

Walgett Shire Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2023

*That the community utilise the opportunities that arise from
our environment, to improve their quality of life, while
embracing its ethnic and social diversity to the benefit of all.*



Walgett Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023

*That the community utilise the opportunities that arise from
our environment, to improve their quality of life, while
embracing its ethnic and social diversity to the benefit of all.*



Walgett Shire Council

General Purpose Financial Statements

for the year ended 30 June 2023

Contents	Page
Understanding Council's Financial Statements	3
Statement by Councillors and Management	4
Primary Financial Statements:	
Income Statement	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10
Independent Auditor's Reports:	
On the Financial Statements (Sect 417 [2])	86
On the Financial Statements (Sect 417 [3])	89

Walgett Shire Council

General Purpose Financial Statements

for the year ended 30 June 2023

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

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

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

Walgett Shire Council

General Purpose Financial Statements

for the year ended 30 June 2023

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

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

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

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

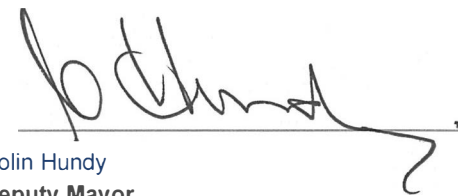
- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 06 February 2024.




Jasen Ramien
Mayor
06 February 2024



Colin Hundy
Deputy Mayor
06 February 2024



Megan Dixon
General Manager
06 February 2024



Hafiz Malik
Responsible Accounting Officer
06 February 2024

Walgett Shire Council

Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023 \$ '000		Notes	Actual 2023 \$ '000	Actual 2022 \$ '000
	Income from continuing operations			
10,154	Rates and annual charges	B2-1	10,021	9,696
7,845	User charges and fees	B2-2	5,085	1,983
2,255	Other revenues	B2-3	876	704
11,644	Grants and contributions provided for operating purposes	B2-4	27,355	17,477
1,490	Grants and contributions provided for capital purposes	B2-4	7,350	2,871
364	Interest and investment income	B2-5	1,212	510
1	Other income	B2-6	360	237
236	Net gain from the disposal of assets	B4-1	-	-
-	Net share of interests in joint ventures and associates using the equity method	D2	65	-
33,989	Total income from continuing operations		52,324	33,478
	Expenses from continuing operations			
9,008	Employee benefits and on-costs	B3-1	9,870	8,652
16,875	Materials and services	B3-2	18,535	15,260
55	Borrowing costs	B3-3	359	305
7,386	Depreciation, amortisation and impairment of non-financial assets	B3-4	7,066	7,085
1,133	Other expenses	B3-5	1,392	1,388
-	Net loss from the disposal of assets	B4-1	21	249
-	Net share of interests in joint ventures and associates using the equity method	D2	-	40
34,457	Total expenses from continuing operations		37,243	32,979
(468)	Operating result from continuing operations		15,081	499
(468)	Net operating result for the year attributable to Council		15,081	499
(1,958)	Net operating result for the year before grants and contributions provided for capital purposes		7,731	(2,372)

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

Walgett Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2023

	Notes	2023 \$ '000	2022 \$ '000
Net operating result for the year – from Income Statement		15,081	499
Other comprehensive income:			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	37,483	44,295
Total items which will not be reclassified subsequently to the operating result		37,483	44,295
Total other comprehensive income for the year		37,483	44,295
Total comprehensive income for the year attributable to Council		52,564	44,794

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

Walgett Shire Council

Statement of Financial Position

as at 30 June 2023

	Notes	2023 \$ '000	2022 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	16,991	9,116
Investments	C1-2	12,000	18,000
Receivables	C1-4	13,818	9,683
Inventories	C1-5	811	835
Other	C1-7	55	43
Total current assets		43,675	37,677
Non-current assets			
Investments	C1-2	12,000	9,000
Receivables	C1-4	40	60
Infrastructure, property, plant and equipment (IPPE)	C1-6	403,465	359,299
Right of use assets	C2-1	202	33
Investments accounted for using the equity method	D2-1	729	664
Total non-current assets		416,436	369,056
Total assets		460,111	406,733
LIABILITIES			
Current liabilities			
Payables	C3-1	5,015	3,364
Contract liabilities	C3-2	5,065	5,552
Lease liabilities	C2-1	52	26
Borrowings	C3-3	309	423
Employee benefit provisions	C3-4	1,863	1,922
Total current liabilities		12,304	11,287
Non-current liabilities			
Lease liabilities	C2-1	154	6
Borrowings	C3-3	605	913
Employee benefit provisions	C3-4	66	88
Provisions	C3-5	3,864	3,885
Total non-current liabilities		4,689	4,892
Total liabilities		16,993	16,179
Net assets		443,118	390,554
EQUITY			
Accumulated surplus		144,129	129,048
IPPE revaluation reserve	C4-1	298,989	261,506
Council equity interest		443,118	390,554
Total equity		443,118	390,554

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

Walgett Shire Council

Statement of Changes in Equity

for the year ended 30 June 2023

	Notes	2023			2022		
		Accumulated surplus \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000	Accumulated surplus \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000
Opening balance at 1 July		129,048	261,506	390,554	128,549	217,211	345,760
Net operating result for the year		15,081	–	15,081	499	–	499
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	37,483	37,483	–	44,295	44,295
Other comprehensive income		–	37,483	37,483	–	44,295	44,295
Total comprehensive income		15,081	37,483	52,564	499	44,295	44,794
Closing balance at 30 June		144,129	298,989	443,118	129,048	261,506	390,554

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

Walgett Shire Council

Statement of Cash Flows

for the year ended 30 June 2023

Original unaudited budget 2023 \$ '000		Notes	Actual 2023 \$ '000	Actual 2022 \$ '000
Cash flows from operating activities				
<i>Receipts:</i>				
10,105	Rates and annual charges		9,736	9,350
7,744	User charges and fees		3,527	2,705
460	Interest received		972	476
14,516	Grants and contributions		31,194	22,165
2,508	Other		3,674	2,404
<i>Payments:</i>				
(8,951)	Payments to employees		(10,658)	(9,077)
(17,213)	Payments for materials and services		(19,504)	(16,718)
(51)	Borrowing costs		(51)	(78)
–	Bonds, deposits and retentions refunded		(23)	(15)
(1,247)	Other		(1,688)	(3,115)
7,871	Net cash flows from operating activities	G1-1	17,179	8,097
Cash flows from investing activities				
<i>Receipts:</i>				
253	Redemption of term deposits		19,000	18,500
–	Proceeds from sale of IPPE		–	125
–	Deferred debtors receipts		20	28
<i>Payments:</i>				
(3,700)	Acquisition of term deposits		(16,000)	(23,000)
(10,608)	Payments for IPPE		(11,842)	(5,068)
(14,055)	Net cash flows from investing activities		(8,822)	(9,415)
Cash flows from financing activities				
<i>Payments:</i>				
(423)	Repayment of borrowings		(422)	(527)
–	Principal component of lease payments		(60)	(79)
(423)	Net cash flows from financing activities		(482)	(606)
(6,607)	Net change in cash and cash equivalents		7,875	(1,924)
11,150	Cash and cash equivalents at beginning of year		9,116	11,040
4,543	Cash and cash equivalents at end of year	C1-1	16,991	9,116
4,542	plus: Investments on hand at end of year	C1-2	24,000	27,000
9,085	Total cash, cash equivalents and investments		40,991	36,116

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

Walgett Shire Council

Contents for the notes to the Financial Statements for the year ended 30 June 2023

A About Council and these financial statements	12
A1-1 Basis of preparation	12
B Financial Performance	15
B1 Functions or activities	15
B1-1 Functions or activities – income, expenses and assets	15
B1-2 Components of functions or activities	16
B2 Sources of income	17
B2-1 Rates and annual charges	17
B2-2 User charges and fees	18
B2-3 Other revenues	19
B2-4 Grants and contributions	20
B2-5 Interest and investment income	23
B2-6 Other income	23
B3 Costs of providing services	24
B3-1 Employee benefits and on-costs	24
B3-2 Materials and services	25
B3-3 Borrowing costs	25
B3-4 Depreciation, amortisation and impairment of non-financial assets	26
B3-5 Other expenses	27
B4 Gains or losses	28
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	28
B5 Performance against budget	29
B5-1 Material budget variations	29
C Financial position	31
C1 Assets we manage	31
C1-1 Cash and cash equivalents	31
C1-2 Financial investments	31
C1-3 Restricted and allocated cash, cash equivalents and investments	33
C1-4 Receivables	35
C1-5 Inventories	37
C1-6 Infrastructure, property, plant and equipment	38
C1-7 Other	42
C2 Leasing activities	43
C2-1 Council as a lessee	43
C2-2 Council as a lessor	45
C3 Liabilities of Council	46
C3-1 Payables	46
C3-2 Contract Liabilities	47
C3-3 Borrowings	48
C3-4 Employee benefit provisions	50
C3-5 Provisions	52

Walgett Shire Council

Contents for the notes to the Financial Statements for the year ended 30 June 2023

C4 Reserves	54
C4-1 Nature and purpose of reserves	54
D Council structure	55
D1 Results by fund	55
D1-1 Income Statement by fund	55
D1-2 Statement of Financial Position by fund	56
D2 Interests in other entities	57
D2-1 Interests in joint arrangements	57
E Risks and accounting uncertainties	60
E1-1 Risks relating to financial instruments held	60
E2-1 Fair value measurement	64
E3-1 Contingencies	71
F People and relationships	74
F1 Related party disclosures	74
F1-1 Key management personnel (KMP)	74
F1-2 Councillor and Mayoral fees and associated expenses	76
F2 Other relationships	77
F2-1 Audit fees	77
G Other matters	78
G1-1 Statement of Cash Flows information	78
G2-1 Commitments	79
G3-1 Events occurring after the reporting date	79
G4 Statement of performance measures	80
G4-1 Statement of performance measures – consolidated results	80
G4-2 Statement of performance measures by fund	81
H Additional Council disclosures (unaudited)	83
H1-1 Statement of performance measures – consolidated results (graphs)	83
H1-2 Council information and contact details	85

A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 06 February 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 infrastructure, property, plant and equipment.

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-6
- (ii) estimated landfill and gravel pit remediation provisions – refer Note C3-5
- (iii) employee benefit provisions – refer Note C3-4

Significant judgements in applying the Council's accounting policies

- (i) Impairment of receivables - refer Note C1-4
- (ii) Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* - refer to Notes B2-2 - B2-4.
- (iii) Determination of the lease term, discount rate (when not implicit in the lease) and whether an arrangement contains a lease - refer to Note C2-1.

Monies and other assets received by Council

The Consolidated Fund

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

A1-1 Basis of preparation (continued)

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

General purpose operations

Water Supply Fund

- Walgett Water Supply Service
- Lightning Ridge Water Supply Service
- Collarenebri Water Supply Service
- Villages Water Supply Service

Sewerage Fund

- Walgett Sewerage Service
- Lightning Ridge Sewerage Service
- Collarenebri Sewerage Service

Domestic Waste Management Fund

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 Council in trust which must be applied only for the purposes of, or in accordance with, the trusts relating to those monies.

Trust monies and property subject to Council's control have been included in these reports.

The following Trust monies and properties are held by Council and are included in these financial statements:

- Lightning Ridge Bore Baths Committee
- Namoi Village Bingo - V Boney
- Lightning Ridge Cemetery (Bequest)
- Mooribul Day
- Walgett Meals on Wheels
- Burren Junction Hall Committee

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

Goods and Services Tax (GST)

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

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

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

Volunteer services

Council's Lightning Ridge Visitor Information Centre utilises a number of volunteers to assist visitors to the area. Council remits a stipend to these volunteers in recognition of their service to Walgett Shire's tourism industry. Any shortfall between the payment of this stipend and staff wages is considered immaterial to Council's financial statements.

A1-1 Basis of preparation (continued)

New accounting standards and interpretations issued but not yet effective

New accounting standards and interpretations issued but not yet effective

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

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

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

New accounting standards adopted during the year

The following new standards are effective for the first time at 30 June 2023:

- *AASB 2022-3 Amendments to Australian Accounting Standards – Illustrative Examples for Not-for-Profit Entities accompanying AASB 15*
- *AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018 – 2020 and Other Amendments*

There has been no material impact on the adoption of these standards on Council's financial statements.

B Financial Performance

B1 Functions or activities

B1-1 Functions or activities – income, expenses and assets

Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note B1-2.

