2024		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000														
Capital work in progress	17,211	–	17,211	2,720	135	–	–	(16,602)	(71)	–	–	3,393	–	3,393
Plant and equipment	17,334	(8,447)	8,887	2,377	–	(758)	(770)	–	–	–	–	17,502	(7,766)	9,736
Office equipment	1,077	(577)	500	126	–	–	(145)	68	–	–	–	1,271	(722)	549
Furniture and fittings	501	(365)	136	–	–	–	(15)	–	–	–	–	501	(379)	122
<b>Land:</b>														
– Operational land	23,137	–	23,137	–	660	–	–	–	–	–	7,555	31,352	–	31,352
– Community land	31,295	–	31,295	–	–	–	–	–	–	–	6,769	38,064	–	38,064
– Land under roads (post 30/6/08)	514	–	514	353	–	–	–	–	–	–	1,042	1,909	–	1,909
Land improvements – depreciable	7,315	(1,347)	5,968	790	–	–	(277)	318	–	–	415	8,932	(1,718)	7,214
<b>Infrastructure:</b>														
– Buildings – non-specialised	28,520	(7,567)	20,953	25	–	–	(405)	–	–	–	1,556	30,528	(8,399)	22,129
– Buildings – specialised	108,565	(42,975)	65,590	148	2,430	–	(1,796)	9,400	–	–	4,262	127,792	(47,758)	80,034
– Other structures	2,176	(1,249)	927	180	–	(170)	(36)	501	–	–	446	2,994	(1,146)	1,848
– Roads	357,513	(148,812)	208,701	5,169	157	–	(6,456)	1,828	16,079	–	12,452	407,815	(169,885)	237,930
– Bridges	32,036	(11,189)	20,847	–	–	–	(317)	–	–	–	1,119	33,756	(12,107)	21,649
– Footpaths	14,264	(4,228)	10,036	487	158	–	(285)	3,432	–	(2,927)	–	15,400	(4,499)	10,901
– Bulk earthworks (non-depreciable)	140,663	–	140,663	1,449	–	–	–	90	–	–	4,586	146,788	–	146,788
– Stormwater drainage	74,960	(20,156)	54,804	41	67	–	(549)	63	(16,079)	–	16,062	80,525	(26,116)	54,409
– Water supply network	81,617	(37,490)	44,127	1,811	43	(240)	(1,591)	749	–	–	3,552	82,436	(33,985)	48,451
– Sewerage network	94,032	(35,493)	58,539	553	62	(302)	(1,844)	150	–	–	21,440	122,883	(44,285)	78,598
– Swimming pools	21,116	(4,575)	16,541	80	–	–	(342)	3	–	–	539	21,887	(5,066)	16,821
– Other open space/recreational assets	3,846	(839)	3,007	–	–	–	(205)	–	–	–	97	3,971	(1,072)	2,899
<b>Reinstatement, rehabilitation and restoration assets (refer Note C2-5):</b>														
– Quarry assets	343	(238)	105	–	–	–	–	–	–	–	–	343	(238)	105
<b>Total infrastructure, property, plant and equipment</b>	<b>1,058,035</b>	<b>(325,547)</b>	<b>732,488</b>	<b>16,309</b>	<b>3,712</b>	<b>(1,470)</b>	<b>(15,033)</b>	<b>–</b>	<b>(71)</b>	<b>(2,927)</b>	<b>81,892</b>	<b>1,180,042</b>	<b>(365,141)</b>	<b>814,901</b>

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

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

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period								At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in equity)	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>														
Capital work in progress	13,706	–	13,706	10,633	–	–	–	–	(6,975)	(153)	–	17,211	–	17,211
Plant and equipment	16,959	(8,263)	8,696	1,116	–	(206)	(736)	–	17	–	–	17,334	(8,447)	8,887
Office equipment	1,000	(389)	611	97	–	–	(208)	–	–	–	–	1,077	(577)	500
Furniture and fittings	456	(357)	99	–	–	–	(8)	–	45	–	–	501	(365)	136
<b>Land:</b>														
– Operational land	18,854	–	18,854	–	12	–	–	–	–	–	4,271	23,137	–	23,137
– Community land	28,942	–	28,942	–	–	–	–	–	–	–	2,353	31,295	–	31,295
– Land under roads (post 30/6/08)	476	–	476	–	–	–	–	–	–	–	38	514	–	514
Land improvements – depreciable	6,065	(1,083)	4,982	53	–	–	(187)	–	761	–	359	7,315	(1,347)	5,968
<b>Infrastructure:</b>														
– Buildings – non-specialised	27,429	(8,078)	19,351	–	36	(166)	(664)	(1,436)	–	–	3,832	28,520	(7,567)	20,953
– Buildings – specialised	91,663	(44,559)	47,104	35	721	(526)	(1,820)	–	100	554	19,422	108,565	(42,975)	65,590
– Other structures	2,070	(1,162)	908	–	–	–	(27)	–	–	–	46	2,176	(1,249)	927
– Roads	332,869	(128,348)	204,521	3,899	–	(926)	(5,914)	(7,323)	2,412	–	12,032	357,513	(148,812)	208,701
– Bridges	27,763	(10,305)	17,458	955	–	–	(275)	–	1,677	–	1,032	32,036	(11,189)	20,847
– Footpaths	9,333	(2,616)	6,717	–	199	(184)	(254)	–	245	–	3,313	14,264	(4,228)	10,036
– Bulk earthworks (non-depreciable)	132,312	–	132,312	667	–	–	–	–	924	–	6,760	140,663	–	140,663
– Stormwater drainage	70,133	(18,413)	51,720	1,015	–	–	(803)	–	231	–	2,641	74,960	(20,156)	54,804
– Water supply network	75,255	(33,516)	41,739	476	194	(174)	(1,449)	–	136	–	3,205	81,617	(37,490)	44,127
– Sewerage network	86,400	(31,406)	54,994	484	391	(39)	(1,683)	–	155	–	4,237	94,032	(35,493)	58,539
– Swimming pools	16,689	(3,103)	13,586	41	–	–	(321)	–	–	–	3,235	21,116	(4,575)	16,541
– Other open space/recreational assets	4,111	(792)	3,319	–	22	(2)	(191)	–	272	(554)	141	3,846	(839)	3,007
<b>Reinstatement, rehabilitation and restoration assets (refer Note C2-5):</b>														
– Quarry assets	343	(238)	105	–	–	–	–	–	–	–	–	343	(238)	105
<b>Total infrastructure, property, plant and equipment</b>	<b>962,828</b>	<b>(292,628)</b>	<b>670,200</b>	<b>19,471</b>	<b>1,575</b>	<b>(2,223)</b>	<b>(14,540)</b>	<b>(8,759)</b>	<b>–</b>	<b>(153)</b>	<b>66,917</b>	<b>1,058,035</b>	<b>(325,547)</b>	<b>732,488</b>

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

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

### 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 are 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:

<b>Plant and equipment</b>	Years	<b>Other equipment</b>	Years
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 8	<b>Buildings</b>	
Heavy plant/road making equipment	5 to 8	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 40
		<b>Stormwater assets</b>	
<b>Water and sewer assets</b>		Drains	80 to 100
Dams and reservoirs	60 to 100	Culverts	50 to 80
Bores	20 to 40	Flood control structures	80 to 100
Reticulation pipes: PVC	70 to 80		
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 20		
		<b>Other infrastructure assets</b>	
<b>Transportation assets</b>		Bulk earthworks	20
Sealed roads: surface	20	Swimming pools	50
Sealed roads: structure	50	Other open space/recreational assets	20
Unsealed roads	20	Other infrastructure	20
Bridge: concrete	100		
Bridge: other	50		
Road pavements	60		
Kerb, gutter and footpaths	40		

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

#### Revaluation model

Infrastructure, property, plant and equipment are held at fair value. Independent comprehensive valuations are performed at least every five 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 Industry (DoI) – Water.

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

#### Land under roads

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

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

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

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

### Crown reserves

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

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

### Rural Fire Service assets

Under Section 119 of the *Rural Fire Services Act 1997 (NSW)*, "all firefighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the firefighting equipment has been purchased or constructed".

These Rural Fire Service plant and equipment assets are not recognised as assets of the Council in these financial statements.

## Infrastructure, property, plant and equipment – current year impairments

\$ '000	2024	2023
<b>(iii) Impairment losses recognised direct to equity (ARR):</b>		
- For Flood Damage on Roads in November 2022	–	7,322
- For Flood Damage on Buildings in November 2022	–	1,436
<b>Total impairment losses</b>	<b>–</b>	<b>8,758</b>
<b>Impairment of assets – direct to equity (ARR)</b>	<b>–</b>	<b>8,758</b>

## C1-8 Intangible assets

Intangible assets are as follows:

\$ '000	2024	2023
<b>Software</b>		
<b>Opening values at 1 July</b>		
Gross book value	675	675
Accumulated amortisation	(408)	(368)
<b>Net book value – opening balance</b>	<b>267</b>	<b>307</b>
<b>Movements for the year</b>		
Purchases	160	–
Amortisation charges	(55)	(40)
<b>Closing values at 30 June</b>		
Gross book value	835	675
Accumulated amortisation	(463)	(408)
<b>Total software – net book value</b>	<b>372</b>	<b>267</b>



## C2 Liabilities of Council

### C2-1 Payables

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
Goods and services – operating expenditure	3,286	–	2,820	–
Accrued expenses:				
– Borrowings	43	–	–	–
– Salaries and wages	278	–	263	–
Security bonds, deposits and retentions	950	–	975	–
Prepaid rates	804	–	796	–
<b>Total payables</b>	<b>5,361</b>	<b>–</b>	<b>4,854</b>	<b>–</b>

#### Material accounting policy information

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

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

#### Payables

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

### C2-2 Contract Liabilities

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
<b>Grants and contributions received in advance:</b>				
Unexpended capital grants (to construct Council controlled assets) <sup>i</sup>	3,550	–	8,688	–
Unexpended operating grants (received prior to performance obligation being satisfied) <sup>ii</sup>	504	–	1,016	–
<b>Total grants received in advance</b>	<b>4,054</b>	<b>–</b>	<b>9,704</b>	<b>–</b>
<b>User fees and charges received in advance:</b>				
Upfront fees <sup>iii</sup>	56	–	36	–
<b>Total user fees and charges received in advance</b>	<b>56</b>	<b>–</b>	<b>36</b>	<b>–</b>
<b>Total contract liabilities</b>	<b>4,110</b>	<b>–</b>	<b>9,740</b>	<b>–</b>

(i) Council has received funding to renew roads, recreational and buildings assets. The funds received are under an enforceable contract which require Council to construct an identified asset which will be under Council's control on completion. The revenue is recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue.

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

(iii) Upfront fees for the aquatic centre and caravan park that do not meet the definition of a performance obligation and therefore the funds received are recorded as a contract liability on receipt and recognised as revenue when or as it satisfies a performance obligation over the expected membership life or by transferring control of a product or service to a customer.

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

##### Grants and contributions received in advance:

Capital grants (to construct Council controlled assets)	7,702	5,257
Operating grants (received prior to performance obligation being satisfied)	807	2,490

## C2-2 Contract Liabilities (continued)

### User fees and charges received in advance:

Upfront fees – leisure centre	36	39
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>8,545</b>	<b>7,786</b>

### Significant changes in contract liabilities

Council has completed many grant funded projects throughout 2023/2024 as well as start other major capital projects supported by grant funding. Council is well underway in achieving their performance obligations.