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000
Functions or activities										
Community	1,005	1,148	5,380	4,618	(4,375)	(3,470)	466	610	-	-
Economic Development	688	468	4,742	3,934	(4,054)	(3,466)	276	160	-	-
Governance and Civic Leadership	14,486	12,958	5,952	6,288	8,534	6,670	7,561	6,571	72,257	73,942
Sustainable Living	5,987	14,003	15,127	5,251	(9,140)	8,752	204	43	61,409	74,069
Infrastructure	30,158	4,901	6,042	12,888	24,116	(7,987)	26,198	12,964	326,445	258,722
Total functions and activities	52,324	33,478	37,243	32,979	15,081	499	34,705	20,348	460,111	406,733

B1-2 Components of functions or activities

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

Community

- Develop a connected, informed, resilient and inviting community
- A safe, active and healthy Shire

Economic Development

- An attractive environment for business, tourism and industry
- Employment opportunities that supports local industries
- An efficient network of arterial roads and supporting infrastructure; town streets and footpaths that are adequate and maintained
- Communities that are well serviced with essential infrastructure

Governance and Civic Leadership

- An accountable and representative Council
- Implement governance and financial management process that support the effective administration of Council
- Promote community involvement in Government decision making
- Deliver the goals and strategies of the Community Strategic Plan

Sustainable Living

- Operate an urban waste management system that meets the community needs and environmental standards
- Provide potable and raw water supply systems that ensures enhanced water security and meets health standards
- A sustainable environment that recognises our rivers, natural environment, ecological systems and biodiversity
- Maintain a healthy balance between development and the environment

Infrastructure

- Provide and maintain an effective road network that meets the community needs and expectations
- A Regional and State Road network that is appropriately supported and resourced by the Government
- Maintain and improve Council's property assets to an optimal level
- Provision of facilities and communication services

B2 Sources of income

B2-1 Rates and annual charges

	2023 \$ '000	2022 \$ '000
Ordinary rates		
Residential	1,444	1,422
Farmland	4,069	4,032
Business	371	354
Less: pensioner rebates (mandatory)	(93)	(94)
Rates levied to ratepayers	5,791	5,714
Pensioner rate subsidies received	52	51
Total ordinary rates	5,843	5,765
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	1,548	1,467
Water supply services	1,695	1,564
Sewerage services	972	939
Less: pensioner rebates (mandatory)	(83)	(84)
Annual charges levied	4,132	3,886
Pensioner annual charges subsidies received:		
– Water	11	11
– Sewerage	10	10
– Domestic waste management	25	24
Total annual charges	4,178	3,931
Total rates and annual charges	10,021	9,696

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

Accounting policy

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 that are not subsidised by the NSW Government.

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

B2-2 User charges and fees

	Timing	2023 \$ '000	2022 \$ '000
Specific user charges (per s502 - specific 'actual use' charges)			
Domestic waste management services		–	1
Water supply services	2	574	448
Sewerage services	2	10	–
Total specific user charges		584	449
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s608)			
Inspection services	2	4	4
Planning and building regulation	2	63	52
Private works – section 67	2	25	6
Regulatory/ statutory fees	2	34	40
Section 603 certificates	2	14	15
Other	2	6	1
Total fees and charges – statutory/regulatory		146	118
(ii) Fees and charges – other (incl. general user charges (per s608))			
Aerodrome	2	12	6
Caravan park	2	8	7
Cemeteries	2	69	65
Lease rentals	2	71	10
Multipurpose centre		–	2
Park rents	2	1	1
Transport for NSW works (state roads not controlled by Council)	2	3,743	1,025
Saleyards	2	3	2
Sundry sales	2	41	49
Swimming centres	2	3	3
Tourism	2	221	161
Waste disposal tipping fees	2	158	53
Water connection fees	2	8	9
Other	2	17	23
Total fees and charges – other		4,355	1,416
Total other user charges and fees		4,501	1,534
Total user charges and fees		5,085	1,983
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		–	–
User charges and fees recognised at a point in time (2)		5,085	1,983
Total user charges and fees		5,085	1,983

Accounting policy

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

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

Council does not charge upfront fees such as membership fees for a leisure centre and so does not recognise the fee on a straightline basis over the expected life of the membership.

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

B2-3 Other revenues

	Timing	2023 \$ '000	2022 \$ '000
Fines	2	1	2
Commissions and agency fees	2	181	173
Diesel rebate	2	47	61
Insurance claims recoveries	2	86	53
Sales of gravel stores	2	48	25
Sales – general	2	78	73
Maintain water and sewer aboriginal communities	2	271	267
Other	2	164	50
Total other revenue		876	704

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)		–	–
Other revenue recognised at a point in time (2)		876	704
Total other revenue		876	704

Accounting policy for other revenue

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

Statutory fees 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

		Operating 2023 \$ '000	Operating 2022 \$ '000	Capital 2023 \$ '000	Capital 2022 \$ '000
	Timing				
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	1,544	2,582	–	–
Financial assistance – local roads component	2	622	1,075	–	–
Payment in advance - future year allocation					
Financial assistance – general component	2	5,874	3,951	–	–
Financial assistance – local roads component	2	2,455	1,672	–	–
Amount recognised as income during current year		10,495	9,280	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Previously specific grants:					
Pensioners' rates subsidies:					
Bushfire and emergency services	2	90	25	–	–
Community care	2	135	214	–	–
Economic development	2	276	155	209	141
Employment and training programs	2	143	39	–	–
Floodplain management	2	–	(13)	–	–
Heritage and cultural	2	14	12	–	–
Library	2	61	55	–	–
Library – special projects	2	20	25	–	–
LIRS subsidy	2	9	30	–	–
Recreation and culture	2	–	–	1,168	737
Regional and local infrastructure	1	–	–	–	16
Storm/flood damage	2	7,478	3,629	5	–
Street lighting	2	33	32	–	–
Traffic route subsidy	2	63	62	–	–
Transport (roads to recovery)	2	291	1,236	–	–
Transport (other roads and bridges funding)	1	5,520	–	4,439	1,959
Water supplies	1	46	28	102	2
Youth services	2	82	174	–	–
Other specific grants	2	89	100	55	16
Previously contributions:					
Business development	2	–	5	–	–
Health and safety		32	–	–	–
Transport for NSW contributions (regional roads, block grant)	2	2,478	2,389	–	–
Total special purpose grants and non-developer contributions – cash		16,860	8,197	5,978	2,871
Non-cash contributions					
Community services		–	–	1,372	–
Total other contributions – non-cash		–	–	1,372	–
Total special purpose grants and non-developer contributions (tied)		16,860	8,197	7,350	2,871
Total grants and non-developer contributions		27,355	17,477	7,350	2,871

B2-4 Grants and contributions (continued)

	Operating 2023 \$ '000	Operating 2022 \$ '000	Capital 2023 \$ '000	Capital 2022 \$ '000
Timing				
Comprising:				
– Commonwealth funding	198	1,561	1,895	1,153
– State funding	25,641	15,611	4,065	1,718
– Other funding	1,516	305	1,390	–
	27,355	17,477	7,350	2,871

	Operating 2023 \$ '000	Operating 2022 \$ '000	Capital 2023 \$ '000	Capital 2022 \$ '000
Total grants and contributions	27,355	17,477	7,350	2,871

Timing of revenue recognition for grants and contributions

Grants and contributions recognised over time (1)	–	–	5,763	1,965
Grants and contributions recognised at a point in time (2)	27,355	17,477	1,587	906
Total grants and contributions	27,355	17,477	7,350	2,871

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:

	Operating 2023 \$ '000	Operating 2022 \$ '000	Capital 2023 \$ '000	Capital 2022 \$ '000
Unspent grants and contributions				
Unspent funds at 1 July	1,571	949	5,552	4,151
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	6,221	927	3,170	2,786
Add: Funds received and not recognised as revenue in the current year	–	–	–	–
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(483)	(305)	–	–
Less: Funds received in prior year but revenue recognised and funds spent in current year	–	–	(3,657)	(1,385)
Unspent funds at 30 June	7,309	1,571	5,065	5,552

Unexpended capital grants held relate to major projects in progress at the end of the financial year.

B2-4 Grants and contributions (continued)

Accounting policy

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

The performance obligations vary according to the agreement. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Performance obligations may be satisfied either at a point in time or over time and this is reflected in the revenue recognition pattern. Point in time recognition occurs when the beneficiary obtains control of the goods / services at a single time (e.g. completion of the project when a report / outcome is provided), whereas over time recognition is where the control of the services is ongoing throughout the project (e.g. provision of community health services through the year).

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Capital grants

Capital grants received by Council under an enforceable contract for the acquisition or construction of infrastructure, property, plant and equipment to identified specifications which will be under Council's control on completion are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project.

For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the Council.

Other grants and contributions

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

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

B2-5 Interest and investment income

	2023 \$ '000	2022 \$ '000
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	113	94
– Cash and investments	1,099	416
Total interest and investment income (losses)	1,212	510
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	44	37
General Council cash and investments	644	392
Restricted investments/funds – external:		
Water fund operations	219	38
Sewerage fund operations	204	21
Domestic waste management operations	101	22
Total interest and investment income	1,212	510

Accounting policy

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 when the shareholder's right to receive payment is established unless the dividend clearly represents a recovery of part of the cost of the investment.

B2-6 Other income

	Notes	2023 \$ '000	2022 \$ '000
Reversal of impairment losses on receivables			
Rates and annual charges		195	–
Total reversal of impairment losses on receivables	C1-4	195	–
Rental income			
Other lease income			
Room/Facility Hire		79	72
Leaseback fees - council vehicles		38	40
Other		48	125
Total other lease income		165	237
Total rental income	C2-2	165	237
Total other income		360	237

B3 Costs of providing services

B3-1 Employee benefits and on-costs

	2023 \$ '000	2022 \$ '000
Salaries and wages	7,342	6,492
Travel expenses	2	1
Employee leave entitlements (ELE)	1,555	1,142
Superannuation	799	715
Workers' compensation insurance	283	314
Fringe benefit tax (FBT)	94	90
Training costs (other than salaries and wages)	2	3
Other	6	1
Total employee costs	10,083	8,758
Less: capitalised costs	(213)	(106)
Total employee costs expensed	9,870	8,652
Number of 'full-time equivalent' employees (FTE) at year end	116	115
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)	122	120

Accounting policy

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

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

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

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

B3-2 Materials and services

	Notes	2023 \$ '000	2022 \$ '000
Consultancy costs		141	–
Raw materials and consumables		10,925	7,684
Contractor costs		16,873	12,184
Audit Fees	F2-1	112	96
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	186	158
Advertising		236	99
Bank charges		24	21
Election expenses		–	60
Electricity and heating		318	321
Insurance		862	855
Office expenses (including computer expenses)		81	59
Printing and stationery		72	95
Street lighting		151	140
Subscriptions and publications		37	15
Telephone and communications		128	144
Tourism expenses (excluding employee costs)		296	183
Valuation fees		75	120
Travel expenses		37	20
Swimming pools		294	289
Training costs (other than salaries and wages)		70	55
Legal expenses:			
– Legal expenses: debt recovery		36	1
– Legal expenses: other		55	482
Expenses from short-term leases		37	62
Total materials and services		31,046	23,143
Less: capitalised costs		(12,511)	(7,883)
Total materials and services		18,535	15,260

Accounting policy

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

B3-3 Borrowing costs

	Notes	2023 \$ '000	2022 \$ '000
(i) Interest bearing liability costs			
Interest on loans		50	77
Total interest bearing liability costs		50	77
Total interest bearing liability costs expensed		50	77
(ii) Other borrowing costs			
– Remediation liabilities	C3-5	309	228
Total other borrowing costs		309	228
Total borrowing costs expensed		359	305

Accounting policy

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

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

	Notes	2023 \$ '000	2022 \$ '000
Depreciation and amortisation	C1-6		
Plant and equipment		873	656
Office equipment		–	88
Infrastructure:			
– Roads		3,282	3,003
– Other structures		962	1,269
– Water supply network		829	868
– Sewerage network		406	447
– Buildings – specialised		345	279
– Stormwater drainage		146	135
– Buildings – non-specialised		138	115
Right of use assets		65	76
Reinstatement, rehabilitation and restoration assets:			
– Tip assets		15	143
– Quarry assets		5	6
Total gross depreciation and amortisation costs		7,066	7,085
Total depreciation and amortisation costs		7,066	7,085
Total depreciation, amortisation and impairment for non-financial assets		7,066	7,085

Accounting policy

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives.

Impairment of non-financial assets

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

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

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

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

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

B3-5 Other expenses

	Notes	2023 \$ '000	2022 \$ '000
Impairment of receivables			
Rates and annual charges		88	74
User charges and fees		15	3
Other		8	1
Total impairment of receivables	C1-4	111	78
Other			
Contributions/levies to other levels of government		16	–
Contributions/levies to other levels of government		114	113
– CMCC noxious weeds		428	324
– Emergency services levy (includes FRNSW, SES, and RFS levies)		153	153
– Regional library		12	9
– Other contributions/levies		333	320
– Community and tourism programs (Section 356)		145	11
Donations, contributions and assistance to other organisations (Section 356)		42	337
– Donations, contributions and assistance (Section 356)		–	1
– Other donations, contributions and assistance (Section 356)		38	42
– Far North West Joint Organisation (Section 356)			
Total other		1,281	1,310
Total other expenses		1,392	1,388

Accounting policy

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

Impairment expenses are recognised when identified.

B4 Gains or losses

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

	Notes	2023 \$ '000	2022 \$ '000
Gain (or loss) on disposal of plant and equipment	C1-6		
Proceeds from disposal – plant and equipment		–	125
Less: carrying amount of plant and equipment assets sold/written off		–	(110)
Gain (or loss) on disposal		–	15
Gain (or loss) on disposal of term deposits	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		19,000	18,500
Less: carrying amount of term deposits sold/redeemed/matured		(19,000)	(18,500)
Gain (or loss) on disposal		–	–
Operational land	C1-6		
Proceeds from disposal – Operational land		–	–
Less: carrying amount of Operational land assets sold/written off		(2)	–
Gain (or loss) on disposal		(2)	–
Other Structures assets	C1-6		
Less: carrying amount of Other structures assets sold/written off		–	(191)
Gain (or loss) on disposal		–	(191)
Roads, bridges and footpath assets	C1-6		
Less: carrying amount of Roads, bridges and footpaths assets written off		(19)	(73)
Gain (or loss) on disposal		(19)	(73)
Net gain (or loss) from disposal of assets		(21)	(249)

Accounting policy

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

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 28 June 2022 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Revenues				
User charges and fees	7,845	5,085	(2,760)	(35)% U
Income from Council's road contract (RMCC) with Transport for NSW was higher than budgeting expectations.				
Other revenues	2,255	876	(1,379)	(61)% U
Changes to accounting code moved some income into different income classifications. This change was not reflected in the budgeting process.				
Operating grants and contributions	11,644	27,355	15,711	135% F
Receipt of operational grants exceeded budget expectations due to increased funding for roads following storm and flood damage.				
Capital grants and contributions	1,490	7,350	5,860	393% F
Greater works were completed on capital grants projects than budgeted as improved weather conditions enabled work to be done following storm and flood damage.				
Interest and investment revenue	364	1,212	848	233% F
Interest rates moved significantly higher over the past year allowing for greater returns on investments which were not budgeted for.				
Other income	1	360	359	35,900% F
Changes to accounting code moved some income into different income classifications. This change was not reflected in the budgeting process.				
Joint ventures and associates – net profits	–	65	65	∞ F
Joint Organisation effect on Council's Income Statement are not factored into the budget.				

B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Expenses				
Employee benefits and on-costs	9,008	9,870	(862)	(10)% U
The budget did not factor in an abnormal loss of senior staff during the financial year and the resulting payment of entitlements.				
Materials and services	16,875	18,535	(1,660)	(10)% U
Greater maintenance works performed on storm and flood damage roads that were not budgeted for.				
Borrowing costs	55	359	(304)	(553)% U
Remediation borrowing costs exceeded budget expectations.				
Net losses from disposal of assets	-	21	(21)	∞ U
Disposal of assets are not predicted in the budget process.				
Statement of cash flows				
Cash flows from operating activities	7,871	17,179	9,308	118% F
Grant income cash flows were significantly higher than budget expectations due to funding received for roads.				
Cash flows from investing activities	(14,055)	(8,822)	5,233	(37)% F
Council redeemed more term deposits than budgeted to allow increased acquisitions of infrastructure, property, plant and equipment.				
Cash flows from financing activities	(423)	(482)	(59)	14% U
Principal component of lease payments was not factored into the budget.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

	2023 \$ '000	2022 \$ '000
Cash assets		
Cash on hand and at bank	8,034	1,801
Cash equivalent assets		
– Deposits at call	8,957	6,315
– Short-term deposits	–	1,000
Total cash and cash equivalents	16,991	9,116

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	16,991	9,116
Balance as per the Statement of Cash Flows	16,991	9,116

Accounting policy

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

C1-2 Financial investments

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Debt securities at amortised cost				
Long term deposits	12,000	12,000	18,000	9,000
Total	12,000	12,000	18,000	9,000
Total financial investments	12,000	12,000	18,000	9,000
Total cash assets, cash equivalents and investments	28,991	12,000	27,116	9,000

Accounting policy

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

C1-2 Financial investments (continued)

Amortised cost

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

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

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

Classification

Council classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are held at fair value with changes in value taken through profit or loss at each reporting period.

(b) Financial assets at amortised cost

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council's management has the positive intention and ability to hold to maturity. Assets in this category are measured at amortised cost.

Recognition and de-recognition

Council does not hold any financial assets as available for sale. All financial assets are recognised at cost on the date of investment and Council has the positive intention and ability to hold all financial assets/investments until maturity. Council recognises any such assets at face value at the maturity date.

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

	2023 \$ '000	2022 \$ '000
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	40,991	36,116
Less: Externally restricted cash, cash equivalents and investments	<u>(25,381)</u>	<u>(20,067)</u>
Cash, cash equivalents and investments not subject to external restrictions	15,610	16,049

External restrictions

External restrictions – included in liabilities

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

Specific purpose unexpended loans – general	411	1,224
Specific purpose unexpended grants – general fund	<u>5,065</u>	<u>5,552</u>
External restrictions – included in liabilities	5,476	6,776

External restrictions – other

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

Specific purpose unexpended grants (recognised as revenue) – general fund	7,305	1,525
Specific purpose unexpended grants (recognised as revenue) – water fund	4	6
Specific purpose unexpended grants (not recognised as revenue) – domestic waste management	–	40
Water fund	2,762	2,307
Sewer fund	7,275	6,966
Domestic waste management	2,559	2,437
Other	–	10
External restrictions – other	19,905	13,291
Total external restrictions	25,381	20,067

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.

	2023 \$ '000	2022 \$ '000
--	-----------------	-----------------

(b) Internal allocations

Cash, cash equivalents and investments not subject to external restrictions

	15,610	16,049
Less: Internally restricted cash, cash equivalents and investments	<u>(14,599)</u>	<u>(15,761)</u>
Unrestricted and unallocated cash, cash equivalents and investments	1,011	288

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

	2023	2022
	\$ '000	\$ '000
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Plant and vehicle replacement	2,340	3,532
Infrastructure replacement	371	371
Employees leave entitlement	502	502
Carry over works	68	372
Rehabilitation	320	320
FAG advance	7,080	5,623
Shire Signage	105	176
Local Environmental Plan Update	88	88
Lightning Ridge Urban Expansion Plan	17	17
Regional Infrastructure Program	27	27
Council Elections	35	8
RMCC Contract Warranty	350	350
Tourism, Marketing & Promotion	329	430
Arts Projects	50	120
Economic Development	1,067	1,139
Corporate Restructure	-	11
Matching Government Grants	-	96
Property Maintenance	-	168
Postponed Major Projects	1,082	1,306
Council Administration Centre Facilities Upgrade	118	233
Walgett Animal Pound	300	240
Other	350	632
Total internal allocations	14,599	15,761

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

	2023	2022
	\$ '000	\$ '000
(c) Unrestricted and unallocated		
Unrestricted and unallocated cash, cash equivalents and investments	1,011	288

C1-4 Receivables

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Rates and annual charges	1,863	–	1,611	–
Interest and extra charges	293	–	385	–
User charges and fees	3,797	–	2,114	–
Accrued revenues				
– Interest on investments	518	–	186	–
Deferred debtors	20	40	20	60
Government grants and subsidies	7,325	–	5,673	–
Net GST receivable	273	–	150	–
Other debtors	1	–	1	–
Total	14,090	40	10,140	60
Less: provision for impairment				
Rates and annual charges	(256)	–	(436)	–
User charges and fees	(16)	–	(21)	–
Total provision for impairment – receivables	(272)	–	(457)	–
Total net receivables	13,818	40	9,683	60
Externally restricted receivables				
Water supply				
– Rates and availability charges	518	–	434	–
– Other	590	–	420	–
Sewerage services				
– Rates and availability charges	239	–	228	–
– Other	7	–	4	–
Domestic waste management	324	–	288	–
Total external restrictions	1,678	–	1,374	–
Unrestricted receivables	12,140	40	8,309	60
Total net receivables	13,818	40	9,683	60

	2023 \$ '000	2022 \$ '000
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	457	381
+ new provisions recognised during the year	10	76
– amounts provided for but recovered during the year	(195)	–
Balance at the end of the year	272	457

C1-4 Receivables (continued)

Accounting policy

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

Impairment

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

When estimating ECL, Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment, and including forward-looking information.

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

When considering the ECL for rates and annual charges debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

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

Council writes off a receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over 2 years past due, whichever occurs first.

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

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

C1-5 Inventories

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
(i) Inventories at cost				
Stores and materials	811	-	835	-
Total inventories at cost	811	-	835	-
Total inventories	811	-	835	-

Accounting policy

Raw materials and stores, work in progress and finished goods

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

C1-6 Infrastructure, property, plant and equipment

	At 1 July 2022			Asset movements during the reporting period							At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
By aggregated asset class	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress	8,623	–	8,623	1,154	5,607	–	–	(5,329)	–	–	10,055	–	10,055
Plant and equipment	13,909	(8,631)	5,278	–	2,024	–	(873)	–	–	–	15,906	(9,477)	6,429
Office equipment	1,468	(1,468)	–	–	–	–	–	–	–	–	1,468	(1,468)	–
Land:													
– Crown land	2,926	–	2,926	–	–	(2)	–	–	–	2,983	5,907	–	5,907
– Operational land	2,487	–	2,487	–	106	–	–	–	–	921	3,514	–	3,514
– Community land	481	–	481	–	–	–	–	–	–	482	963	–	963
Infrastructure:													
– Buildings – non-specialised	6,571	(1,632)	4,939	–	–	–	(138)	–	224	3,947	10,349	(1,377)	8,972
– Buildings – specialised	43,706	(17,695)	26,011	–	1,281	–	(345)	1,835	(12,693)	8,644	38,661	(13,928)	24,733
– Other structures	35,143	(12,151)	22,992	450	711	–	(962)	321	12,469	2,484	58,792	(20,327)	38,465
– Roads inc Bulk earthworks	300,662	(86,276)	214,386	1,461	789	(19)	(3,282)	2,267	–	12,741	322,968	(94,625)	228,343
– Stormwater drainage	20,617	(4,263)	16,354	128	–	–	(146)	–	–	1,258	22,344	(4,750)	17,594
– Water supply network	51,759	(17,474)	34,285	39	81	–	(829)	655	–	2,640	56,585	(19,714)	36,871
– Sewerage network	31,074	(13,191)	17,883	204	–	–	(406)	251	–	1,383	33,960	(14,645)	19,315
Other assets:													
– Other	–	–	–	–	–	–	–	–	–	–	–	–	–
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):													
– Quarry assets	179	(54)	125	–	–	–	(5)	–	(90)	–	89	(59)	30
– Tip assets	3,173	(644)	2,529	–	–	–	(15)	–	(240)	–	2,933	(659)	2,274
Total infrastructure, property, plant and equipment	522,778	(163,479)	359,299	3,436	10,599	(21)	(7,001)	–	(330)	37,483	584,494	(181,029)	403,465

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

C1-6 Infrastructure, property, plant and equipment (continued)

	At 1 July 2021			Asset movements during the reporting period									At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Tfrs from/(to) real estate assets (Note C1-5)	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
By aggregated asset class	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress	4,992	–	4,992	4,751	430	–	–	(1,550)	–	–	–	–	8,623	–	8,623
Plant and equipment	12,969	(7,841)	5,128	–	806	(110)	(656)	–	–	–	–	110	13,909	(8,631)	5,278
Office equipment	1,467	(1,379)	88	–	–	–	(88)	–	–	–	–	–	1,468	(1,468)	–
Land:															
– Operational land	2,470	–	2,470	–	17	–	–	–	–	–	–	–	2,487	–	2,487
– Community land	481	–	481	–	–	–	–	–	–	–	–	–	481	–	481
– Crown land	2,926	–	2,926	–	–	–	–	–	–	–	–	–	2,926	–	2,926
Infrastructure:															
– Buildings – non-specialised	5,379	(1,151)	4,228	–	–	–	(115)	–	–	132	–	694	6,571	(1,632)	4,939
– Buildings – specialised	20,268	(9,816)	10,452	–	–	–	(279)	–	7,348	–	–	8,490	43,706	(17,695)	26,011
– Other structures	29,074	(16,821)	12,253	952	183	(191)	(1,269)	151	1,529	–	–	9,384	35,143	(12,151)	22,992
– Roads inc Bulk Earthworks	269,979	(74,920)	195,059	176	–	(73)	(3,003)	1,313	–	–	–	20,914	300,662	(86,276)	214,386
– Stormwater drainage	19,111	(3,863)	15,248	151	–	–	(135)	69	–	–	–	1,021	20,617	(4,263)	16,354
– Water supply network	49,296	(19,705)	29,591	–	–	–	(868)	–	962	–	–	4,600	51,759	(17,474)	34,285
– Sewerage network	30,680	(11,487)	19,193	35	–	–	(447)	–	–	–	(898)	–	31,074	(13,191)	17,883
Other assets:															
– Other	13,815	(4,387)	9,428	–	414	–	–	17	(9,839)	–	(20)	–	–	–	–
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):															
– Tip assets	4,681	(500)	4,181	–	–	–	(143)	–	(1,509)	–	–	–	3,173	(644)	2,529
– Quarry assets	266	(48)	218	–	–	–	(6)	–	(87)	–	–	–	179	(54)	125
Total infrastructure, property, plant and equipment	467,854	(151,918)	315,936	6,065	1,850	(374)	(7,009)	–	(1,596)	132	(918)	45,213	522,778	(163,479)	359,299

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

C1-6 Infrastructure, property, plant and equipment (continued)

Accounting policy

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

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

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

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

Useful lives of IPPE

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

	Useful lives
Equipment, furniture and fittings	3 to 20
Land	Infinite
Infrastructure:	
– Buildings and other structures	20 to 100
– Roads, bridges and footpaths	8 to 100
– Bulk earthworks	Infinite
– Stormwater drainage	80 to 100
– Water supply network	15 to 100
– Sewerage network	15 to 100
– Open space / recreational assets	20
– Other infrastructure	20
Other assets	2 to 15
Tip and quarry assets	20

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

Revaluation model

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

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

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

Land under roads

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

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

C1-6 Infrastructure, property, plant and equipment (continued)

Crown reserves

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

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".