### Material accounting policy information

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

## C2-3 Borrowings

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
Loans – secured <sup>1</sup>	730	12,217	552	9,364
<b>Total borrowings</b>	<b>730</b>	<b>12,217</b>	<b>552</b>	<b>9,364</b>

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

### Financing arrangements

\$ '000	2024	2023
<b>Total facilities</b>		
Total financing facilities available to Council at the reporting date are:		
Bank overdraft facilities <sup>1</sup>	380	380
Credit cards/purchase cards	60	60
<b>Total financing arrangements</b>	<b>440</b>	<b>440</b>
<b>Drawn facilities</b>		
Financing facilities drawn down at the reporting date are:		
– Credit cards/purchase cards	23	14
<b>Total drawn financing arrangements</b>	<b>23</b>	<b>14</b>
<b>Undrawn facilities</b>		
Undrawn financing facilities available to Council at the reporting date are:		
– Bank overdraft facilities	380	380
– Credit cards/purchase cards	37	46
<b>Total undrawn financing arrangements</b>	<b>417</b>	<b>426</b>

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

### Material accounting policy information

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

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

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

## C2-4 Employee benefit provisions

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
Annual leave	1,124	–	1,083	–
Long service leave	1,709	254	1,595	216
Superannuation	167	10	152	8
Workers Compensation	108	10	82	7
Other leave	20	–	50	–
<b>Total employee benefit provisions</b>	<b>3,128</b>	<b>274</b>	<b>2,962</b>	<b>231</b>

### Description of and movements in provisions

\$ '000	ELE provisions					Total
	Annual leave	Long service leave	Superannuation	Workers Compensation	Other employee benefits	
<b>2024</b>						
At beginning of year	1,083	1,811	160	89	50	3,193
Additional provisions	1,057	455	17	29	–	1,558
Amounts used (payments)	(1,016)	(303)	–	–	(30)	(1,349)
Total ELE provisions at end of year	1,124	1,963	177	118	20	3,402
<b>2023</b>						
At beginning of year	1,077	1,699	147	133	40	3,096
Additional provisions	898	367	13	–	10	1,288
Amounts used (payments)	(892)	(255)	–	(44)	–	(1,191)
Total ELE provisions at end of year	1,083	1,811	160	89	50	3,193

### Material accounting policy information

#### Short-term obligations

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

#### Other long-term employee benefit obligations

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

#### On-costs

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

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

The obligations are presented as current liabilities in the Statement of Financial Position if the Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

## C2-5 Provisions

\$ '000	2024 Current	2024 Non-Current	2023 Current	2023 Non-Current
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	432	709	432	709
<b>Total provisions</b>	<b>432</b>	<b>709</b>	<b>432</b>	<b>709</b>

### Material accounting policy information

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

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

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

### Asset remediation – tips and quarries

#### Restoration

Close-down and restoration costs include the dismantling and demolition of infrastructure, and the removal of residual materials and remediation of disturbed areas. Estimated close-down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

#### Rehabilitation

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

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

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

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

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

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

## C3 Reserves

### C3-1 Nature and purpose of reserves

---

#### **IPPE Revaluation reserve**

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

## D Council structure

### D1 Results by fund

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

#### D1-1 Income Statement by fund

\$ '000	Waste 2024	General 2024	Water 2024	Sewer 2024
<b>Income from continuing operations</b>				
Rates and annual charges	2,413	11,495	1,526	4,742
User charges and fees	–	5,377	4,785	806
Interest and investment revenue	16	1,583	679	464
Other revenues	–	1,206	63	39
Grants and contributions provided for operating purposes	73	26,118	110	255
Grants and contributions provided for capital purposes	–	11,401	133	623
Net gains from disposal of assets	–	278	–	–
<b>Total income from continuing operations</b>	<b>2,502</b>	<b>57,458</b>	<b>7,296</b>	<b>6,929</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	166	10,619	2,897	2,747
Materials and services	2,265	13,888	1,510	1,234
Borrowing costs	–	214	118	162
Depreciation, amortisation and impairment of non-financial assets	–	11,500	1,694	1,894
Other expenses	–	682	–	–
Net losses from the disposal of assets	–	–	239	302
<b>Total expenses from continuing operations</b>	<b>2,431</b>	<b>36,903</b>	<b>6,458</b>	<b>6,339</b>
<b>Operating result from continuing operations</b>	<b>71</b>	<b>20,555</b>	<b>838</b>	<b>590</b>
<b>Net operating result for the year</b>	<b>71</b>	<b>20,555</b>	<b>838</b>	<b>590</b>
<b>Net operating result attributable to each council fund</b>	<b>71</b>	<b>20,555</b>	<b>838</b>	<b>590</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>71</b>	<b>9,154</b>	<b>705</b>	<b>(33)</b>

## D1-2 Statement of Financial Position by fund

\$ '000	Waste 2024	General 2024	Water 2024	Sewer 2024
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	10	14,943	5,952	4,059
Investments	–	26,739	9,782	6,385
Receivables	247	5,441	2,451	2,277
Inventories	–	1,933	–	–
Other	–	980	–	–
<b>Total current assets</b>	<b>257</b>	<b>50,036</b>	<b>18,185</b>	<b>12,721</b>
<b>Non-current assets</b>				
Receivables	–	60	–	–
Infrastructure, property, plant and equipment	–	675,129	55,282	84,490
Intangible assets	–	372	–	–
<b>Total non-current assets</b>	<b>–</b>	<b>675,561</b>	<b>55,282</b>	<b>84,490</b>
<b>Total assets</b>	<b>257</b>	<b>725,597</b>	<b>73,467</b>	<b>97,211</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	–	5,050	306	5
Contract liabilities	–	4,110	–	–
Borrowings	–	476	158	96
Employee benefit provision	–	3,128	–	–
Provisions	–	432	–	–
<b>Total current liabilities</b>	<b>–</b>	<b>13,196</b>	<b>464</b>	<b>101</b>
<b>Non-current liabilities</b>				
Borrowings	–	6,703	3,495	2,019
Employee benefit provision	–	274	–	–
Provisions	–	709	–	–
<b>Total non-current liabilities</b>	<b>–</b>	<b>7,686</b>	<b>3,495</b>	<b>2,019</b>
<b>Total liabilities</b>	<b>–</b>	<b>20,882</b>	<b>3,959</b>	<b>2,120</b>
<b>Net assets</b>	<b>257</b>	<b>704,715</b>	<b>69,508</b>	<b>95,091</b>
<b>EQUITY</b>				
Accumulated surplus	257	442,468	55,049	50,582
Revaluation reserves	–	262,247	14,459	44,509
<b>Council equity interest</b>	<b>257</b>	<b>704,715</b>	<b>69,508</b>	<b>95,091</b>
<b>Total equity</b>	<b>257</b>	<b>704,715</b>	<b>69,508</b>	<b>95,091</b>



## E Risks and accounting uncertainties

### E1-1 Risks relating to financial instruments held

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

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

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

Financial risk management is carried out by Council's finance section under policies approved by the Council.

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

\$ '000	Carrying value 2024	Carrying value 2023	Fair value 2024	Fair value 2023
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Cash and cash equivalents	24,964	19,342	24,961	19,342
Receivables	10,476	8,064	10,419	8,064
Investments	42,906	34,987	42,906	34,987
<b>Total financial assets</b>	<b>78,346</b>	<b>62,393</b>	<b>78,286</b>	<b>62,393</b>
<b>Financial liabilities</b>				
Payables	5,361	4,854	5,322	4,853
Loans/advances	12,947	9,916	12,947	9,916
<b>Total financial liabilities</b>	<b>18,308</b>	<b>14,770</b>	<b>18,269</b>	<b>14,769</b>

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and investments** – are based upon estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital.

Council's finance area manages the cash and Investments portfolio with the assistance of independent advisors.

Council has an investment policy which complies with the Local Government Act 1993 and Minister's investment order 625. This policy is regularly reviewed by Council and its staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance as required by Local Government regulations.

The risks associated with the instruments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether the changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.
- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due.
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

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

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

Council also seeks advice from independent advisers before placing any funds in cash equivalents and investments.

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

<b>\$ '000</b>	<b>2024</b>	<b>2023</b>
<p>The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.</p>		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	<b>538</b>	<b>463</b>

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

### (b) Credit risk

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

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures. Council also encourages ratepayers to pay their rates by the due date through incentives.

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

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

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

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

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

#### Credit risk profile

##### Receivables – rates and annual charges

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

\$ '000	Not yet overdue rates and annual charges			Total
	Not yet overdue	< 5 years	≥ 5 years	
<b>2024</b>				
Gross carrying amount	1,064	492	64	1,620
2023				
Gross carrying amount	871	357	49	1,277

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

Council applies the simplified approach for non-rates and annual charges debtors to provide for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision. To measure the expected credit losses, non-rates and annual charges debtors have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance provision as at 30 June 2024 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	
<b>2024</b>						
Gross carrying amount	3,031	1,636	574	1,458	2,222	8,921
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>ECL provision</b>	–	–	–	–	4	4
2023						
Gross carrying amount	833	3,962	16	39	2,002	6,852
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>ECL provision</b>	–	–	–	–	4	4

## E1-1 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 finance team regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

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

The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	payable in: ≤ 1 Year	1 - 5 Years	> 5 Years	Total contractu al cashflows	Actual carrying values
<b>2024</b>							
Payables	0.00%	950	4,362	–	–	5,312	5,361
Borrowings	4.17%	–	948	4,174	7,825	12,947	12,947
<b>Total financial liabilities</b>		<b>950</b>	<b>5,310</b>	<b>4,174</b>	<b>7,825</b>	<b>18,259</b>	<b>18,308</b>
<b>2023</b>							
Payables	0.00%	975	3,819	–	–	4,794	4,854
Borrowings	3.70%	–	535	2,695	6,597	9,827	9,916
<b>Total financial liabilities</b>		<b>975</b>	<b>4,354</b>	<b>2,695</b>	<b>6,597</b>	<b>14,621</b>	<b>14,770</b>

## E2-1 Fair value measurement

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

– Infrastructure, property, plant and equipment.

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

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a 'level' in the fair value hierarchy as follows:

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

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

**Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

\$ '000	Notes	Fair value measurement hierarchy							
		Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2024	2023	2024	2023	2024	2023	2024	2023
<b>Recurring fair value measurements</b>									
<b>Infrastructure, property, plant and equipment</b>									
	C1-7								
Plant and equipment		30/06/24	30/06/23	9,736	8,887	–	–	9,736	8,887
Office equipment		30/06/24	30/06/23	–	–	549	500	549	500
Furniture and fittings		30/06/24	30/06/23	–	–	122	136	122	136
Land – operational land		30/06/24	30/06/20	31,352	23,137	–	–	31,352	23,137
Land – community land		30/06/24	30/06/20	–	–	38,064	31,295	38,064	31,295
Land – land under roads (post 30/6/08)		30/06/24	30/06/13	–	–	1,909	514	1,909	514
Land improvements – depreciable		30/06/18	30/06/18	–	–	7,214	5,968	7,214	5,968
Buildings – non-specialised		30/06/23	30/06/23	22,129	20,953	–	–	22,129	20,953
Buildings – specialised		30/06/23	30/06/23	–	–	80,034	65,590	80,034	65,590
Other structures		30/06/24	30/06/18	–	–	1,848	927	1,848	927
Roads		30/06/20	30/06/20	–	–	237,930	208,701	237,930	208,701
Bridges		30/06/20	30/06/20	–	–	21,649	20,847	21,649	20,847
Footpaths		30/06/23	30/06/23	–	–	10,901	10,036	10,901	10,036
Bulk earthworks (non-depreciable)		30/06/20	30/06/20	–	–	146,788	140,663	146,788	140,663
Stormwater drainage		30/06/24	30/06/18	–	–	54,409	54,804	54,409	54,804
Water supply network		30/06/24	30/06/18	–	–	48,451	44,127	48,451	44,127
Sewerage network		30/06/24	30/06/18	–	–	78,598	58,539	78,598	58,539
Swimming pools		30/06/23	30/06/23	–	–	16,821	16,541	16,821	16,541
Other open space/recreational assets		30/06/18	30/06/18	–	–	2,899	3,007	2,899	3,007
Quarry assets		12/05/11	12/05/11	–	–	105	105	105	105
<b>Total infrastructure, property, plant and equipment</b>				<b>63,217</b>	<b>52,977</b>	<b>748,291</b>	<b>662,300</b>	<b>811,508</b>	<b>715,277</b>

### Non-recurring fair value measurements

## E2-1 Fair value measurement (continued)

---

### Valuation techniques

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

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

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

##### Plant & Equipment, Office Equipment, Furniture & Fittings and Other Assets

Plant & Equipment, Office Equipment, Furniture & Fittings and Other Assets are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to their nature.