Walgett Shire Council has reviewed the information on Rural Fire Services "Red Fleet" assets for the year ending 30 June 2023 and has determined the carrying value of these assets to be immaterial and has therefore not disclosed these assets in the financial statements.

The Rural Fire Services land and buildings within the Walgett Local Government Area are accounted for in these statements under the signed agreement with Council's Zone RFS.

Externally restricted infrastructure, property, plant and equipment

	as at 30/06/23			as at 30/06/22		
	Gross carrying amount \$ '000	Accumulated depn. and impairment \$ '000	Net carrying amount \$ '000	Gross carrying amount \$ '000	Accumulated depn. and impairment \$ '000	Net carrying amount \$ '000
Water supply						
WIP	308	–	308	863	–	863
Infrastructure	56,585	19,714	36,871	51,759	17,474	34,285
Total water supply	56,893	19,714	37,179	52,622	17,474	35,148
Sewerage services						
WIP	–	–	–	283	–	283
– Operational land	7	–	7	–	–	–
Infrastructure	33,960	14,645	19,315	31,074	13,191	17,883
Total sewerage services	33,967	14,645	19,322	31,357	13,191	18,166
Domestic waste management						
Buildings	41	15	26	110	27	83
Other structures	907	312	595	868	282	586
Remediation Assets	2,347	527	1,820	2,538	515	2,023
Total domestic waste management	3,295	854	2,441	3,516	824	2,692
Total restricted infrastructure, property, plant and equipment	94,155	35,213	58,942	87,495	31,489	56,006

C1-7 Other

Other assets

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Prepayments	55	–	43	–
Total other assets	55	–	43	–

C2 Leasing activities

C2-1 Council as a lessee

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

Terms and conditions of leases

Leases are on a short-term basis with the building lease and the lease over IT equipment (photocopiers) expiring in the 2023/24 and 2027/28 financial years respectively.

Buildings

Council has leased land and a buildings for their Lightning Ridge Centrelink Agency. The lease is for 3 years with the option to renew for a further 3 years.

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

Office and IT equipment

Leases for office and IT equipment are generally for low value assets, except for significant items such as photocopiers. The lease is for 5 years with no renewal option, the payments are fixed with an annual CPI increase. Usage costs are additional to the lease contract under a maintenance agreement.

Extension options

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

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

There are \$64,950 in potential future lease payments which are not included in lease liabilities as Council has assessed that the exercise of the option is not reasonably certain.

(a) Right of use assets

	Plant & Equipment \$ '000	Ready to use \$ '000	Total \$ '000
2023			
Opening balance at 1 July	4	29	33
Additions to right-of-use assets	234	–	234
Depreciation charge	(43)	(22)	(65)
Balance at 30 June	195	7	202
2022			
Opening balance at 1 July	59	50	109
Depreciation charge	(55)	(21)	(76)
Balance at 30 June	4	29	33

(b) Lease liabilities

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Lease liabilities	52	154	26	6
Total lease liabilities	52	154	26	6

C2-1 Council as a lessee (continued)

(c) The maturity analysis

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

	< 1 year \$ '000	1 – 5 years \$ '000	> 5 years \$ '000	Total \$ '000	Total per Statement of Financial Position \$ '000
2023					
Cash flows	58	161	–	219	206
2022					
Cash flows	26	6	–	32	32

(d) Income Statement

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

	2023 \$ '000	2022 \$ '000
Depreciation of right of use assets	65	76
Expenses relating to short-term leases	37	62
	102	138

(e) Statement of Cash Flows

Total cash outflow for leases	(96)	(140)
	(96)	(140)

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

All Council leases at market value which are for:

- Residential housing
- Commercial premises

C2-1 Council as a lessee (continued)

Accounting policy

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

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

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

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

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / Concessionary leases

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

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties, these leases have been classified as operating leases for financial reporting purposes and the assets are included in IPP&E (refer in this note part (v) below) in the Statement of Financial Position.

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

	2023	2022
	\$ '000	\$ '000

(ii) Assets held as property, plant and equipment

Lease income (excluding variable lease payments not dependent on an index or rate)	165	237
Total income relating to operating leases for Council assets	165	237

C3 Liabilities of Council

C3-1 Payables

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Goods and services – operating expenditure	1,863	–	802	–
Goods and services – capital expenditure	2,005	–	1,514	–
Accrued expenses:				
– Borrowings	3	–	4	–
– Salaries and wages	188	–	125	–
– Other expenditure accruals	198	–	168	–
Advances	57	–	92	–
Security bonds, deposits and retentions	157	–	180	–
Other	25	–	–	–
Prepaid rates	519	–	479	–
Total payables	5,015	–	3,364	–

Payables relating to restricted assets

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Externally restricted assets				
Water	118	–	170	–
Domestic waste management	86	–	–	–
Payables relating to externally restricted assets	204	–	170	–
Total payables relating to restricted assets	204	–	170	–
Total payables relating to unrestricted assets	4,811	–	3,194	–
Total payables	5,015	–	3,364	–

Accounting policy

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

Payables

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

C3-2 Contract Liabilities

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Grants and contributions received in advance:				
Unexpended capital grants (to construct Council controlled assets)	5,065	-	5,552	-
Total grants received in advance	5,065	-	5,552	-
Total contract liabilities	5,065	-	5,552	-

Notes

(i) Council has received funding to construct 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. The revenue is expected to be recognised in the next 12 months.

Contract liabilities relating to restricted assets

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Notes				
Externally restricted assets				
Unspent grants held as contract liabilities (excl. Water & Sewer)	5,065	-	5,552	-
Contract liabilities relating to externally restricted assets	5,065	-	5,552	-
Total contract liabilities relating to restricted assets	5,065	-	5,552	-
Total contract liabilities	5,065	-	5,552	-

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

	2023 \$ '000	2022 \$ '000
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	5,552	4,151
Total revenue recognised that was included in the contract liability balance at the beginning of the period	5,552	4,151

Accounting policy

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

C3-3 Borrowings

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Loans – secured ¹	309	605	423	913
Total borrowings	309	605	423	913

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

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

(a) Changes in liabilities arising from financing activities

	2022		Non-cash movements				2023
	Opening Balance \$ '000	Cash flows \$ '000	New loans \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	1,336	(422)	–	–	–	–	914
Lease liability (Note C2-1b)	32	(60)	234	–	–	–	206
Total liabilities from financing activities	1,368	(482)	234	–	–	–	1,120

	2021		Non-cash movements				2022
	Opening Balance \$ '000	Cash flows \$ '000	New loans \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	1,863	(527)	–	–	–	–	1,336
Lease liability (Note C2-1b)	111	(79)	–	–	–	–	32
Total liabilities from financing activities	1,974	(606)	–	–	–	–	1,368

(b) Financing arrangements

	2023 \$ '000	2022 \$ '000
Total facilities		
Credit cards/purchase cards	23	23
Total financing arrangements	23	23

C3-3 Borrowings (continued)

	2023 \$ '000	2022 \$ '000
Drawn facilities		
– Credit cards/purchase cards	11	9
Total drawn financing arrangements	11	9
Undrawn facilities		
– Credit cards/purchase cards	12	14
Total undrawn financing arrangements	12	14

Additional financing arrangements information

Breaches and defaults

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

Security over loans

Loans held by Walgett Shire Council with banks are secured by future cash flows.

Bank overdraft

Walgett Shire Council does not have a bank overdraft arrangement.

Accounting policy

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

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

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

C3-4 Employee benefit provisions

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Annual leave	841	–	913	–
Sick leave	93	–	98	–
Long service leave	878	66	886	88
Other leave (time in lieu.)	51	–	25	–
Total employee benefit provisions	1,863	66	1,922	88

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

	2023 \$ '000	2022 \$ '000
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	931	961
	931	961

Description of and movements in provisions

	ELE provisions				Total \$ '000
	Annual leave \$ '000	Sick leave \$ '000	Long service leave \$ '000	Other (Time in Lieu) \$ '000	
2023					
At beginning of year	913	98	974	25	2,010
Additional provisions	667	–	238	24	929
Amounts used (payments)	(755)	(7)	(259)	–	(1,021)
Remeasurement effects	16	2	(9)	2	11
Total ELE provisions at end of year	841	93	944	51	1,929
2022					
At beginning of year	1,027	101	1,211	27	2,366
Additional provisions	583	9	167	–	759
Amounts used (payments)	(579)	–	(267)	(2)	(848)
Remeasurement effects	(118)	(12)	(137)	–	(267)
Total ELE provisions at end of year	913	98	974	25	2,010

C3-4 Employee benefit provisions (continued)

Accounting policy

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

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

C3-5 Provisions

	2023 Current \$ '000	2023 Non-Current \$ '000	2022 Current \$ '000	2022 Non-Current \$ '000
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	3,864	–	3,885
Sub-total – asset remediation/restoration	–	3,864	–	3,885
Total provisions	–	3,864	–	3,885
Provisions relating to restricted assets				
Externally restricted assets				
Domestic waste management	–	2,927	–	2,942
Provisions relating to externally restricted assets	–	2,927	–	2,942
Total provisions relating to restricted assets	–	2,927	–	2,942
Total provisions relating to unrestricted assets	–	937	–	943
Total provisions	–	3,864	–	3,885

Description of and movements in provisions

	Other provisions	
	Asset remediation \$ '000	Total \$ '000
2023		
At beginning of year	3,885	3,885
Unwinding of discount	309	309
Remeasurement effects	(330)	(330)
Total other provisions at end of year	3,864	3,864
2022		
At beginning of year	5,252	5,252
Unwinding of discount	228	228
Remeasurement effects	(1,595)	(1,595)
Total other provisions at end of year	3,885	3,885

Nature and purpose of provisions

Asset remediation

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

C3-5 Provisions (continued)

Accounting policy

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

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

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

Asset remediation – tips and quarries

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

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

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

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

D Council structure

D1 Results by fund

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

D1-1 Income Statement by fund

	General 2023 \$ '000	Water 2023 \$ '000	Sewer 2023 \$ '000
Income from continuing operations			
Rates and annual charges	7,395	1,672	954
User charges and fees	4,225	849	11
Interest and investment revenue	789	219	204
Other revenues	874	–	2
Grants and contributions provided for operating purposes	27,288	57	10
Grants and contributions provided for capital purposes	7,248	102	–
Other income	360	–	–
Share of interests in joint ventures and associates using the equity method	65	–	–
Total income from continuing operations	48,244	2,899	1,181
Expenses from continuing operations			
Employee benefits and on-costs	9,119	621	130
Materials and services	16,891	1,116	528
Borrowing costs	359	–	–
Depreciation, amortisation and impairment of non-financial assets	5,831	829	406
Other expenses	1,189	186	17
Net losses from the disposal of assets	21	–	–
Total expenses from continuing operations	33,410	2,752	1,081
Operating result from continuing operations	14,834	147	100
Net operating result for the year	14,834	147	100
Net operating result attributable to each council fund	14,834	147	100
Net operating result for the year before grants and contributions provided for capital purposes	7,586	45	100

D1-2 Statement of Financial Position by fund

	General 2023 \$ '000	Water 2023 \$ '000	Sewer 2023 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	6,950	2,766	7,275
Investments	12,000	–	–
Receivables	12,464	1,108	246
Inventories	811	–	–
Other	55	–	–
Total current assets	32,280	3,874	7,521
Non-current assets			
Investments	12,000	–	–
Receivables	40	–	–
Infrastructure, property, plant and equipment	346,964	37,179	19,322
Investments accounted for using the equity method	729	–	–
Right of use assets	202	–	–
Total non-current assets	359,935	37,179	19,322
Total assets	392,215	41,053	26,843
LIABILITIES			
Current liabilities			
Payables	4,897	118	–
Contract liabilities	5,065	–	–
Lease liabilities	52	–	–
Borrowings	309	–	–
Employee benefit provision	1,863	–	–
Total current liabilities	12,186	118	–
Non-current liabilities			
Lease liabilities	154	–	–
Borrowings	605	–	–
Employee benefit provision	66	–	–
Provisions	3,864	–	–
Total non-current liabilities	4,689	–	–
Total liabilities	16,875	118	–
Net assets	375,340	40,935	26,843
EQUITY			
Accumulated surplus	119,569	12,251	12,309
Revaluation reserves	255,771	28,684	14,534
Council equity interest	375,340	40,935	26,843
Total equity	375,340	40,935	26,843

D2 Interests in other entities

	Council's share of net assets	
	2023 \$ '000	2022 \$ '000
Council's share of net income		
Net share of interests in joint ventures and associates using the equity method – income		
Joint ventures	65	–
Total net share of interests in joint ventures and associates using the equity method – income	65	–
Net share of interests in joint ventures and associates using the equity method – expenses		
Joint ventures	–	40
Total net share of interests in joint ventures and associates using the equity method – expenses	–	40
Total Council's share of net income	65	(40)
Council's share of net assets		
Net share of interests in joint ventures and associates using the equity method – assets		
Joint arrangements	729	664
Total net share of interests in joint ventures and associates using the equity method – assets	729	664
Total Council's share of net assets	729	664

D2-1 Interests in joint arrangements

Net carrying amounts – Council's share

	Place of business	Nature of relationship	Interest in ownership		2023 \$ '000	2022 \$ '000
			2023	2022		
Far North Northwest Joint Organisation	Cobar Shire Council	Joint Organisation of 3 councils	33.3%	33.3%	729	664
Total carrying amounts – material joint ventures					729	664

D2-1 Interests in joint arrangements (continued)

Far North West Joint Organisation

Council is a member of the Far North West Joint Organisation (which is a body incorporated under the Local Government Act 1993) along with Cobar Shire Council and Bourke Shire Council.

	Far North Northwest Joint Organisation	
	2023	2022
	\$ '000	\$ '000
Summarised Statement of financial position		
Current assets		
Cash and cash equivalents	1,365	2,029
Investments	3,000	4,000
Other current assets	361	11
Current liabilities		
Current financial liabilities (excluding trade and other payables and provisions)	1,430	1,375
Other current liabilities	70	229
Non-current liabilities		
Non-current financial liabilities (excluding trade and other payables and provisions)	1,039	2,446
Net assets	2,187	1,990
Income	1,867	1,227
Interest income	118	27
Other expenses	(1,788)	(1,374)
Profit/(loss) from continuing operations	197	(120)
Profit/(loss) for the period	197	(120)
Total comprehensive income	197	(120)
Summarised Statement of cash flows		
Cash flows from operating activities	(1,664)	(461)
Cash flows from investing activities	1,000	-
Cash flows from financing activities	-	27
Net increase (decrease) in cash and cash equivalents	(664)	(434)
Reconciliation of the carrying amount		
Opening net assets (1 July)	664	704
Walgett Shire Council's share 33.33% of Net Assets for 2022/2023	65	(40)
Dividends paid	-	-
Dividends received	-	-
Other adjustments to equity	-	-
Carrying amount	729	664
Council's share of net assets (%)	33.3%	33.3%
Council's share of net assets (\$)	729	664

County Councils

Council is a member of the following county councils (which are bodies incorporated under the Local Government Act 1993):

- Castlereagh Macquarie County Council

Council is of the opinion that it does not control the above county council/s and accordingly these entities have not been consolidated or otherwise included within these financial statements.

D2-1 Interests in joint arrangements (continued)

Accounting policy

Council has determined that it has both joint operations and joint ventures.

Joint operations

In relation to its joint operations, where the Council has the rights to the individual assets and obligations arising from the arrangement, the Council has recognised:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its share of the revenue from the sale of the output by the joint operation
- its expenses, including its share of any expenses incurred jointly.

These figures are incorporated into the relevant line item in the primary statements.

Joint ventures

Interests in joint ventures are accounted for using the equity method where the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise Council's share of the profit or loss and other comprehensive income of the joint venture after the date of acquisition.

If Council's share of losses of a joint venture equals or exceeds its interest in the joint venture, Council discontinues recognising its share of further losses.

Council's share in the joint venture's gains or losses arising from transactions between itself and its joint venture are eliminated.

Adjustments are made to the joint venture's accounting policies where they are different from those of the Council for the purposes of the consolidated financial statements.

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance team manages the cash and Investments portfolio with the assistance of independent advisors. Council has an investment policy which complies with the s 625 of the Act and the Ministerial Investment Order. The policy is regularly reviewed by Council and a monthly investment report is provided to Council setting out the make-up performance of the portfolio as required by local government regulations.

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

Financial risk management is carried out by the finance team under policies approved by the Councillors.

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

	Carrying value 2023 \$ '000	Carrying value 2022 \$ '000	Fair value 2023 \$ '000	Fair value 2022 \$ '000
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	16,991	9,116	16,991	9,116
Receivables	13,858	9,743	13,858	9,743
Investments				
– Debt securities at amortised cost	24,000	27,000	24,000	27,000
Total financial assets	54,849	45,859	54,849	45,859
Financial liabilities				
Payables	5,015	3,364	5,015	3,364
Loans/advances	914	1,336	914	1,336
Total financial liabilities	5,929	4,700	5,929	4,700

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings** – 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.
- Financial assets classified '**at fair value through profit and loss**' are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

The risks associated with the financial instruments held are:

- interest rate risk – the risk that movements in interest rates could affect returns
- liquidity risk – the risk that Council will not be able to pay its debts as and when they fall due.
- credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument, resulting in a financial loss to the Council.

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers before placing any cash and investments.

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

(a) Market risk – interest rate and price risk

	2023	2022
	\$ '000	\$ '000
<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	383	341

(b) Credit risk

Council's major receivables comprise rates, annual charges, 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 other than Council has significant credit risk exposures in its local area given the nature of Council activities.

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

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

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

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

Credit risk profile

Receivables – rates and annual charges

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

	overdue rates and annual charges			Total \$ '000
	Not yet overdue \$ '000	< 5 years \$ '000	≥ 5 years \$ '000	
2023				
Gross carrying amount	(263)	365	1,761	1,863
2022				
Gross carrying amount	(286)	254	1,643	1,611

Receivables - non-rates and annual charges and contract assets

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

The loss allowance provision is determined as follows. The expected credit losses incorporate forward-looking information.

	Not yet overdue \$ '000	Overdue debts				Total \$ '000
		0 - 30 days \$ '000	31 - 60 days \$ '000	61 - 90 days \$ '000	> 91 days \$ '000	
2023						
Gross carrying amount	8,803	6	7	18	3,433	12,267
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.47%	0.13%
ECL provision	–	–	–	–	16	16
2022						
Gross carrying amount	6,529	10	10	7	2,033	8,589
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	1.03%	0.24%
ECL provision	–	–	–	–	21	21

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

(c) Liquidity risk

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

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

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

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

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

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

	Weighted average interest rate %	Subject to no maturity \$ '000	payable in: ≤ 1 Year \$ '000	1 - 5 Years \$ '000	> 5 Years \$ '000	Total cash outflows \$ '000	Actual carrying values \$ '000
2023							
Payables	0.00%	157	4,858	–	–	5,015	5,015
Borrowings	4.43%	–	343	360	357	1,060	914
Lease liabilities	3.68%	–	58	161	–	219	206
Total financial liabilities		157	5,259	521	357	6,294	6,135
2022							
Payables	0.00%	180	3,184	–	–	3,364	3,364
Borrowings	4.71%	–	474	710	417	1,601	1,336
Lease liabilities	1.42%	–	26	7	–	33	33
Total financial liabilities		180	3,684	717	417	4,998	4,733

Loan agreement breaches

There have been no breaches to loan agreements which have occurred during the reporting year.

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

Fair value hierarchy

All assets and liabilities measured at fair value are 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: Unobservable inputs for the asset or liability

The table below shows the assigned level for each asset and liability held at fair value by Council:

\$ '000	Notes	Fair value measurement hierarchy							
		Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022	2023	2022	2023	2022
Recurring fair value measurements									
Infrastructure, property, plant and equipment C1-6									
Plant and equipment		30/06/22	30/06/18	6,429	5,278	–	–	6,429	5,278
Operational and community land		30/06/23	30/06/18	10,384	5,894	–	–	10,384	5,894
Buildings – non-specialised		30/06/23	30/06/18	8,972	4,939	–	–	8,972	4,939
Buildings specialised		30/06/23	30/06/18	–	–	24,733	26,011	24,733	26,011
Other structures		30/06/22	30/06/22	–	–	38,465	22,992	38,465	22,992
Roads bridges and footpaths inc Bulk Earthworks		30/06/20	30/06/20	–	–	228,343	214,386	228,343	214,386
Stormwater drainage		30/06/20	30/06/20	–	–	17,594	16,354	17,594	16,354
Water supply network		30/06/22	30/06/22	–	–	36,871	34,285	36,871	34,285
Sewerage network		30/06/22	30/06/22	–	–	19,315	17,883	19,315	17,883
Quarry Assets		30/06/23	30/06/22	–	–	30	125	30	125
Tip Assets		30/06/23	30/06/22	–	–	2,274	2,529	2,274	2,529
Total infrastructure, property, plant and equipment				25,785	16,111	367,625	334,565	393,410	350,676

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 and equipment

Plant and equipment are valued at cost but are disclosed at fair value in the notes excepting major items of plant which were revalued based on observable market values as at 30 June 2018 by Australis Asset Advisory Group. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.

Examples of assets within these classes are as follows: Graders, trucks, rollers, tractors and motor vehicles. These types of assets have been indexed in 2022 using movement in inflation from 2018 to 2022.

Operational, crown and community land

Operational and Community Land are were revalued as at 30 June 2023 to observable market values by APV Valuers and Asset Management. Crown land is based on the Valuer-General's land value as these are representative of actual market values within the Walgett LGA or an average unit rate based on the Land Value for Crown Land.

As these rates are considered to be observable market evidence they have been classified as a Level 2.

Buildings – specialised

Specialised buildings were valued by APV Valuers and Asset Management as at 30th June 2023, at Fair or Market Value.

This approach estimated the fair value for each building by either componentising the building into significant parts where there was not a comparable building within the Walgett LGA or by using observable market prices for comparable properties within the Walgett LGA.

All buildings were physically inspected and elements such as useful life reassessed.

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

Buildings - non-specialised

Non Specialised buildings were valued by APV Valuers and Asset Management as at 30th June 2023, at Fair Value.

This approach estimated the fair value for each building by componentising the building into significant parts.

All buildings were physically inspected and elements such as useful life reassessed.

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

E2-1 Fair value measurement (continued)

Other structures

Other Structures were valued by APV Valuers & Asset Management as at 30th June 2022, at Fair Value.

These assets have been classified as Level 3 valuation inputs.

Examples of assets within these classes are as follows:

Waste Depot, Structures other than Buildings and Sale Yards

These assets have been indexed in 2023 using the NSW non-residential building construction index.

Roads

Roads comprise of road carriageway, roadside shoulders, islands, kerb and guttering. They include sections that are sealed and unsealed. Road assets were independently valued as at 30th June 2020 by AssetVal, at Current Replacement Cost. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. While some elements of value may be supported from market evidence (Level 2 inputs) other inputs such as, estimates of pattern of consumption, traffic load and frequency, residual value, asset condition and useful life, will impact significantly on the final determination of fair value.

These assets have been indexed in 2023 using the NSW Road and bridge construction index.

These assets have been classified as Level 3 valuation inputs.

Bridges

Bridge assets were independently valued as at 30th June 2020, at Current Replacement Cost. This category consists of all bridges and causeways greater than 6 metres. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. While some elements of value may be supported from market based evidence (Level 2 inputs) other inputs such as, pattern of consumption, traffic load and frequency, residual value, asset condition and useful life will impact significantly on the final determination of the fair value.

These assets have been indexed in 2023 using the NSW Road and bridge construction index.

These assets have been classified as Level 3 valuation inputs.

Footpaths

Footpath assets were independently valued as at 30th June 2020, at Current Replacement Cost.

The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. While some elements of value may be supported from market evidence (Level 2 inputs) other inputs such as, estimates of pattern of consumption, traffic load and frequency, residual value, asset condition and useful life, will impact significantly on the final determination of fair value.

These assets have been indexed in 2023 using the NSW Road and bridge construction index.

These assets have been classified as at Level 3 valuation inputs. Footpaths are inspected annually and condition assessed.

Drainage infrastructure

Stormwater Drainage assets were independently valued as at 30th June 2020, at Current Replacement Cost. Assets within this class comprise pit, traps, pipes and channels. The Cost Approach is utilised with each asset being componentised into significant parts, with different useful lives and taking into account a range of factors in determination of fair value.

While unit rates based on elements, such as linear metres and pipe diameter, may be supported by market evidence (Level 2) other inputs such as estimates of consumption, residual value, asset condition and useful life, require extensive professional judgement and impact significantly on the final determination of fair value.

These assets have been indexed in 2023 using the NSW Reference Rates manual as published by the Office of Water.

These assets have been classified as Level 3 valuation inputs.

E2-1 Fair value measurement (continued)

Water supply network

Water Supply assets were valued by APV Valuers and Asset Management as at 30th June 2022 at Current Replacement Cost and utilising Fair Value measurement. Assets within this class comprise reservoirs, pumping stations, treatment plant and pipelines.

The Cost Approach is utilised with each asset being componentised into significant parts, with different useful lives and taking into account a range of factors.

While unit rates based on elements, such as linear metres and pipe diameter, may be supported by market evidence (Level 2) other inputs such as estimates of consumption, residual value, asset condition and useful life, require extensive professional judgement and impact significantly on the final determination of fair value.

These assets have been classified as Level 3 valuation inputs.

In non comprehensive valuation years, these assets are indexed each year in line with the NSW Reference Rates manual as published by the Office of Water.

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

Sewerage network

Sewerage Network assets were valued by APV Valuers and Asset Management as at 30th June 2022 at Current Replacement Cost and utilising Fair Value measurement. Assets within this class comprise pumping stations, treatment plant and pipelines. The Cost Approach is utilised with each asset being componentised into significant parts, with different useful lives and taking into account a range of factors.