Examples of assets within these classes are as follows:

- Plant and Equipment
- Office Equipment
- Furniture and Fittings
- Other Assets

There has been no change to the valuation process during the reporting period, other than normal useful life and rate considerations.

---

#### Land and Buildings

##### Operational & Community Land

Operational & Community Land values are based on the Land Values provided by the Valuer-General for 30/6/2023. Where rates were not available for Community land, adjacent land rates were adopted, based on 2022 land values. Land Value was based on the valuer's opinion of estimated market value of arm's length transaction between buyer and seller, both willing and knowledgeable parties.

##### Buildings - Non-Specialised & Specialised

Buildings were externally valued by APV Valuers & Asset Management for 30/6/2023. Specialised and Non-specialised buildings were both valued by the external valuer.

Buildings were valued at fair value. Fair value is the best estimate of the price reasonably obtained in the market at the date of valuation. No market based evidence (Level 2) could be used as reference. As such, these assets were all classified as having been valued using Level 3 inputs.

There has been no changes to the valuation process during the reporting period.

---

##### Other Structures

Balldale water system is classified as Other Structures. The water system is a non potable water supply and the depreciated cost approach has been adopted. The replacement cost was estimated for the asset because no market based evidence (Level 2) could be use as reference, except for the bore that was replaced.

There has been no change to the valuation process during the reporting period.

---

##### Roads, Bridges and Footpaths

Age-based depreciated replacement cost method has been applied for asset valuations. Condition-based assessment was undertaken where initial installation dates where unknown. Valuations of roads, bridges and footpaths were undertaken in-house based on actual cost and estimates from Council's Engineering Department. Revaluation of footpaths were conducted for 30/6/2023.

Bridge and major culverts were extensively revised and unit rates for other assets were reconsidered. Key inputs such as estimated pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacts significantly on the final determination of fair value. As such, this asset class was classified as having been valued using Level 3 inputs.

There has been no other changes to the valuation process during the reporting period.

---

## E2-1 Fair value measurement (continued)

---

### Stormwater Drainage

Age-based depreciated replacement cost method has been applied for asset valuation. Valuation of stormwater drainage was undertaken by Australis Asset Advisory Group for 30 June 2024.

Unit rates adopted were benchmarked against adjacent Council rates and NSW Reference manual rates.

The carrying value was determined using a linear, age-based valuation method to more closely determine the asset's value. Key inputs such as estimated pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impact significantly on the final determination of fair value.

As such, this asset class was classified as having been valued using Level 3 inputs.

---

### Water Supply Network

This asset class comprises of water mains, treatment plants and equipment such as reticulations mains, bores and dam/reservoirs.

Age based depreciated replacement cost method applied for asset valuation.

The assets are valued using age-based methodology and indexed using the NSW Reference manual rates.

Replacement cost is determined based on using current equivalent materials and methods.

Key inputs such as estimated pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impact significantly on the final determination of fair value.

As such, this asset class was classified as having been valued using Level 3 inputs.

Valuation of water supply network was undertaken by Australis Asset Advisory Group for 30 June 2024.

---

### Sewerage Network

This asset class comprises pump stations, sewerage mains and treatment plants.

Age based depreciated replacement cost method applied for asset valuation. Replacement cost is determined from the NSW Reference Rates Manual.

Key inputs such as estimated pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impact significantly on the final determination of fair value.

As such, this asset class was classified as having been valued using Level 3 inputs.

Valuation of sewerage network was undertaken by Australis Asset Advisory Group for 30 June 2024.

---

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

### The valuation process for level 3 fair value measurements

Council's fair value is done based on the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. Council's valuation will be recorded at the depreciated replacement cost (i.e written-down value) using the fair value approach to arrive at the fair value.

The "Replacement Cost" method will typically be used as this is the most common method for non-commercial Council infrastructure assets where a market value is not available to determine the value of the asset.

Determination of the replacement cost at times will require componentisation to allow for different useful lives, unit rates and consumption to be considered, so that a reasonable value can be determined for the total and fair value of the asset.

An assets can be determined based on the assets condition, expected remaining life and unit costs to arrive at the current fair value of the asset. Asset services undertake the valuation exercise in consultation with the Engineering department. There are instances that external in the valuation process.

Asset revaluations cycles will occur at a maximum of every 5 years. During the annual valuation cycle the unit rates will be adjusted, where required, to limit materiality issues. Where a material financial difference in the asset classes value is likely to be greater than 10%, then a review and adjustment of the unit rates will be required.

Indications of changes in value will be first considered with relevant Building Price Index changes (BPI) changes.

## E2-1 Fair value measurement (continued)

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

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

	Valuation technique/s	Unobservable inputs
<b>Infrastructure, property, plant and equipment</b>		
Office Equipment	Cost approach	Current replacement cost of modern equivalent asset, asset condition, useful life and residual value
Furniture & Fittings	Cost approach	Current replacement cost of modern equivalent asset, asset condition, useful life and residual value
Land - excluding operational land	Market approach. Land values obtained from the NSW Valuer-General	Land value, land area, level of restriction
Buildings - specialised	Cost approach	Current replacement cost of modern equivalent asset using componentisation, asset condition, remaining lives, residual value
Other Structures	Cost approach	Current replacement cost of modern equivalent asset, asset condition, remaining lives, residual value
Roads	Cost approach	Asset condition, remaining lives using componentisation
Bridges	Cost approach	Asset condition, remaining lives using componentisation
Footpaths	Cost approach	Asset condition, remaining lives using componentisation
Bulk Earthworks (non-depreciable)	Cost approach	Asset condition, remaining lives
Stormwater Drainage	Cost approach	Asset condition, remaining lives
Water Supply Network	Cost approach	Asset condition, remaining lives using componentisation
Sewerage Network	Cost approach	Asset condition, remaining lives using componentisation
Swimming Pools	Cost approach	Current replacement cost of modern equivalent asset using componentisation, asset condition, remaining lives, residual value
Other Open Space/Recreational Assets	Cost approach	Asset condition and remaining lives using componentisation
Quarry Assets	Cost approach	Environmental legislation, timing of expected cash outflows, asset condition



## E2-1 Fair value measurement (continued)

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

\$ '000	Office equipment		Furniture and fittings		Land excluding operational land		Building specialised	
	2024	2023	2024	2023	2024	2023	2024	2023
<b>Opening balance</b>	<b>500</b>	611	<b>136</b>	99	<b>37,777</b>	34,400	<b>65,590</b>	47,104
<b>Total gains or losses for the period</b>								
<b>Other movements</b>								
Transfers from/(to) another asset class	68	–	–	45	318	761	9,103	654
Purchases (Gross Book Value)	127	97	–	–	1,143	53	2,579	756
Disposals (Written-Down Value)	–	–	–	–	–	–	–	(526)
Depreciation and impairment	(146)	(208)	(14)	(8)	(277)	(187)	(1,797)	(1,820)
Revaluation increments/(decrements) to equity	–	–	–	–	8,226	2,750	4,559	19,422
<b>Closing balance</b>	<b>549</b>	500	<b>122</b>	136	<b>47,187</b>	37,777	<b>80,034</b>	65,590

\$ '000	Other structures		Roads		Bridges		Footpaths	
	2024	2023	2024	2023	2024	2023	2024	2023
<b>Opening balance</b>	<b>927</b>	908	<b>208,701</b>	204,521	<b>20,847</b>	17,458	<b>10,036</b>	6,717
<b>Total gains or losses for the period</b>								
<b>Other movements</b>								
Transfers from/(to) another asset class	501	–	17,896	2,412	–	1,677	3,432	245
Purchases (Gross Book Value)	180	–	5,326	3,899	–	955	645	199
Disposals (Written-Down Value)	(170)	–	–	(926)	–	–	–	(184)
Depreciation and impairment	(36)	(28)	(6,456)	(13,237)	(318)	(275)	(285)	(254)
Revaluation increments/(decrements) to equity	446	47	12,463	12,032	1,120	1,032	(2,927)	3,313
<b>Closing balance</b>	<b>1,848</b>	927	<b>237,930</b>	208,701	<b>21,649</b>	20,847	<b>10,901</b>	10,036

## E2-1 Fair value measurement (continued)

\$ '000	Bulk earthworks		Stormwater drainage		Water supply network		Sewerage network	
	2024	2023	2024	2023	2024	2023	2024	2023
<b>Opening balance</b>	<b>140,663</b>	132,312	<b>54,804</b>	51,720	<b>44,127</b>	41,739	<b>58,539</b>	54,994
<b>Total gains or losses for the period</b>								
<b>Other movements</b>								
Transfers from/(to) another asset class	<b>90</b>	924	<b>(16,016)</b>	231	<b>749</b>	136	<b>150</b>	155
Purchases (Gross Book Value)	<b>1,449</b>	667	<b>106</b>	1,015	<b>1,854</b>	670	<b>615</b>	875
Disposals (Written-Down Value)	–	–	–	–	<b>(240)</b>	(174)	<b>(302)</b>	(39)
Depreciation and impairment	–	–	<b>(547)</b>	(803)	<b>(1,591)</b>	(1,449)	<b>(1,844)</b>	(1,683)
Revaluation increments/(decrements) to equity	<b>4,586</b>	6,760	<b>16,062</b>	2,641	<b>3,552</b>	3,205	<b>21,440</b>	4,237
<b>Closing balance</b>	<b>146,788</b>	140,663	<b>54,409</b>	54,804	<b>48,451</b>	44,127	<b>78,598</b>	58,539

\$ '000	Swimming pools		Other open space		Quarry assets		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
<b>Opening balance</b>	<b>16,541</b>	13,586	<b>3,007</b>	3,319	<b>105</b>	105	<b>662,300</b>	609,593
Transfers from/(to) another asset class	<b>3</b>	–	–	(282)	–	–	<b>16,294</b>	6,958
Purchases (Gross Book Value)	<b>79</b>	41	–	22	–	–	<b>14,103</b>	9,249
Disposals (Written-Down Value)	–	–	–	(2)	–	–	<b>(712)</b>	(1,851)
Depreciation and impairment	<b>(341)</b>	(321)	<b>(206)</b>	(191)	–	–	<b>(13,858)</b>	(20,464)
Revaluation increments/(decrements) to equity	<b>539</b>	3,235	<b>98</b>	141	–	–	<b>70,164</b>	58,815
<b>Closing balance</b>	<b>16,821</b>	16,541	<b>2,899</b>	3,007	<b>105</b>	105	<b>748,291</b>	<b>662,300</b>

### Highest and best use

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

## E3-1 Contingencies

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

### LIABILITIES NOT RECOGNISED

#### 1. Guarantees

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

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

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

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

Pooled employers are required to pay standard employer contributions and additional lump sum 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 employee contributions for non-180 Point Members; Nil for 180 Point Members*
Division C	2.5% salaries
Division D	1.64 times employee contributions

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

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

The adequacy of contributions is assessed at each triennial actuarial investigation, the next of which is due effective 30 June 2024, and monitored annually between triennials.

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

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

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

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2024 was \$92,478. The last valuation of the Scheme was performed by Mr Richard Boyfield, FIAA as at 30 June 2023.

Council's expected contribution to the plan for the next annual reporting period is \$72,579.

## E3-1 Contingencies (continued)

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

Employer reserves only *	\$millions	Asset Coverage
Assets	2,237.5	
Past Service Liabilities	2,141.9	104.5%
Vested Benefits	2,159.8	103.6%

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

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

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

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

\* Plus promotional increases

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group. Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review will be completed by December 2024.

### (ii) Statewide Limited

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

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

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

### (iii) StateCover Limited

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

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

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

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

### (iv) Other guarantees

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

## E3-1 Contingencies (continued)

---

### 2. Others

#### (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.

Currently, negotiations are ongoing for the Class 1 proceedings in relation to awarding of cost to claimant by the NSW Land and Environment Court in 2022. First offers have been declined and further negotiations are being held. In awarding the costs in the case the court order did not define a time frame.

#### (ii) Landfill Rehabilitation

Council is responsible for four landfills that will require rehabilitation in the future.

To date, no provision has been made in relation to the future landfill rehabilitation as the cost of any potential obligations cannot be reliably estimated in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

Council remains in the process of developing a Waste Strategy to guide the future of waste management and the landfills in the Council area. This strategy will plan for future closures of landfills and rehabilitation needs.