While unit rates based on elements, such as linear metres and pipe diameter, may be supported by market evidence (Level 2) other inputs such as estimates of consumption, residual value, asset condition and useful life, require extensive professional judgement and impact significantly on the final determination of fair value.

These assets have been classified as Level 3 valuation inputs.

In non comprehensive valuation years, these assets are indexed each year in line with the NSW Reference Rates manual as published by the Office of Water.

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

E2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

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

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

	Fair value (30/6/23) 2023 \$ '000	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment			
Buildings specialised	24,733	Cost approach	Unit price
Other structures	38,465	Cost approach	Unit price
Roads, bridges and footpaths	228,343	Cost approach	Unit price
Stormwater drainage	17,594	Cost approach	Asset condition, remaining lives
Water supply network	36,871	Cost approach	Asset condition, remaining lives
Sewer network	19,315	Cost approach	Asset condition, remaining lives
Tip assets	2,274	Cost approach	Unit price
Quarry assets	30	Cost approach	Unit price

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:

	Buildings specialised		Other structures		Roads, bridges and footpaths		Stormwater drainage	
	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000
Opening balance	26,011	10,452	22,992	12,253	214,386	195,059	16,354	15,248
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	(10,858)	7,348	13,684	1,680	2,267	1,313	–	69
Purchases (GBV)	1,281	–	1,161	1,135	2,250	176	128	151
Disposals (WDV)	–	–	–	(191)	(19)	(73)	–	–
Depreciation and impairment	(345)	(279)	(962)	(1,269)	(3,282)	(3,003)	(146)	(135)
Revaluation increment to equity (ARR)	8,644	8,490	1,590	9,384	12,741	20,914	1,258	1,021
Closing balance	24,733	26,011	38,465	22,992	228,343	214,386	17,594	16,354

	Water supply network		Sewer network		Tip assets		Quarry assets	
	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000	2023 \$ '000	2022 \$ '000
Opening balance	34,285	29,591	17,883	19,193	2,529	4,181	125	218
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	655	962	251	–	–	–	–	–
Purchases (GBV)	120	–	204	35	(240)	(1,509)	(90)	(87)
Depreciation and impairment	(829)	(868)	(406)	(447)	(15)	(143)	(5)	(6)
Revaluation increment to equity (ARR)	2,640	4,600	1,383	(898)	–	–	–	–
Closing balance	36,871	34,285	19,315	17,883	2,274	2,529	30	125

E2-1 Fair value measurement (continued)

	Total	
	2023	2022
	\$ '000	\$ '000
Opening balance	334,565	286,195
Transfers from/(to) another asset class	5,999	11,372
Purchases (GBV)	4,814	(99)
Disposals (WDV)	(19)	(264)
Depreciation and impairment	(5,990)	(6,150)
Revaluation increment to equity (ARR)	28,256	43,511
Closing balance	367,625	334,565

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

(i) Defined benefit superannuation contribution plans

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme (Active Super) (the Fund), 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 the purposes of AASB119 Employee Benefits for the following reasons:

- 1) Assets are not segregated within the sub-group according to the employees of each sponsoring employer.
- 2) 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.
- 3) Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer; and
- 4) The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

Given the factors set out 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).

(a) a description of the funding arrangements, including the method used to determine the entity's rate of contributions and any minimum funding requirements.

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

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

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

* For 180 Point Members, Employers are required to contribute 8.0% of salaries for the year ending 30 June 2023 (increasing to 8.5% 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 July 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2022. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

b) a description of the extent to which Council can be liable to the plan for other entities' obligations under the terms and conditions of the multi-employer plan

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

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

c) a description of any agreed allocation of a deficit or surplus on:

(i) wind up of the plan

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

(ii) the Council's withdrawal from the plan

E3-1 Contingencies (continued)

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

d) *Given Walgett Shire Council accounts for the plan as if it were a defined contribution plan in accordance with paragraph 34, the following information applies:*

- (i) the fact that the plan is a defined benefit plan is confirmed by Mercer Australia.
- (ii) the reason why sufficient information is not available to enable the entity to enable Walgett Shire Council to account for the plan as a defined benefit plan is set out earlier in this statement.
- (iii) Council's expected contribution to the plan for the next annual reporting period is \$13,964.88.
- (iv) the amount of Council employer contributions to the defined section of the Local Government Superannuation Scheme (Active Super) and recognised as an expense for the year ending 30 June 2023 was \$18,956.97. Based on a Past Service Liabilities methodology the share of any funding surplus or deficit that can be attributed to Walgett Shire Council is 0.04%. The last formal valuation of the Fund was undertaken by the Fund Actuary, Richard Boyfield FIAA as at 30 June 2022.

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

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

* excluding other accumulation accounts and reserves in both assets and liabilities.

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

Investment return	6.0% per annum
Salary inflation *	3.5% per annum
Increase in CPI	6.0% for FY 22/23
	2.5% per annum thereafter

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group. 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 2023.

(v) *an indication of the level of participation of Walgett Shire Council in the plan compared with other participating entities.*

It is estimated that there are \$8,876.28 past service contributions remaining for Walgett Shire Council. An employer's past service contribution per annum as a percentage of the total past service contributions for all Pooled Employers (\$20 million for each year from 1 January 2022 to 31 December 2024) provides an indication of the level of participation of that employer compared with other employers in the Pooled Employers sub-group.

(ii) Statewide Limited

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

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

The future realisation and finalisation of claims incurred but not reported to 30 June 2023 may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

(iii) StateCover Limited

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

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

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

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

E3-1 Contingencies (continued)

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.

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:

	2023	2022
	\$ '000	\$ '000
Compensation:		
Short-term benefits	983	1,108
Post-employment benefits	85	74
Termination benefits	455	8
Total	1,523	1,190

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

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	Ref	Transactions during the year \$ '000	Outstanding balances including commitments \$ '000	Terms and conditions	Impairment provision on outstanding balances \$ '000	Impairment expense \$ '000
2023						
Water cart hire	1	325	–	Annual contracted rate for adhoc work Negotiated lease for 2 years with 2 x 3 year options	–	–
Property Lease	2	25	–	–	–	–
Plant and equipment hire	3	1,025	158	Annual contracted rate for adhoc work NSW Local Government State Award 2017	–	–
Employee expenses relating to close family members of KMP	4	166	–	–	–	–
2022						
Water cart hire	1	118	–	Annual contracted rate for adhoc work Negotiated lease for 2 years with 2 x 3 year options	–	–
Property Lease	2	20	–	–	–	–
Plant and equipment hire	3	981	–	Annual contracted rate for adhoc work NSW Local Government State Award 2017	–	–
Employee expenses relating to close family members of KMP	4	119	–	–	–	–

1 Council hires plant for water cartage from a Council KMP. The plant hire by Council is subject to an annual plant hire tender process;

2 Council leases a building in Lightning Ridge for the Council/Services Australia agency. The lessee business has 2 KMP as partners in the business;

3 Council enters into a tender contract for plant and equipment hire with multiple companies. Two of the contracted businesses have directors who are KMPs for Council;

4 Close family members (2) of a Council KMP are employed by the Council under the Local Government Award, on an arms length basis.

F1-2 Councillor and Mayoral fees and associated expenses

	2023	2022
	\$ '000	\$ '000
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	21	19
Councillors' fees	121	107
Other Councillors' expenses (including Mayor)	44	32
Total	186	158

F2 Other relationships

F2-1 Audit fees

	2023 \$ '000	2022 \$ '000
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	104	94
Remuneration for audit and other assurance services	104	94
Total Auditor-General remuneration	104	94
Non NSW Auditor-General audit firms		
(i) Audit and other assurance services		
Audit and review of financial statements	8	2
Remuneration for audit and other assurance services	8	2
Total remuneration of non NSW Auditor-General audit firms	8	2
Total audit fees	112	96

G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

	2023 \$ '000	2022 \$ '000
Net operating result from Income Statement	15,081	499
Add / (less) non-cash items:		
Depreciation and amortisation	7,066	7,085
(Gain) / loss on disposal of assets	21	249
Non-cash capital grants and contributions	(1,372)	–
Unwinding of discount rates on reinstatement provisions	309	228
Share of net (profits)/losses of associates/joint ventures using the equity method	(65)	40
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(3,950)	408
Increase / (decrease) in provision for impairment of receivables	(185)	76
(Increase) / decrease of inventories	24	53
(Increase) / decrease of other current assets	(12)	(17)
Increase / (decrease) in payables	1,061	15
Increase / (decrease) in accrued interest payable	(1)	(1)
Increase / (decrease) in other accrued expenses payable	93	(26)
Increase / (decrease) in other liabilities	7	38
Increase / (decrease) in contract liabilities	(487)	1,401
Increase / (decrease) in employee benefit provision	(81)	(356)
Increase / (decrease) in other provisions	(330)	(1,595)
Net cash flows from operating activities	17,179	8,097

G2-1 Commitments

Capital commitments (exclusive of GST)

	2023 \$ '000	2022 \$ '000
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Sewerage and water infrastructure	63	86
Buildings	796	1,780
Plant and equipment	758	1,303
Other	332	–
Road infrastructure	13,140	645
Total commitments	15,089	3,814
These expenditures are payable as follows:		
Within the next year	10,089	3,814
Later than one year and not later than 5 years	5,000	–
Total payable	15,089	3,814
Sources for funding of capital commitments:		
Unrestricted general funds	180	115
Future grants and contributions	13,947	1,443
Unexpended grants	28	615
Externally restricted reserves	–	86
Internally restricted reserves	758	1,303
Unexpended loans	176	252
Total sources of funding	15,089	3,814

Details of capital commitments

Reconstruction and sealing of Shire Road 103 Bugilbone Road, and Goangra Bridge funded by grants.

G3-1 Events occurring after the reporting date

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

G4 Statement of performance measures

G4-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2023	Indicator 2023	Indicators 2022 2021		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	7,492	16.76%	(6.81)%	(1.22)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	44,714				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	17,359	33.34%	39.22%	44.06%	> 60.00%
Total continuing operating revenue ¹	52,064				
3. Unrestricted current ratio					
Current assets less all external restrictions	28,616	4.69x	5.48x	7.15x	> 1.50x
Current liabilities less specific purpose liabilities	6,104				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	14,917	17.74x	5.83x	5.88x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	841				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	1,900	16.25%	14.19%	11.39%	< 10.00%
Rates and annual charges collectable	11,694				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	40,991	15.18 months	14.64 months	11.94 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	2,700				

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

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

G4-2 Statement of performance measures by fund

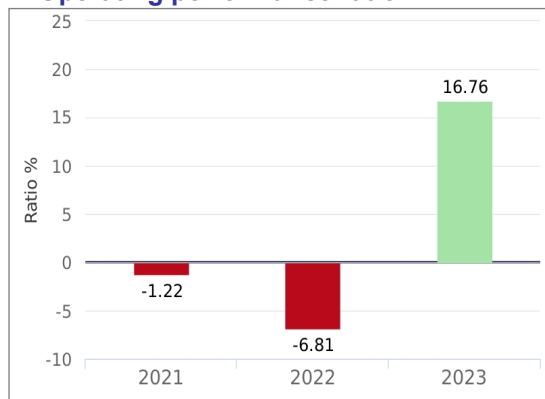
\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2023	2022	2023	2022	2023	2022	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	18.31%	(7.67)%	1.61%	(1.36)%	8.47%	4.73%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	28.03%	32.74%	94.52%	98.30%	99.15%	98.95%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	4.69x	5.48x	32.83x	18.63x	∞	∞	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	16.23x	4.37x	∞	∞	∞	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	14.00%	11.59%	23.03%	21.60%	20.02%	20.60%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	12.46 months	11.65 months	17.26 months	18.39 months	129.33 months	181.72 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

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 2022/23 result

2022/23 ratio 16.76%

Council's ratio is a positive percentage which is above the industry benchmark of 0% and indicates for this year that Council's operating income exceeded its operating expenditure.

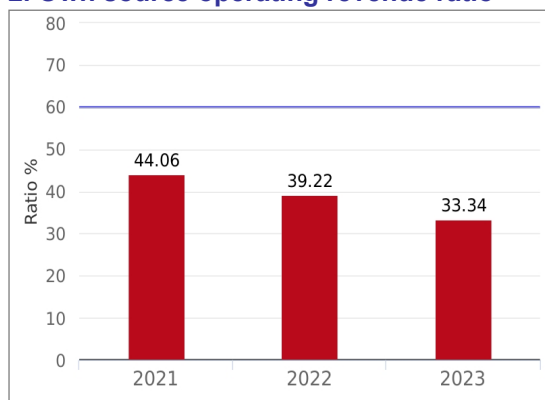
Benchmark: — > 0.00%

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 2022/23 result

2022/23 ratio 33.34%

This ratio has decreased compared to last financial year as Council had significant grant expenditure on natural disaster (flood damage) remediation works.

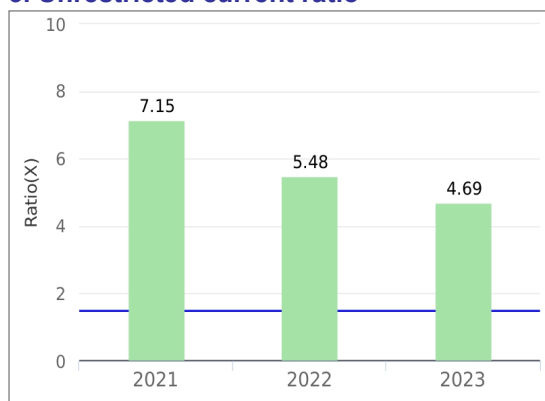
Benchmark: — > 60.00%

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

Commentary on 2022/23 result

2022/23 ratio 4.69x

Council has a very strong unrestricted current ratio. This allows Council to continue planned works while enabling it to meet current and future expenditure commitments.

Benchmark: — > 1.50x

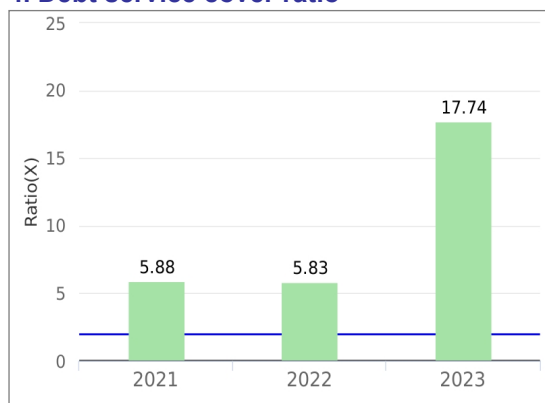
Ratio achieves benchmark

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 2022/23 result

2022/23 ratio 17.74x

Council's ratio is well above the industry benchmark and is considered sound.

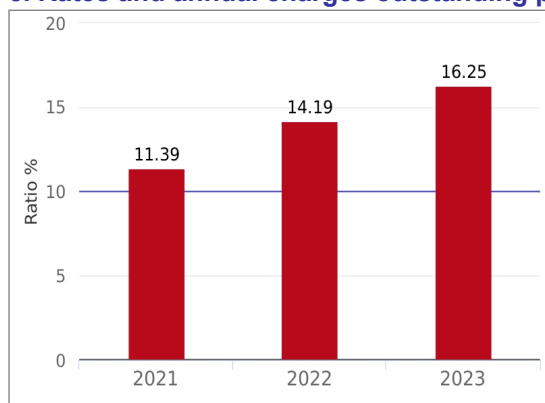
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2022/23 result

2022/23 ratio 16.25%

This ratio has continued to steadily increase. The impact of the Covid-19 pandemic on ratepayer's ability to meet debts has been exacerbated by two years of flooding in a rural agricultural economy.

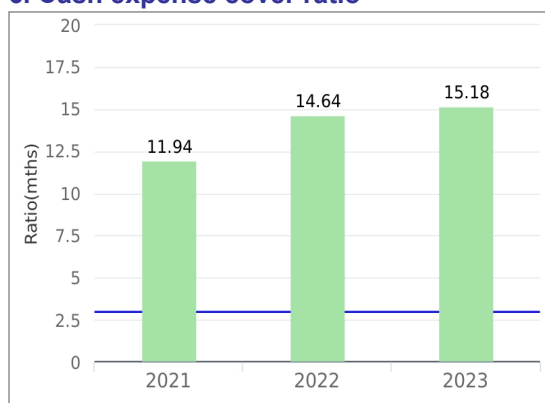
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2022/23 result

2022/23 ratio 15.18 months

Council is performing significantly better than the industry benchmark and remains in a strong position.

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:

77 Fox Street
Walgett NSW 2832

Contact details

Mailing Address:

PO Box 31
Walgett NSW 2832

Telephone: 02 6828 6100

Facsimile: 02 6828 1608

Opening hours:

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

Internet: www.walgett.nsw.gov.au

Email: admin@walgett.nsw.gov.au

Officers

GENERAL MANAGER

Megan Dixon

RESPONSIBLE ACCOUNTING OFFICER

Hafiz Malik

Public Officer

Megan Dixon

Auditors

Auditor General
New South Wales

Elected members

Mayor

Cr Jasen Ramien

Councillors

Cr Colin Hundy (Deputy Mayor)

Cr Michael Cooke

Cr Sue Currey

Cr Jane Keir

Cr Greg Rummery

Cr Alf Seaton

Cr Daniel Walford

Cr Ian Woodcock

Other information

ABN: 88 769 076 385



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Walgett Shire Council

To the Councillors of Walgett Shire Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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



Manuel Moncada

Director, Financial Audit
Delegate of the Auditor-General for New South Wales

28 February 2024
SYDNEY



Cr Jasen Ramien
 Mayor
 Walgett Shire Council
 PO Box 31
 Walgett NSW 2330

Contact: Manuel Moncada
 Phone no: 9275 7333
 Our ref: R008-16585809-50722

28 February 2024

Dear Mayor

**Report on the Conduct of the Audit
 for the year ended 30 June 2023
 Walgett Shire Council**

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

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

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

INCOME STATEMENT

Operating result

	2023	2022	Variance
	\$m	\$m	%
Rates and annual charges revenue	10.0	9.7	↑ 3.1
Grants and contributions revenue	34.7	20.3	↑ 70.9
Operating result from continuing operations	15.1	0.5	↑ 2920
Net operating result before capital grants and contributions	7.7	(2.4)	↑ 421

Council’s operating result (\$15.1 million including the effect of depreciation and amortisation expense of \$7.1 million) was \$14.6 million higher than the 2021–22 result. This was mainly due to increased revenue from grants and contributions.

The net operating result before capital grants and contributions (\$7.7 million) was \$10.1 million higher than the 2021–22 result due an increase in grants received for operating purposes.

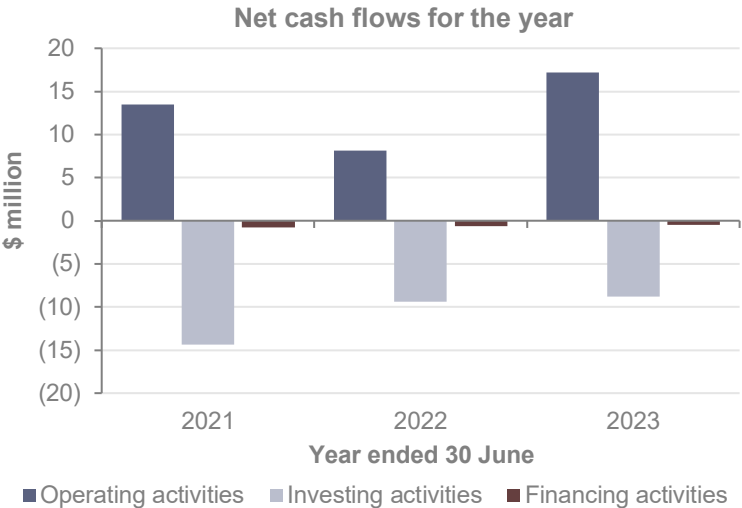
Rates and annual charges revenue (\$10.0 million) increased by \$0.3 million (3.1 per cent) in 2022–2023.

Grants and contributions revenue (\$34.7 million) increased by \$14.4 million (70.9 per cent) in 2022–2023 due to:

- an increase of \$1.2 million in financial assistance grants received in 2022–23
- an increase of \$8.7 million in receipts of operating grants provided for specific purposes including flood damage and road repairs and maintenance
- increased revenue of \$3.1 million recognised for grant funded infrastructure projects
- the receipt of contributed land and buildings of \$1.4 million.

STATEMENT OF CASH FLOWS

- The Statement of Cash Flows illustrates the flow of cash and cash equivalents moving in and out of Council during the year and reveals that cash increased by \$7.9 million to \$17 million at the close of the year.
- The increase is mainly due to increased unspent grants held at year end.



FINANCIAL POSITION

Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	41.0	36.1	<ul style="list-style-type: none"> • External restrictions include unspent specific purpose grants and contributions, and domestic waste management, water and sewerage charges, and unexpended loans. • Balances are internally allocated due to Council policy or decisions for forward plans including works program.
Restricted cash and investments:			
• External restrictions	25.4	20.1	
• Internal allocations	14.6	15.8	

PERFORMANCE

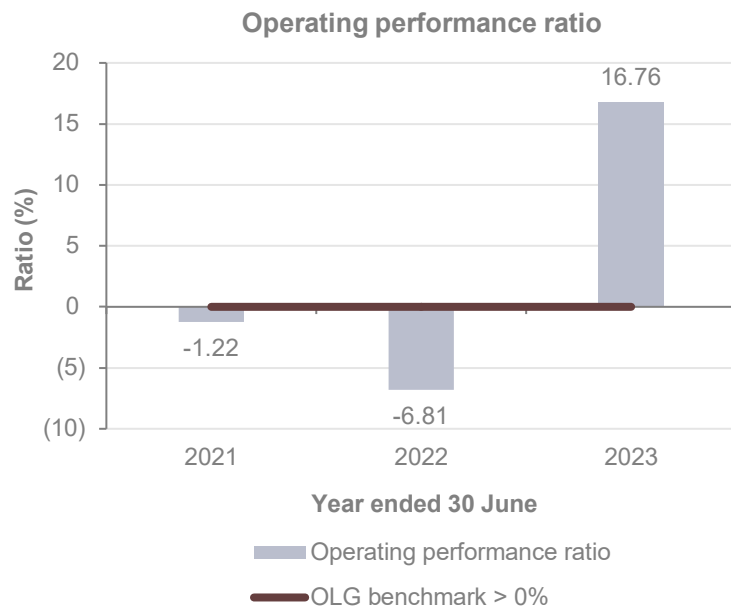
Performance measures

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

Operating performance ratio

The Council met the OLG benchmark for the current reporting period.

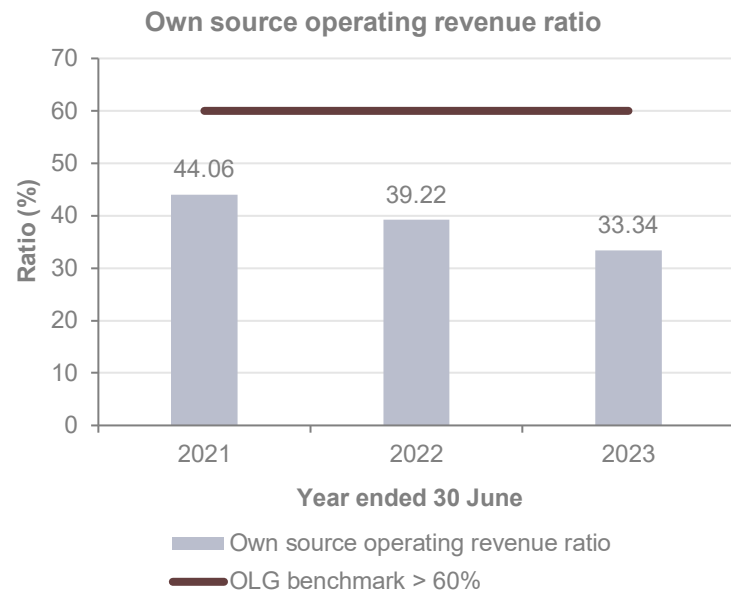
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

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

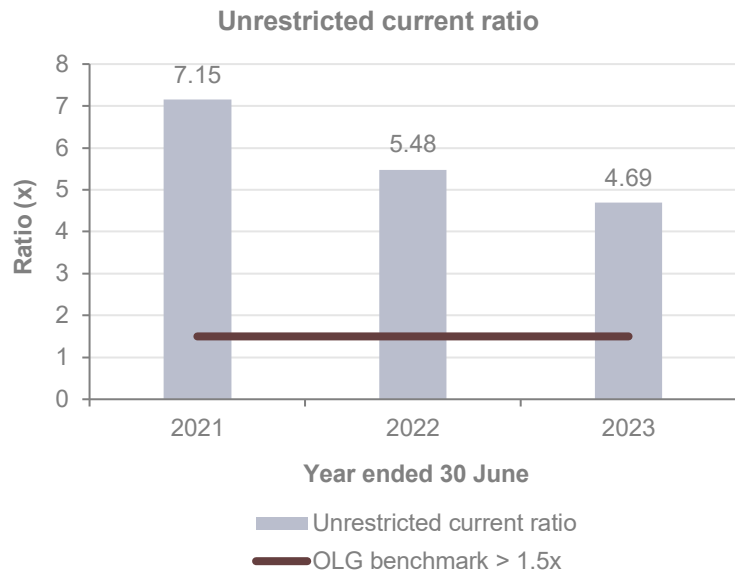
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

The Council met the OLG benchmark for the current reporting period.