Provision for future landfill rehabilitation costs will be made, when the Waste Strategy has been finalised.

### ASSETS NOT RECOGNISED

#### (i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30 June, 2008.

#### (ii) Infringement notices/fines

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

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

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

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

#### (iii) Rural Fire Service

Under Section 119 of the *Rural Fire Services Act 1997 (NSW)*, "all firefighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the firefighting equipment has been purchased or constructed".

These Rural Fire Service plant and equipment assets are not recognised as assets of the Council in these financial statements.

## E3-1 Contingencies (continued)

---

### (iv) Riverina Regional Library

\$'000		Net Loss 2022	Net Assets 2022
Riverina Regional Library	Provision of Services to Member Councils	(\$100)	\$4,752
Council's Share		(\$9)	\$420

Federation Council is a member of Riverina Regional Library. This joint arrangement has been established to provide library services to the member councils of Bland, Coolamon, Cootamundra-Gundagai, Federation, Greater Hume, Junee, Lockhart, Temora and Snowy Valleys.

As at 30 June 2022 Council's ownership interest in the Riverina Regional Library was 8.84%.

Wagga Wagga City Council resolved at its meeting held Monday 13 September 2021 not to continue its membership of the Riverina Regional Library (RRL) after the expiry of the current Deed of Agreement on 30 June 2022.

The information provided above is for FY2022 as this is the latest information available at the time of Council preparing the Financial Statements.

## F People and relationships

### F1 Related party disclosures

#### F1-1 Key management personnel (KMP)

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

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

\$ '000	2024	2023
<b>Compensation:</b>		
Short-term benefits	1,174	1,083
Post-employment benefits	119	113
Other long-term benefits	175	172
<b>Total</b>	<b>1,468</b>	<b>1,368</b>

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

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

Nature of the transaction	Transactions during the year	Outstanding balances including commitments	Terms and conditions
\$ '000			
<b>2024</b>			
Civil works expense <sup>1</sup>	2,453	27	14 to 30 days creditor
Community support and events expense	10	–	7 days creditor
<b>2023</b>			
Civil works expense <sup>1</sup>	562	347	14 to 30 days creditor
Community support and events expense	16	–	7 days creditor

(1) Mainly consist of transaction with Longford Civil Pty Ltd, which includes contract for the Howlong Water Supply Network Upgrade DN375 Trunk Water Mains and Ancillary Works

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

\$ '000	2024	2023
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	38	28
Councillors' fees	159	114
Other Councillors' expenses (including Mayor)	12	6
<b>Total</b>	<b>209</b>	<b>148</b>

## F2 Other relationships

### F2-1 Audit fees

\$ '000	2024	2023
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
<b>Auditors of the Council - NSW Auditor-General:</b>		
<b>(i) Audit and other assurance services</b>		
Audit and review of financial statements	103	72
.		
<b>Non NSW Auditor-General audit firms</b>		
<b>(i) Audit and other assurance services</b>		
Internal Audit	-	4
<b>Total audit fees</b>	<b>103</b>	<b>76</b>



## G Other matters

### G1-1 Statement of Cash Flows information

#### Reconciliation of Operating Result

\$ '000	2024	2023
<b>Net operating result from Income Statement</b>	<b>22,054</b>	10,106
<b>Add / (less) non-cash items:</b>		
Depreciation and amortisation	15,088	14,580
(Gain) / loss on disposal of assets	263	1,477
Non-cash capital grants and contributions	(622)	(1,833)
<b>Movements in operating assets and liabilities and other cash items:</b>		
(Increase) / decrease of receivables	(2,409)	1,129
(Increase) / decrease of inventories	(197)	637
(Increase) / decrease of other current assets	(762)	(35)
Increase / (decrease) in payables	466	(871)
Increase / (decrease) in accrued interest payable	43	–
Increase / (decrease) in other accrued expenses payable	15	44
Increase / (decrease) in other liabilities	(17)	(106)
Increase / (decrease) in contract liabilities	(5,630)	348
Increase / (decrease) in employee benefit provision	209	97
<b>Net cash flows from operating activities</b>	<b>28,501</b>	<b>25,573</b>

## G2-1 Commitments

### Capital commitments (exclusive of GST)

\$ '000	2024	2023
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Buildings	63	36
Saleyards	72	2,731
Plant and equipment	1,643	3,906
Sewer	2	–
Water	371	–
Roads	257	118
Recreation	63	283
Other	12	–
<b>Total commitments</b>	<b>2,483</b>	<b>7,074</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	2,483	7,074
<b>Total payable</b>	<b>2,483</b>	<b>7,074</b>
<b>Sources for funding of capital commitments:</b>		
Unrestricted general funds	1,687	1,477
Future grants and contributions	357	2,827
Externally restricted reserves	439	2,770
<b>Total sources of funding</b>	<b>2,483</b>	<b>7,074</b>

#### Details of capital commitments

Commitments are for expenditure associated with projects funded through the Stronger Country Communities Fund, Saleyards as well as plant purchases.

### Investment in joint operations – commitments

The Councils of AlburyCity, City of Wodonga, Federation, Indigo and Greater Hume participate in a collaborative agreement to provide a Kerbside Municipal Collection Service. The collective tender process was to address the expiring contract on 30 June 2024. In August 2023 Council meeting, Federation Council awarded a 10 year contract to Cleanaway Waste Management Limited to commenced on 1 July 2024 with an estimated value of \$21,744,000 (subject to CPI adjustments).

## G3-1 Events occurring after the reporting date

Council is unaware of any material or significant events that should be disclosed.

## G4 Statement of developer contributions

### G4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2023	Contributions received during the year			Amounts expended	Held as restricted asset at 30 June 2024
		Cash	Non-cash	Land		
Drainage	18	18	–	–	36	
Roads	–	13	–	–	13	
Open space	80	1	–	–	81	
Community facilities	–	16	–	–	16	
<b>S7.11 contributions – under a plan</b>	<b>98</b>	<b>48</b>	<b>–</b>	<b>–</b>	<b>146</b>	
S7.12 levy	–	261	–	–	261	
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>98</b>	<b>309</b>	<b>–</b>	<b>–</b>	<b>407</b>	
S64 contributions	2,876	282	–	–	3,158	
<b>Total contributions</b>	<b>2,974</b>	<b>591</b>	<b>–</b>	<b>–</b>	<b>3,565</b>	

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

### G4-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2023	Contributions received during the year			Amounts expended	Held as restricted asset at 30 June 2024
		Cash	Non-cash	Land		
<b>CONTRIBUTION PLAN</b>						
Drainage	18	18	–	–	36	
Roads	–	13	–	–	13	
Open space	80	1	–	–	81	
Community facilities	–	16	–	–	16	
<b>Total</b>	<b>98</b>	<b>48</b>	<b>–</b>	<b>–</b>	<b>146</b>	

## G5 Statement of performance measures

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

\$ '000	Amounts 2024	Indicator 2024	Indicators 2023      2022		Benchmark
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>10,160</b>	<b>16.45%</b>	(3.98)%	(0.03)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>61,750</b>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>35,194</b>	<b>47.62%</b>	48.93%	50.46%	> 60.00%
Total continuing operating revenue <sup>1</sup>	<b>73,907</b>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions <sup>3</sup>	<b>37,772</b>				
Current liabilities less specific purpose liabilities <sup>4,5</sup>	<b>9,086</b>	<b>4.16x</b>	3.49x	2.88x	> 1.50x
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>25,742</b>				
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>1,263</b>	<b>20.38x</b>	13.60x	13.71x	> 2.00x
<b>5. Rates and annual charges outstanding percentage</b>					
Rates and annual charges outstanding	<b>1,750</b>				
Rates and annual charges collectable	<b>21,625</b>	<b>8.09%</b>	6.70%	6.21%	< 10.00%
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<b>67,870</b>				
Monthly payments from cash flow of operating and financing activities	<b>3,127</b>	<b>21.71 months</b>	20.10 months	19.70 months	> 3.00 months

(1) Excludes fair value adjustments, reversal of revaluation decrements, net gain on sale of assets, and net loss of interests in joint ventures and associates.

(2) Excludes impairment/revaluation decrements, net loss on sale of assets, and net loss on share of interests in joint ventures and associates.

(3) Refer Notes B4-1 to C1-4 inclusive. Also excludes any real estate and land for resale not expected to be sold in the next 12 months.

(4) Refer Notes C2-1 and C2-5.

(5) Refer Notes C2-3 and C2-5 - excludes all payables and provisions not expected to be paid in the next 12 months, including employee leave entitlements.

## G5-2 Statement of performance measures by fund

\$ '000	General Indicators <sup>3</sup>		Water Indicators		Sewer Indicators		Benchmark
	2024	2023	2024	2023	2024	2023	
<b>1. Operating performance ratio</b>							
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>19.65%</b>	(7.21)%	<b>9.84%</b>	4.12%	<b>(0.52)%</b>	7.16%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>							
<b>2. Own source operating revenue ratio</b>							
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>37.01%</b>	38.75%	<b>96.67%</b>	88.31%	<b>87.33%</b>	92.54%	> 60.00%
Total continuing operating revenue <sup>1</sup>							
<b>3. Unrestricted current ratio</b>							
Current assets less all external restrictions	<b>4.16x</b>	1.61x	<b>39.19x</b>	45.12x	<b>125.95x</b>	51.10x	> 1.50x
Current liabilities less specific purpose liabilities							
<b>4. Debt service cover ratio</b>							
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>28.34x</b>	11.36x	<b>9.50x</b>	∞	<b>8.09x</b>	13.68x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
<b>5. Rates and annual charges outstanding percentage</b>							
Rates and annual charges outstanding	<b>7.85%</b>	5.86%	<b>6.58%</b>	8.33%	<b>9.28%</b>	8.50%	< 10.00%
Rates and annual charges collectable							
<b>6. Cash expense cover ratio</b>							
Current year's cash and cash equivalents plus all term deposits	<b>18.50 months</b>	16.18 months	∞	∞	∞	∞	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

(1) - (2) Refer Note 28a.

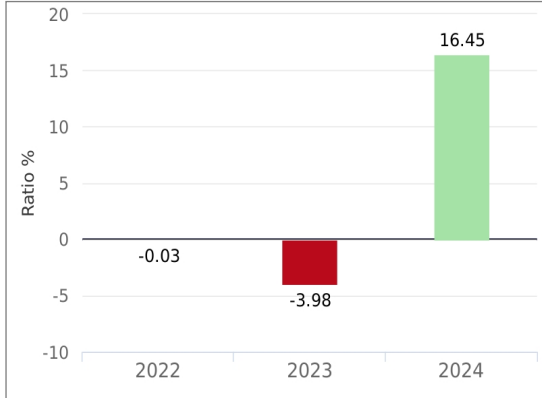
(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

**End of the audited financial statements**

## H Additional Council disclosures (unaudited)

### H1-1 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 2023/24 result**

**2023/24 ratio 16.45%**

The Operating Performance Ratio improved from negative 3.98 to positive 16.45 primarily due to the recognition of income of \$9.2 million from the Regional and Local Roads Repair Program and \$1 million from the NSW Local Government Recovery Grant.

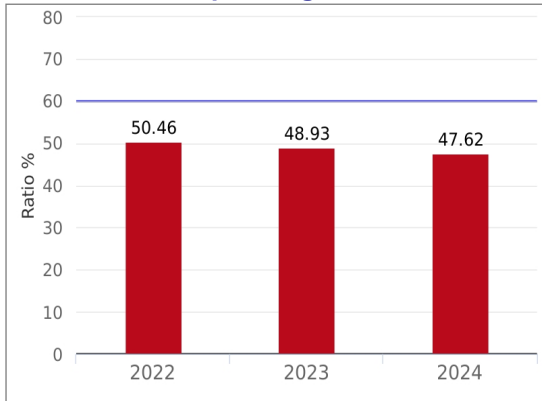
Benchmark: — > 0.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

#### 2. Own source operating revenue ratio



**Purpose of own source operating revenue ratio**

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

**Commentary on 2023/24 result**

**2023/24 ratio 47.62%**

The ratio is impacted by the level of grant funding received from the Commonwealth & State Governments in 23/24. With Council receiving significant grants in 2023/24 the ratio has remained consistent even though Council has increase rates by 19%.

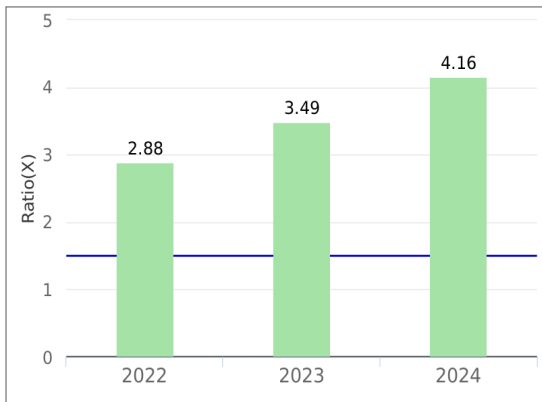
Benchmark: — > 60.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

#### 3. Unrestricted current ratio



**Purpose of unrestricted current ratio**

To assess the adequacy of internally restricted and unrestricted cash and its ability to satisfy obligations in the short term for the unrestricted activities of Council.

**Commentary on 2023/24 result**

**2023/24 ratio 4.16x**

The Council met the OLG benchmark for the current reporting period. The Council's unrestricted current ratio has increased from previous year due to increase in unrestricted cash. 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.

Benchmark: — > 1.50x

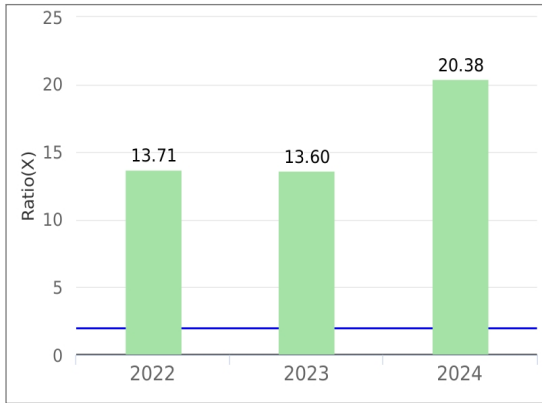
Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

# H1-1 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 2023/24 result**

**2023/24 ratio 20.38x**

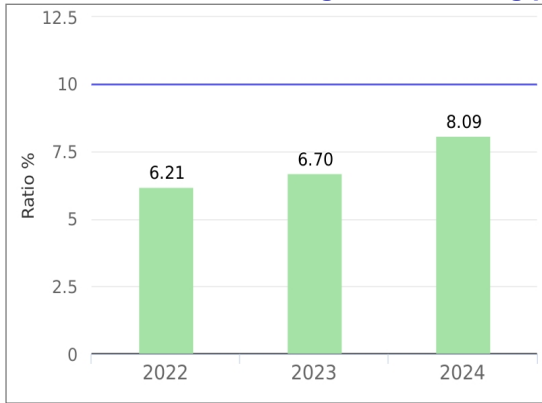
The Council exceeded the OLG benchmark for the current reporting period. The debt service cover ratio was increased from 30 June 2023 due to additional \$10.2 million operating grant were taken by Council during the year. The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.

Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark  
Ratio is outside benchmark

## 5. Rates and annual charges outstanding percentage



**Purpose of rates and annual charges outstanding percentage**

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

**Commentary on 2023/24 result**

**2023/24 ratio 8.09%**

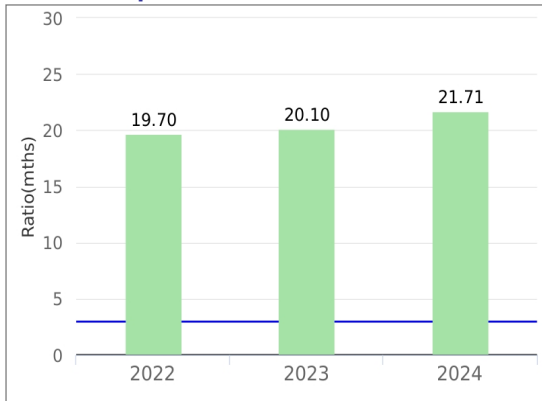
The Council met the OLG benchmark for the current reporting period. The rates and annual charges outstanding remained consistent for the last four years, which reflects sound debt recovery at the Council. The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.

Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark  
Ratio is outside benchmark

## 6. Cash expense cover ratio



**Purpose of cash expense cover ratio**

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

**Commentary on 2023/24 result**

**2023/24 ratio 21.71 months**

The Council exceeded the OLG benchmark for the current reporting period. The Council's cash expense cover has increased due to the increase in the cash balance. 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.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark  
Ratio is outside benchmark



## H1-2 Council information and contact details

---

**Principal place of business:**

100 Edward Street  
COROWA NSW 2646

**CONTACT DETAILS**

**Mailing Address:**

PO Box 77  
COROWA NSW 2646

**Telephone:** (02) 6033 8999

**Facsimile:** (02) 6033 3317

**Opening hours:**

8:30am - 5:00pm  
Monday to Friday

**Internet:** [www.federationcouncil.nsw.gov.au](http://www.federationcouncil.nsw.gov.au)

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

**Officers**

**GENERAL MANAGER**

Adrian Butler

**RESPONSIBLE ACCOUNTING OFFICER**

Shane Norman

**PUBLIC OFFICER**

Joanne Shannon

**AUDITORS**

Audit Office of NSW  
GPO Box 12  
SYDNEY NSW 2001

**Elected members**

**MAYOR**

Cheryl Cook

**COUNCILLORS**

Rowena Black  
Derek Schoen  
Andrew Kennedy  
David Bott  
Patrick Bourke  
David Harrison  
Richard Nixon  
Susan Wearne

**Other information**

**ABN:** 30 762 048 084

## Federation Council

### General Purpose Financial Statements

for the year ended 30 June 2024

#### Independent Auditor's Reports:

---

On the Financial Statements (Sect 417 [2])



## **INDEPENDENT AUDITOR'S REPORT**

### **Report on the general purpose financial statements**

#### **Federation Council**

To the Councillors of the Federation Council

### **Opinion**

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

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 2024, 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 2024 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 and Special Schedule - Permissible income for general rates.

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](http://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. A separate opinion has been provided on Special Schedule - Permissible income for general rates
- 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, appearing to read 'H. Wilson', with a long horizontal line extending to the right.

Hugh Wilson  
Delegate of the Auditor-General for New South Wales

28 October 2024  
SYDNEY

## Federation Council

### General Purpose Financial Statements

for the year ended 30 June 2024

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

---

#### On the Financial Statements (Sect 417 [3])



Ms Cheryl Cook  
Mayor  
Federation Council  
PO Box 77  
Corowa NSW 2646

Contact: Hugh Wilson  
Phone no: 02 9275 7161  
Our ref: R008-2124742775-7727

28 October 2024

Dear Mayor

## Report on the Conduct of the Audit for the year ended 30 June 2024 Federation Council

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

I expressed 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 2024 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

### INCOME STATEMENT

#### Operating result

	2024	2023*	Variance
	\$m	\$m	%
Rates and annual charges revenue	20.2	17.6	↑ 14.8
Grants and contributions revenue	38.7	29.5	↑ 31.2
Operating result from continuing operations	22.1	10.1	↑ 118.8
Net operating result before capital grants and contributions	9.9	(3.2)	↑ 409.4

Rates and annual charges revenue (\$20.2 million) increased by \$2.6 million (14.8 per cent) in 2023–24 due to special variation on rates approved by IPART of 19 per cent and an increase in the number of rateable properties.

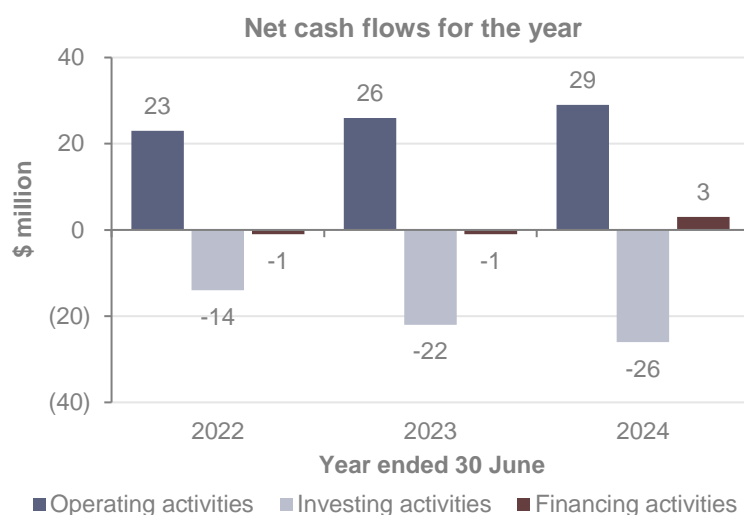
Grants and contributions revenue (\$38.7 million) increased by \$9.2 million (31.2 per cent) in 2023–24 due to \$9.2M in Regional and Local Roads Repair Program funding.

Council’s operating result from continuing operations (\$22.1 million including depreciation, amortisation and impairment expense of \$15.1 million) was \$12.0 million higher than the 2022–23 result. This is due to the increase in grants and contributions revenue recognised this year.

The net operating result before capital grants and contributions (\$9.9 million) was \$13.1 million higher than the 2022–23 result. This is due to the increase in grants and contributions revenue recognised this year for Regional and Local Roads Repair Program funding and increase in rates and annual charges revenue due to approved special variation rate.

## STATEMENT OF CASH FLOWS

- The Council's cash and cash equivalents was \$25.0 million (\$19.3 million for the year ended 30 June 2023). There was a net increase in cash and cash equivalents of \$5.6 million during 2023-24.
- Net cash provided by operating activities has increased by \$2.9 million. This is primarily due to an increase in operating grants and contributions received of \$3.2 million.
- Net cash used in investing activities has increased by \$3.6 million due to an increase in payments for acquisition of term deposits of \$12.6 million, offset by an increase in the redemption of term deposits of \$9.0 million.
- Net cash flows from financing activities were \$3 million for 2024 (2023: nil) due to proceeds from borrowings. In 2023, net cash used in financing activities amounted to \$0.6 million.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2024	2023	Commentary
	\$m	\$m	
<b>Total cash, cash equivalents and investments</b>	<b>67.9</b>	<b>54.3</b>	<ul style="list-style-type: none"> <li>• Externally restricted balances comprise mainly of specific purpose unexpended grants, developer contributions, water and sewer funds.</li> <li>• Internal allocations are determined by council policies or decisions, which are subject to change. The increase of \$11.7 million in internal allocations is mainly due to \$7.1 million unspent funding from Regional &amp; Local Roads Repair grant, \$0.9 million unspent funding from NSW Local Government Recovery fund, \$1.1 million increase in employee</li> </ul>
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	30.7	31.2	
• Internal allocations	32.3	20.6	
• Unrestricted	4.9	2.5	



leave entitlements, \$0.8 million pre-paid rates received in advance and \$0.7 million increase in plant and vehicle replacement.

- Unrestricted cash and investments are \$4.9 million, which is available to provide liquidity for day-to-day operations of the Council.

## Debt

At 30 June 2024, Council had:

- \$12.9 million in secured loans (\$9.9 million in 2022-23). An additional loan of \$3.8 million were taken by the Council during the year.
- \$0.4 million in approved overdraft facility
- \$0.06 million in credit card facility with \$0.02 million used.

## PERFORMANCE

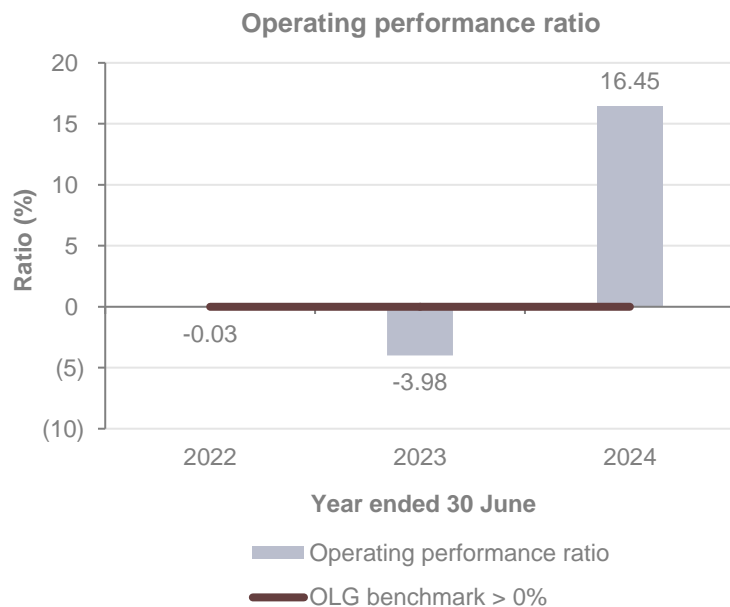
### Performance measures

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, Housing and Infrastructure.

#### Operating performance ratio

Council exceeded the benchmark for the current reporting period.

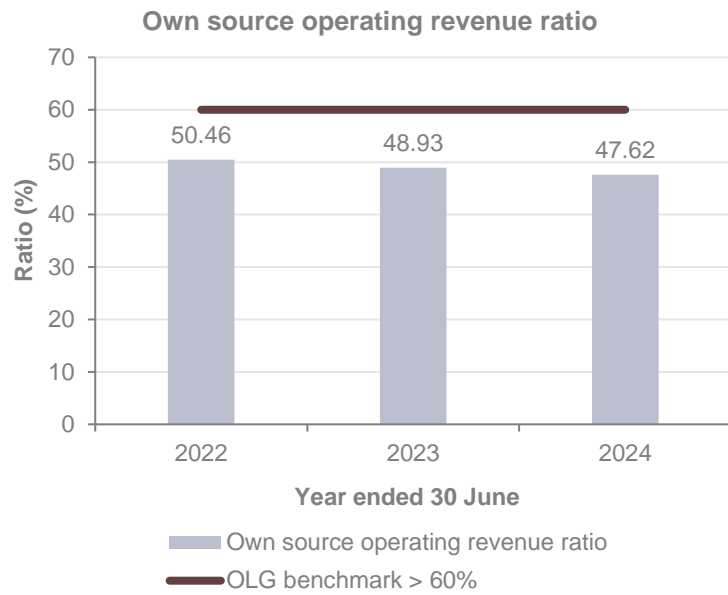
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



### Own source operating revenue ratio

Council did not meet the benchmark for the current reporting period.

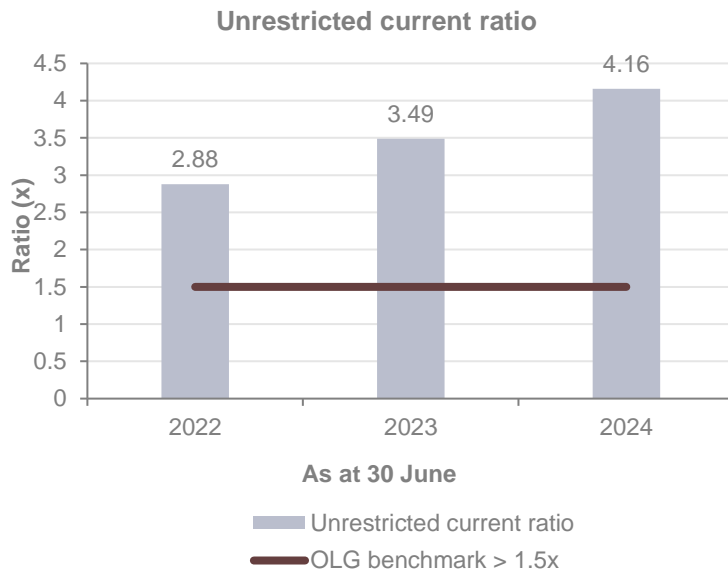
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



### Unrestricted current ratio

Council exceeded the benchmark for the current reporting period.

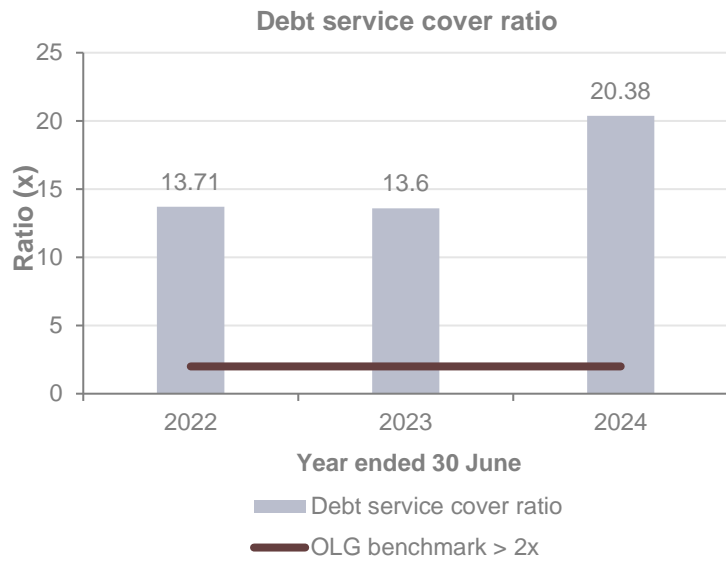
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



### Debt service cover ratio

Council exceeded the benchmark for the current reporting period.

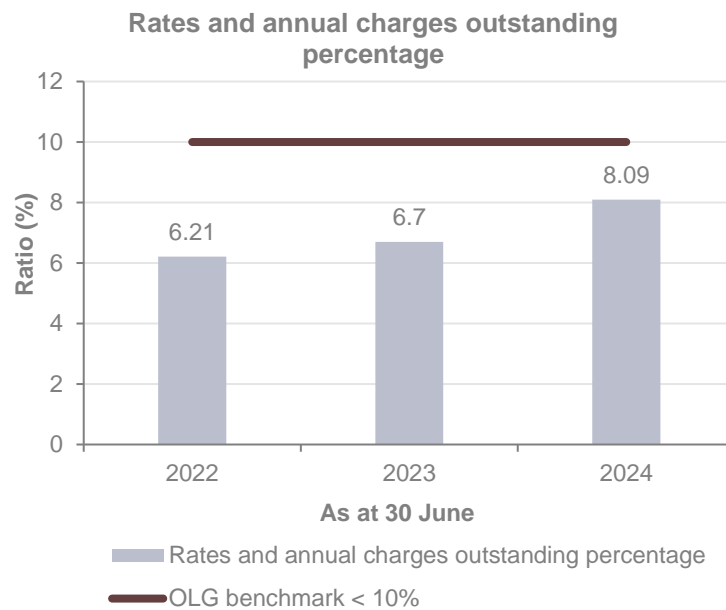
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



### Rates and annual charges outstanding percentage

Council are below the benchmark for the current reporting period.

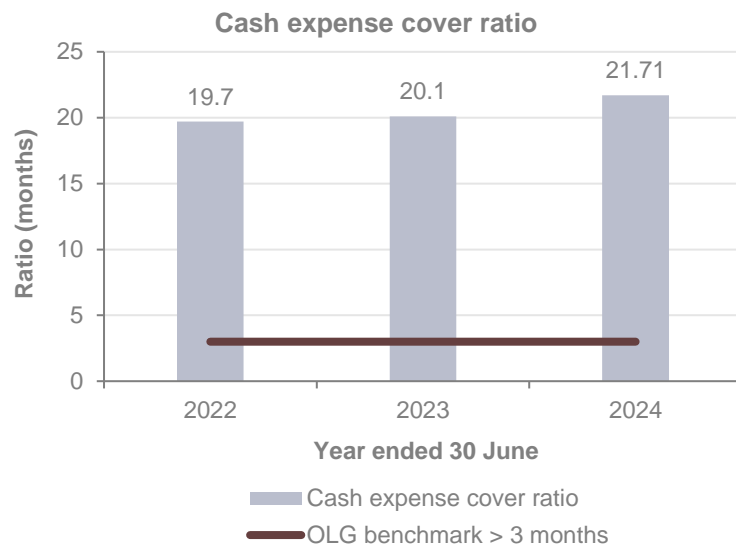
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



## Cash expense cover ratio

Council exceeded the benchmark for the current reporting period.

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 renewed \$16.3 million of infrastructure, property, plant and equipment during the 2023-24 financial year, compared to \$19.5 million of infrastructure property, plant and equipment during the 2022-23 financial year. This was mainly spent on roads, plant and equipment and capital work in progress.

A further \$3.7 million was spent on new assets including.

- \$2.4 million on specialised buildings
- \$0.7 million on operational land.

## OTHER MATTERS

### Legislative compliance

My audit procedures did not identify any instances of material non-compliance with the financial reporting requirements in Chapter 13, Part 3, Division 2 of the LG Act and the associated regulation 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.

Hugh Wilson  
Delegate of the Auditor-General for New South Wales

# Federation Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2024

---



# Federation Council

## Special Purpose Financial Statements

for the year ended 30 June 2024

---

Contents	Page
<b>Statement by Councillors and Management</b>	<b>3</b>
<b>Special Purpose Financial Statements:</b>	
Income Statement of water supply business activity	4
Income Statement of sewerage business activity	5
Income Statement of Domestic Waste	6
Statement of Financial Position of water supply business activity	7
Statement of Financial Position of sewerage business activity	8
Statement of Financial Position of Domestic Waste	9
<b>Note – Material accounting policy information</b>	<b>10</b>
<b>Auditor's Report on Special Purpose Financial Statements</b>	<b>13</b>

---

### 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).

## Federation Council

### Special Purpose Financial Statements

for the year ended 30 June 2024

---

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

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

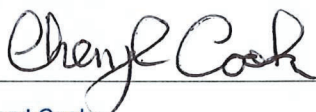
- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,
- the NSW Office of Water Best-Practice Management of Water and Sewerage Guidelines.

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

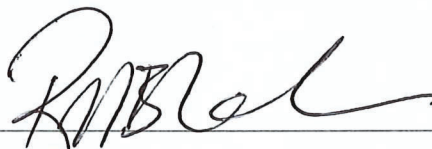
- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records.
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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 22 October, 2024



Cheryl Cook  
Mayor  
22 October, 2024



Rowena Black  
Councillor  
22 October, 2024



Adrian Butler  
General Manager  
22 October, 2024



Shane Norman  
Responsible Accounting Officer  
22 October, 2024

## Federation Council

### Income Statement of water supply business activity

for the year ended 30 June 2024

\$ '000	2024	2023
<b>Income from continuing operations</b>		
Access charges	1,526	1,439
User charges	4,732	3,250
Fees	53	80
Interest and investment income	679	310
Grants and contributions provided for operating purposes	110	521
Other income	63	52
<b>Total income from continuing operations</b>	<b>7,163</b>	<b>5,652</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	2,897	2,446
Borrowing costs	118	–
Materials and services	1,510	1,248
Depreciation, amortisation and impairment	1,694	1,551
Net loss from the disposal of assets	239	174
Calculated taxation equivalents	76	54
<b>Total expenses from continuing operations</b>	<b>6,534</b>	<b>5,473</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>629</b>	<b>179</b>
Grants and contributions provided for capital purposes	133	158
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>762</b>	<b>337</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>762</b>	<b>337</b>
Less: corporate taxation equivalent (2024:25%; 2023:25%) [based on result before capital]	(157)	(45)
<b>Surplus (deficit) after tax</b>	<b>605</b>	<b>292</b>
<b>Opening accumulated surplus</b>	<b>54,210</b>	<b>53,818</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	76	54
– Corporate taxation equivalent	158	46
<b>Closing accumulated surplus</b>	<b>55,049</b>	<b>54,210</b>
<b>Return on capital %</b>	<b>1.4%</b>	<b>0.4%</b>
<b>Subsidy from Council</b>	<b>1,630</b>	<b>1,854</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	605	292
Less: capital grants and contributions (excluding developer contributions)	(133)	(158)
<b>Surplus for dividend calculation purposes</b>	<b>472</b>	<b>134</b>
<b>Potential dividend calculated from surplus</b>	<b>236</b>	<b>67</b>



## Federation Council

### Income Statement of sewerage business activity

for the year ended 30 June 2024

\$ '000	2024	2023
<b>Income from continuing operations</b>		
Access charges	4,742	4,183
User charges	735	638
Liquid trade waste charges	71	52
Interest and investment income	464	248
Grants and contributions provided for operating purposes	255	342
Other income	39	37
<b>Total income from continuing operations</b>	<b>6,306</b>	<b>5,500</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	2,747	2,310
Borrowing costs	162	167
Materials and services	1,234	867
Depreciation, amortisation and impairment	1,894	1,723
Net loss from the disposal of assets	302	39
Calculated taxation equivalents	67	38
<b>Total expenses from continuing operations</b>	<b>6,406</b>	<b>5,144</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(100)</b>	<b>356</b>
Grants and contributions provided for capital purposes	623	74
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>523</b>	<b>430</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>523</b>	<b>430</b>
Less: corporate taxation equivalent (2024:25%; 2023:25%) [based on result before capital]	-	(89)
<b>Surplus (deficit) after tax</b>	<b>523</b>	<b>341</b>
<b>Opening accumulated surplus</b>	<b>49,992</b>	<b>49,524</b>
<b>Plus adjustments for amounts unpaid:</b>		
- Taxation equivalent payments	67	38
- Corporate taxation equivalent	-	89
<b>Closing accumulated surplus</b>	<b>50,582</b>	<b>49,992</b>
<b>Return on capital %</b>	<b>0.1%</b>	<b>0.8%</b>
<b>Subsidy from Council</b>	<b>3,571</b>	<b>1,997</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	523	341
Less: capital grants and contributions (excluding developer contributions)	(623)	(74)
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>267</b>
<b>Potential dividend calculated from surplus</b>	<b>-</b>	<b>134</b>

## Federation Council

### Income Statement of Domestic Waste

for the year ended 30 June 2024

\$ '000	2024 Category 2	2023 Category 2
<b>Income from continuing operations</b>		
Annual charges	2,413	2,229
Interest and investment income	16	9
Grants and contributions provided for operating purposes	73	76
<b>Total income from continuing operations</b>	<b>2,502</b>	<b>2,314</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	166	213
Materials and services	2,265	2,081
<b>Total expenses from continuing operations</b>	<b>2,431</b>	<b>2,294</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>71</b>	<b>20</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>71</b>	<b>20</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>71</b>	<b>20</b>
Less: corporate taxation equivalent (2023:25%; 2022:25%) [based on result before capital]	(18)	(5)
<b>Surplus (deficit) after tax</b>	<b>53</b>	<b>15</b>
<b>Opening accumulated surplus</b>	<b>186</b>	<b>166</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	18	5
<b>Closing accumulated surplus</b>	<b>257</b>	<b>186</b>

## Federation Council

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

as at 30 June 2024

\$ '000	2024	2023
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	5,952	5,708
Investments	9,782	5,242
Receivables	2,451	2,000
<b>Total current assets</b>	<b>18,185</b>	<b>12,950</b>
<b>Non-current assets</b>		
Investments	–	1,044
Infrastructure, property, plant and equipment	55,282	50,569
<b>Total non-current assets</b>	<b>55,282</b>	<b>51,613</b>
<b>Total assets</b>	<b>73,467</b>	<b>64,563</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	306	287
Borrowings	158	–
<b>Total current liabilities</b>	<b>464</b>	<b>287</b>
<b>Non-current liabilities</b>		
Borrowings	3,495	–
<b>Total non-current liabilities</b>	<b>3,495</b>	<b>–</b>
<b>Total liabilities</b>	<b>3,959</b>	<b>287</b>
<b>Net assets</b>	<b>69,508</b>	<b>64,276</b>
<b>EQUITY</b>		
Accumulated surplus	55,049	54,210
Revaluation reserves	14,459	10,066
<b>Total equity</b>	<b>69,508</b>	<b>64,276</b>

## Federation Council

### Statement of Financial Position of sewerage business activity

as at 30 June 2024

\$ '000	2024	2023
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	4,059	4,881
Investments	6,385	3,708
Receivables	2,277	2,244
<b>Total current assets</b>	<b>12,721</b>	<b>10,833</b>
<b>Non-current assets</b>		
Investments	–	782
Infrastructure, property, plant and equipment	84,490	62,684
<b>Total non-current assets</b>	<b>84,490</b>	<b>63,466</b>
<b>Total assets</b>	<b>97,211</b>	<b>74,299</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	5	123
Borrowings	96	89
<b>Total current liabilities</b>	<b>101</b>	<b>212</b>
<b>Non-current liabilities</b>		
Borrowings	2,019	2,114
<b>Total non-current liabilities</b>	<b>2,019</b>	<b>2,114</b>
<b>Total liabilities</b>	<b>2,120</b>	<b>2,326</b>
<b>Net assets</b>	<b>95,091</b>	<b>71,973</b>
<b>EQUITY</b>		
Accumulated surplus	50,582	49,992
Revaluation reserves	44,509	21,981
<b>Total equity</b>	<b>95,091</b>	<b>71,973</b>

## Federation Council

### Statement of Financial Position of Domestic Waste

as at 30 June 2024

\$ '000	2024 Category 2	2023 Category 2
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	10	1
Receivables	247	185
<b>Total current assets</b>	<b>257</b>	<b>186</b>
<b>Total assets</b>	<b>257</b>	<b>186</b>
<b>Net assets</b>	<b>257</b>	<b>186</b>
<b>EQUITY</b>		
Accumulated surplus	257	186
<b>Total equity</b>	<b>257</b>	<b>186</b>

## Note – Material accounting policy information

A statement summarising the supplemental accounting policies adopted in the preparation of the Special Purpose Financial Statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

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

The figures presented in these Special Purpose Financial Statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the Local Government Act 1993 (NSW), the *Local Government (General) Regulation 2021*, 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, current values of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

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

### National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 NSW government policy statement titled 'Application of National Competition Policy to Local Government'.

The *Pricing and Costing for Council Businesses, A Guide to Competitive Neutrality* issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements.

These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, return on investments (rate of return), and dividends paid.

### Declared business activities

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

#### Category 1

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

##### a. Federation Council Water Supplies

Supply of Water to the towns of Corowa, Howlong and Mulwala

##### b. Federation Council Sewerage Services

Service of Sewerage reticulation and treatment system to the towns of Corowa, Howlong, Mulwala, Oaklands & Urana.

#### Category 2

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

##### a. Federation Council Domestic Waste Services

Collection of Domestic Waste from the towns of Corowa, Howlong, Mulwala, Balldale, Oaklands & Urana.

### 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.

## Note – Material accounting policy information (continued)

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%** (23/24 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 \$5,026,000 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.

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

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

The payment of taxation equivalent charges, referred to in the DoI – Water guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

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

### Income tax

An income tax equivalent has been applied on the profits of the business activities.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 25% (23/24 25%).

Income tax is only applied where a gain/ (loss) from ordinary activities before capital amounts has been achieved.

Since the taxation equivalent is notional – that is, it is payable to Council as the 'owner' of business operations - it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

The rate applied of 25% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

### Local government rates and charges

A calculation of the equivalent rates and charges payable on all category 1 businesses has been applied to all land assets owned or exclusively used by the business activity.

### Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that council business activities face 'true' commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

#### (i) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed.

Subsidies occur when 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.

Accordingly, 'subsidies disclosed' (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by Council in any given financial year.

## Note – Material accounting policy information (continued)

---

The overall effect of subsidies is contained within the Income Statement of each reported business activity.

### (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'.

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

The rate of return is calculated as follows:

---

### Operating result before capital income + interest expense

---

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

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

### (iii) Dividends

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

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

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

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June, 2024 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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



## Federation Council

# Special Purpose Financial Statements

for the year ended 30 June 2024

---



## INDEPENDENT AUDITOR'S REPORT

### Report on the special purpose financial statements

#### Federation Council

To the Councillors of Federation Council

### Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Federation Council's (the Council) Declared Business Activities, which comprise the Statement by Councillors and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2024, the Statement of Financial Position of each Declared Business Activity as at 30 June 2024 and Material accounting policies note.

The Declared Business Activities of the Council are:

- water supply
- sewerage
- Domestic Waste

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2024, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Material accounting policies note and the Local Government Code of Accounting Practice and Financial Reporting 2023–24 (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 Material 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 2024 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 and Special Schedule 'Permissible income for general rates'.

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 Material 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](http://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, appearing to read "H. Wilson", with a long horizontal line extending to the right from the end of the signature.

Hugh Wilson  
Delegate of the Auditor-General for New South Wales

28 October 2024  
SYDNEY

# Federation Council

SPECIAL SCHEDULES  
for the year ended 30 June 2024

---



Federation Council

Special Schedules

for the year ended 30 June 2024

---

Contents

Page

**Special Schedules:**

Permissible income for general rates 3

Report on infrastructure assets as at 30 June 2024 6

---

## Federation Council

### Permissible income for general rates

\$ '000	Notes	Calculation 2023/24	Calculation 2024/25
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	9,251	11,054
Plus or minus adjustments <sup>2</sup>	b	42	7
<b>Notional general income</b>	c = a + b	<b>9,293</b>	<b>11,061</b>
<b>Permissible income calculation</b>			
Percentage increase	d	19.00%	17.00%
Plus percentage increase amount <sup>3</sup>	f = d x (c + e)	1,766	1,880
<b>Sub-total</b>	g = (c + e + f)	<b>11,059</b>	<b>12,941</b>
Plus (or minus) last year's carry forward total	h	4	9
<b>Sub-total</b>	j = (h + i)	<b>4</b>	<b>9</b>
<b>Total permissible income</b>	k = g + j	<b>11,063</b>	<b>12,950</b>
Less notional general income yield	l	11,054	12,941
<b>Catch-up or (excess) result</b>	m = k - l	<b>8</b>	<b>9</b>
<b>Carry forward to next year <sup>6</sup></b>	p = m + n + o	<b>8</b>	<b>9</b>

#### Notes

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



## INDEPENDENT AUDITOR'S REPORT

### Special Schedule – Permissible income for general rates

#### Federation Council

To the Councillors of Federation Council

### Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Federation Council (the Council) for the year ending 30 June 2025.

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting 2023–24 (LG Code) and is in accordance with the books and records of the Council.

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 Schedule' 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 that 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 special purpose framework used to prepare the Schedule. The Schedule has been prepared for the purpose of fulfilling the Council's reporting obligations under the LG Code. As a result, the Schedule may not be suitable for another purpose.

### Other Information

The Council's annual report for the year ended 30 June 2024 includes other information in addition to the Schedule 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, special purpose financial statements and Special Schedule 'Report on infrastructure assets as at 30 June 2024'.



My opinion on the Schedule 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 and the special purpose financial statements.

In connection with my audit of the Schedule, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Schedule 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 Schedule**

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

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

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

My objectives are to:

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

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 Schedule.

A description of my responsibilities for the audit of the Schedule is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar8.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar8.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 Schedule on any website where it may be presented
- about any other information which may have been hyperlinked to/from the Schedule.



Hugh Wilson  
Delegate of the Auditor-General for New South Wales

28 October 2024  
SYDNEY

## Federation Council

## Report on infrastructure assets as at 30 June 2024

Asset Class	Asset Category	Estimated cost				Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring assets agreed level of service set by Council	2023/24 Required maintenance <sup>a</sup>	2023/24 Actual maintenance			1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
<b>Buildings</b>	Buildings – non-specialised	2,308	1,200	365	407	22,130	30,527	49.9%	35.8%	5.1%	6.1%	3.1%
	Buildings – specialised	11,455	1,500	210	267	39,278	66,290	36.6%	20.4%	20.3%	21.3%	1.4%
	Garbage depots	25	25	23	95	217	364	20.9%	56.7%	13.9%	6.8%	1.7%
	Councils works depot	1,105	200	63	56	3,066	4,818	24.9%	15.0%	31.8%	21.4%	6.9%
	Council community halls	13,885	50	110	36	12,971	23,575	17.9%	8.4%	4.2%	42.5%	27.0%
	Health centres	209	–	22	38	1,910	2,809	34.8%	28.2%	27.2%	9.2%	0.6%
	Museum	1,429	50	11	9	1,854	4,749	15.4%	21.7%	23.5%	37.1%	2.3%
	Pre schools	918	120	11	1	3,514	4,642	18.5%	3.2%	52.4%	24.5%	1.4%
	Rural fire service building	84	–	5	11	2,843	3,883	37.8%	51.5%	8.5%	0.4%	1.8%
	Saleyards	1,338	–	10	228	13,594	15,595	19.1%	5.8%	64.1%	10.0%	1.0%
	Boat ramps	146	10	3	–	787	1,068	65.9%	11.1%	7.9%	6.2%	8.9%
	<b>Sub-total</b>		<b>32,902</b>	<b>3,155</b>	<b>833</b>	<b>1,148</b>	<b>102,163</b>	<b>158,320</b>	<b>33.3%</b>	<b>20.4%</b>	<b>20.4%</b>	<b>20.1%</b>
<b>Other structures</b>	Balldale water supply	930	200	20	4	1,848	2,994	42.4%	2.3%	23.3%	4.1%	27.9%
	<b>Sub-total</b>	<b>930</b>	<b>200</b>	<b>20</b>	<b>4</b>	<b>1,848</b>	<b>2,994</b>	<b>42.4%</b>	<b>2.3%</b>	<b>23.3%</b>	<b>4.1%</b>	<b>27.9%</b>
<b>Roads</b>	Sealed roads	40,048	20,000	2,100	2,796	198,698	323,310	36.8%	26.7%	22.5%	6.3%	7.7%
	Unsealed roads	11,759	2,000	1,575	1,292	19,824	55,997	14.1%	19.7%	43.5%	6.6%	16.1%
	Bridges	4,106	500	260	10	21,650	33,756	33.1%	23.6%	27.2%	15.6%	0.5%
	Footpaths	538	250	265	93	6,940	10,784	28.9%	42.4%	23.3%	1.6%	3.8%
	Bulk earthworks	–	–	–	–	146,788	146,788	100.0%	0.0%	0.0%	0.0%	0.0%
	Bikepath	16	–	27	–	3,962	4,616	78.3%	14.9%	6.3%	0.4%	0.1%
	Kerb and gutter	1,226	500	210	212	16,650	23,972	31.8%	46.5%	15.3%	5.5%	0.9%
	Car parks	1,222	250	–	–	2,757	4,536	46.8%	16.5%	9.5%	0.8%	26.4%
	<b>Sub-total</b>		<b>58,915</b>	<b>23,500</b>	<b>4,437</b>	<b>4,403</b>	<b>417,268</b>	<b>603,759</b>	<b>49.9%</b>	<b>20.3%</b>	<b>18.7%</b>	<b>5.1%</b>
<b>Water supply network</b>	Mains	9,493	3,000	580	580	29,886	50,200	29.1%	20.2%	28.2%	14.2%	8.3%
	Reservoirs	960	100	11	9	4,565	8,331	7.1%	59.9%	17.9%	14.0%	1.1%
	Pumping stations	2,019	750	55	2	2,763	4,170	36.3%	6.7%	2.5%	24.6%	29.9%
	Treatment plants	6,088	3,500	155	142	11,237	19,735	14.6%	32.5%	15.7%	24.9%	12.3%
	<b>Sub-total</b>		<b>18,560</b>	<b>7,350</b>	<b>801</b>	<b>733</b>	<b>48,451</b>	<b>82,436</b>	<b>23.8%</b>	<b>26.5%</b>	<b>22.9%</b>	<b>17.3%</b>
	Mains	2,209	500	210	227	39,035	61,070	22.8%	52.7%	20.4%	1.8%	2.3%
	Pumping stations	4,803	480	158	17	11,946	17,040	28.8%	14.2%	27.3%	5.9%	23.8%

## Federation Council

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

Asset Class	Asset Category	Estimated cost		2023/24 Required maintenance <sup>a</sup>	2023/24 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
<b>Sewerage network</b>	Treatment	2,884	1,500	45	96	21,161	33,027	21.0%	31.3%	38.5%	2.3%	6.9%
<b>Sewerage network</b>	Manholes	3,042	500	50	–	6,455	11,746	15.8%	15.6%	38.3%	17.4%	12.9%
	<b>Sub-total</b>	<b>12,938</b>	<b>2,980</b>	<b>463</b>	<b>340</b>	<b>78,598</b>	<b>122,883</b>	<b>22.5%</b>	<b>38.1%</b>	<b>27.9%</b>	<b>4.0%</b>	<b>7.5%</b>
<b>Stormwater drainage</b>	Stormwater drainage	2,540	1,000	365	–	54,409	80,525	51.1%	33.5%	11.4%	3.4%	0.6%
	<b>Sub-total</b>	<b>2,540</b>	<b>1,000</b>	<b>365</b>	<b>–</b>	<b>54,409</b>	<b>80,525</b>	<b>51.1%</b>	<b>33.5%</b>	<b>11.4%</b>	<b>3.4%</b>	<b>0.6%</b>
<b>Open space / recreational assets</b>	Swimming pools	1,009	100	350	246	16,820	21,887	71.9%	7.3%	14.8%	5.7%	0.3%
	Playground equipment	254	100	40	25	2,900	3,971	66.9%	18.6%	6.8%	5.0%	2.7%
	<b>Sub-total</b>	<b>1,263</b>	<b>200</b>	<b>390</b>	<b>271</b>	<b>19,720</b>	<b>25,858</b>	<b>71.1%</b>	<b>9.0%</b>	<b>13.6%</b>	<b>5.6%</b>	<b>0.7%</b>
	<b>Total – all assets</b>	<b>128,048</b>	<b>38,385</b>	<b>7,309</b>	<b>6,899</b>	<b>722,457</b>	<b>1,076,775</b>	<b>42.9%</b>	<b>23.5%</b>	<b>19.7%</b>	<b>8.0%</b>	<b>5.9%</b>

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

#### Infrastructure asset condition assessment 'key'

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

## Federation Council

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

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

\$ '000	Amounts 2024	Indicator 2024	Indicators		Benchmark
			2023	2022	
<b>Buildings and infrastructure renewals ratio</b>					
Asset renewals <sup>1</sup>	<b>9,943</b>	<b>71.92%</b>	76.11%	84.86%	> 100.00%
Depreciation, amortisation and impairment	<b>13,826</b>				
<b>Infrastructure backlog ratio</b>					
Estimated cost to bring assets to a satisfactory standard	<b>128,048</b>	<b>17.64%</b>	16.85%	20.67%	< 2.00%
Net carrying amount of infrastructure assets	<b>725,850</b>				
<b>Asset maintenance ratio</b>					
Actual asset maintenance	<b>6,899</b>	<b>94.39%</b>	94.24%	124.23%	> 100.00%
Required asset maintenance	<b>7,309</b>				
<b>Cost to bring assets to agreed service level</b>					
Estimated cost to bring assets to an agreed service level set by Council	<b>38,385</b>	<b>3.56%</b>	4.00%	3.94%	
Gross replacement cost	<b>1,076,775</b>				

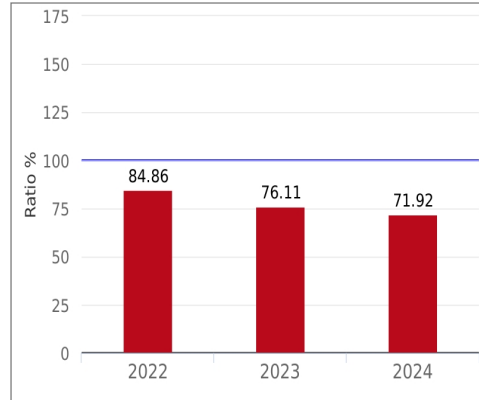
(\*) All asset performance indicators are calculated using classes identified in the previous table.

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

# Federation Council

## Report on infrastructure assets as at 30 June 2024

### Buildings and infrastructure renewals ratio



**Buildings and infrastructure renewals ratio**

To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

**Commentary on result**

23/24 ratio 71.92%

Council was planning to utilise majority of the income generated from Special Variation for capital expenditure together with the 2022 flood funding on asset renewal. The flood claim took longer than anticipated and Council only receive a better indication by end of the financial year. Work is commencing in FY24/25 and the ratio is projected to show improvement in the next financial year.

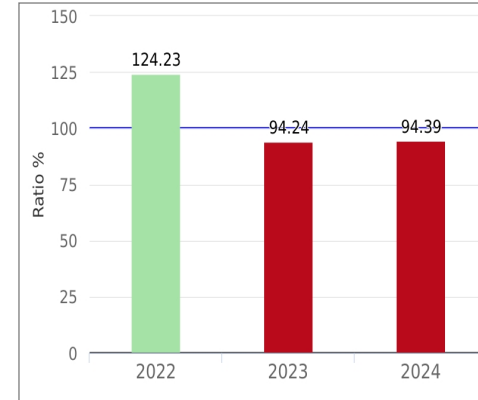
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

### Asset maintenance ratio



**Asset maintenance ratio**

Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.

**Commentary on result**

23/24 ratio 94.39%

Council maintained the annual asset maintenance ratio with available fund and is investing to update Council's Strategic Asset Management Plan in FY2024/25.

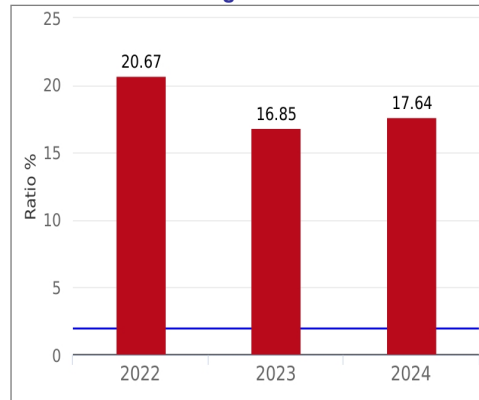
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

### Infrastructure backlog ratio



**Infrastructure backlog ratio**

This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

**Commentary on result**

23/24 ratio 17.64%

As renewal ratio reduces, this ratio increases as investment in addressing backlog was delayed. Council have carry forward capital works plan for FY23/24 to the next financial year.

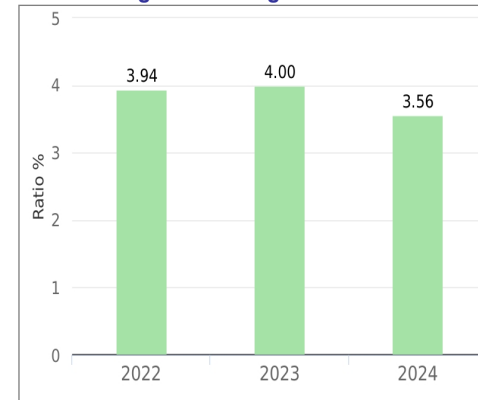
Benchmark: — < 2.00%

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



**Cost to bring assets to agreed service level**

This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.

**Commentary on result**

23/24 ratio 3.56%

Water supply network, Sewerage network, Stormwater drainage and Other structure asset classes were revalued this year and have increased the fair value (denominator) by 12%. While estimated cost to bring asset to agreed service level (numerator) stayed the same as, which improved the result.

## Federation Council

## Report on infrastructure assets as at 30 June 2024

## Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2024	2023	2024	2023	2024	2023	
<b>Buildings and infrastructure renewals ratio</b>							
Asset renewals <sup>1</sup>							
Depreciation, amortisation and impairment	<b>72.94%</b>	82.80%	<b>113.83%</b>	55.56%	<b>29.99%</b>	53.00%	> 100.00%
<b>Infrastructure backlog ratio</b>							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	<b>16.12%</b>	15.28%	<b>38.31%</b>	41.55%	<b>16.46%</b>	13.30%	< 2.00%
<b>Asset maintenance ratio</b>							
Actual asset maintenance							
Required asset maintenance	<b>96.38%</b>	97.78%	<b>91.51%</b>	95.00%	<b>73.43%</b>	46.36%	> 100.00%
<b>Cost to bring assets to agreed service level</b>							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	<b>3.22%</b>	3.58%	<b>8.92%</b>	9.01%	<b>2.43%</b>	3.17%	

(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.