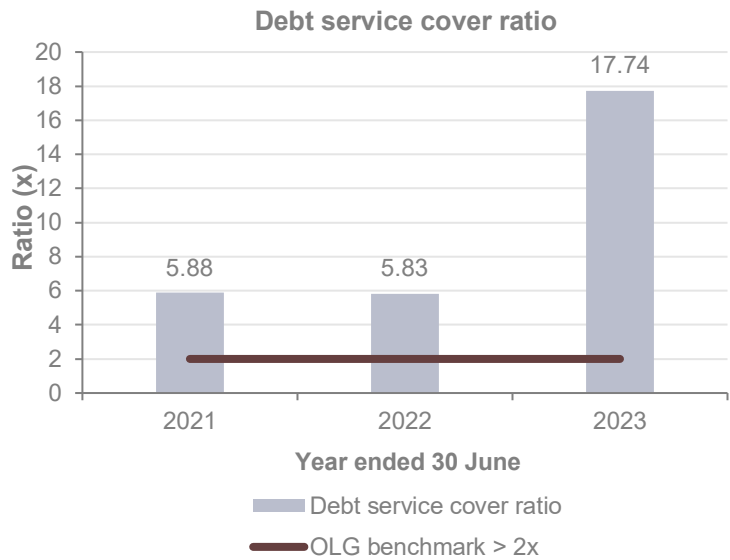
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

The Council met the OLG benchmark for the current reporting period.

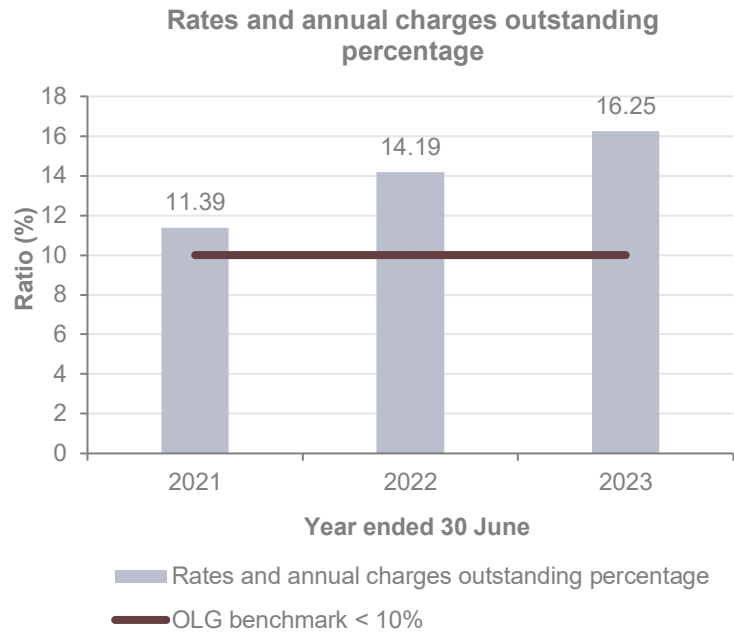
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

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

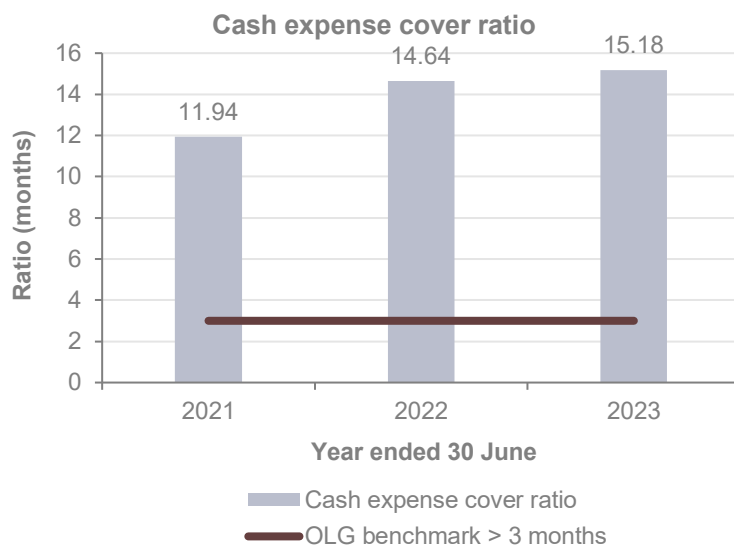
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional councils.



Cash expense cover ratio

The Council met the OLG 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's asset renewal additions for the year were \$3.4 million compared \$6.1 million for the prior year
- The level of asset renewals during the year represented 48 percent of the total depreciation expense (\$7.1 million) for the year.

OTHER MATTERS

Legislative compliance

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

- accounting records were maintained in a manner and form to allow the GPFS to be prepared and effectively audited

- staff provided all accounting records and information relevant to the audit.

The Council's:

- accounting records were maintained in a manner and form that facilitated the preparation and the effective audit of the GPFS
- staff provided all accounting records and information relevant to the audit.



Manuel Moncada
Director - Financial Audit

Delegate of the Auditor-General of New South Wales

Walgett Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2023

*That the community utilise the opportunities that arise from
our environment, to improve their quality of life, while
embracing its ethnic and social diversity to the benefit of all.*



Walgett Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2023

Contents	Page
Statement by Councillors and Management	3
Special Purpose Financial Statements:	
Income Statement of water supply business activity	4
Income Statement of sewerage business activity	5
Statement of Financial Position of water supply business activity	6
Statement of Financial Position of sewerage business activity	7
Note – Significant Accounting Policies	8
Auditor's Report on Special Purpose Financial Statements	11

Walgett Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2023

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

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

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

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


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

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

Signed in accordance with a resolution of Council made on 06 February 2024.




Jasen Ramien
Mayor
06 February 2024



Colin Hundy
Deputy Mayor
06 February 2024



Megan Dixon
General Manager
06 February 2024



Hafiz Malik
Responsible Accounting Officer
06 February 2024

Walgett Shire Council

Income Statement of water supply business activity

for the year ended 30 June 2023

	2023 \$ '000	2022 \$ '000
Income from continuing operations		
Access charges	1,672	1,544
User charges	569	446
Fees	280	279
Interest and investment income	219	38
Grants and contributions provided for operating purposes	57	38
Total income from continuing operations	2,797	2,345
Expenses from continuing operations		
Employee benefits and on-costs	621	345
Materials and services	1,116	1,014
Depreciation, amortisation and impairment	829	868
Other expenses	186	150
Total expenses from continuing operations	2,752	2,377
Surplus (deficit) from continuing operations before capital amounts	45	(32)
Grants and contributions provided for capital purposes	102	2
Surplus (deficit) from continuing operations after capital amounts	147	(30)
Surplus (deficit) from all operations before tax	147	(30)
Less: corporate taxation equivalent (25%) [based on result before capital]	(11)	–
Surplus (deficit) after tax	136	(30)
Plus accumulated surplus	12,104	12,130
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	11	–
Closing accumulated surplus	12,251	12,100
Return on capital %	0.1%	(0.1)%
Subsidy from Council	1,450	1,318
Calculation of dividend payable:		
Surplus (deficit) after tax	136	(30)
Less: capital grants and contributions (excluding developer contributions)	(102)	(2)
Surplus for dividend calculation purposes	34	–
Potential dividend calculated from surplus	17	–

Walgett Shire Council

Income Statement of sewerage business activity

for the year ended 30 June 2023

	2023 \$ '000	2022 \$ '000
Income from continuing operations		
Access charges	954	921
User charges	11	–
Interest and investment income	204	21
Grants and contributions provided for operating purposes	10	10
Other income	2	–
Total income from continuing operations	1,181	952
Expenses from continuing operations		
Employee benefits and on-costs	130	137
Materials and services	528	310
Depreciation, amortisation and impairment	406	447
Other expenses	17	13
Total expenses from continuing operations	1,081	907
Surplus (deficit) from continuing operations before capital amounts	100	45
Surplus (deficit) from continuing operations after capital amounts	100	45
Surplus (deficit) from all operations before tax	100	45
Less: corporate taxation equivalent (25%) [based on result before capital]	(25)	(11)
Surplus (deficit) after tax	75	34
Plus accumulated surplus	12,209	12,169
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	25	11
Closing accumulated surplus	12,309	12,214
Return on capital %	0.5%	0.2%
Subsidy from Council	677	620
Calculation of dividend payable:		
Surplus (deficit) after tax	74	34
Surplus for dividend calculation purposes	74	34
Potential dividend calculated from surplus	39	17

Walgett Shire Council

Statement of Financial Position of water supply business activity

as at 30 June 2023

	2023 \$ '000	2022 \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	2,766	2,313
Receivables	1,108	854
Total current assets	3,874	3,167
Non-current assets		
Infrastructure, property, plant and equipment	37,179	35,148
Total non-current assets	37,179	35,148
Total assets	41,053	38,315
LIABILITIES		
Current liabilities		
Payables	-	23
Income received in advance	118	147
Total current liabilities	118	170
Total liabilities	118	170
Net assets	40,935	38,145
EQUITY		
Accumulated surplus	12,251	12,100
Revaluation reserves	28,684	26,045
Total equity	40,935	38,145

Walgett Shire Council

Statement of Financial Position of sewerage business activity

as at 30 June 2023

	2023 \$ '000	2022 \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	7,275	6,966
Receivables	246	232
Total current assets	7,521	7,198
Non-current assets		
Infrastructure, property, plant and equipment	19,322	18,166
Total non-current assets	19,322	18,166
Total assets	26,843	25,364
Net assets	26,843	25,364
EQUITY		
Accumulated surplus	12,309	12,214
Revaluation reserves	14,534	13,150
Total equity	26,843	25,364

Note – Significant Accounting Policies

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

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

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

The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the *Local Government Act 1993 (NSW)*, the *Local Government (General) Regulation 2005*, 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, and returns on investments (rate of return and dividends paid).

Declared business activities

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

Category 1

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

a. Walgett Shire Council Combined Water Supply Services

Council's water supply activities servicing the towns of Walgett, Lightning Ridge and villages.

Category 2

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

a. Walgett Shire Council Combined Sewerage Services

Council's sewerage reticulation & treatment activity servicing the towns of Walgett, Lightning Ridge and Collarenebri.

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 the Special Purpose Financial Statements. For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

Notional rate applied (%)

Corporate income tax rate – **25%** (2021/22 25%)

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

Note – Significant Accounting Policies (continued)

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

In accordance with the Department of Planning, Industry & Environment (DPIE) – Best Practice Water Supply and Sewer 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 DPIE – Best Practice Water & Sewer 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 DPIE – Water guidelines is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

Walgett Shire Council did not pay a dividend in this financial year.

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% (in 2021/22 the rate was 26%).

Income tax is only applied where a gain from ordinary activities before capital amounts has been achieved. Since the taxation equivalent is notional – that is, it is payable to 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.

Council has no borrowings on its Category 1 businesses this financial year.

(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.

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

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

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

The rate of return is calculated as follows:

Note – Significant Accounting Policies (continued)

Operating result before capital income + interest expense

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

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

(iii) Dividends

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

Walgett Shire Council did not pay a dividend in this financial year. All dividends stated within these accounts are notional.



INDEPENDENT AUDITOR'S REPORT
Report on the special purpose financial statements
Walgett Shire Council

To the Councillors of Walgett Shire Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Walgett Shire 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 2023, the Statement of Financial Position of each Declared Business Activity as at 30 June 2023 and Significant accounting policies note.

The Declared Business Activities of the Council are:

- Water supply
- Sewerage.

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 2023, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Significant accounting policies note and the Local Government Code of Accounting Practice and Financial Reporting 2022–23 (LG Code).

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements 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 Significant accounting policies note to the financial statements, are appropriate to meet the requirements in the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Manuel Moncada
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

28 February 2024
SYDNEY

Walgett Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2023

*That the community utilise the opportunities that arise from
our environment, to improve their quality of life, while
embracing its ethnic and social diversity to the benefit of all.*



Walgett Shire Council

Special Schedules

for the year ended 30 June 2023

Contents

Page

Special Schedules:

Permissible income for general rates

3

Report on infrastructure assets as at 30 June 2023

6

Walgett Shire Council

Permissible income for general rates

	Notes	Calculation 2022/23 \$ '000	Calculation 2023/24 \$ '000
Notional general income calculation ¹			
Last year notional general income yield	a	5,919	6,029
Plus or minus adjustments ²	b	5	23
Notional general income	c = a + b	5,924	6,052
Permissible income calculation			
Or rate peg percentage	e	2.00%	3.70%
Or plus rate peg amount	i = e x (c + g)	119	224
Sub-total	k = (c + g + h + i + j)	6,043	6,276
Plus (or minus) last year's carry forward total	l	14	28
Sub-total	n = (l + m)	14	28
Total permissible income	o = k + n	6,057	6,304
Less notional general income yield	p	6,029	6,280
Catch-up or (excess) result	q = o - p	28	24
Carry forward to next year ³	t = q + r + s	28	24

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) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Walgett Shire Council

To the Councillors of Walgett Shire Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Walgett Shire Council (the Council) for the year ending 30 June 2024.

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 2022–23 (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 2023 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 2023'.

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. 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.



Manuel Moncada
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

28 February 2024
SYDNEY

Walgett Shire Council

Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost		2022/23 Required maintenance ^a	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		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					
Buildings	Buildings – non-specialised	1,000	1,000	189	252	8,972	10,349	20.0%	30.0%	30.0%	15.0%	5.0%
	Buildings – specialised	2,500	2,000	574	826	24,733	38,661	35.0%	23.0%	17.0%	20.0%	5.0%
	Sub-total	3,500	3,000	763	1,078	33,705	49,010	31.8%	24.5%	19.7%	18.9%	5.1%
Other structures	Other structures	1,000	1,500	105	231	38,465	58,792	30.0%	22.0%	20.0%	10.0%	18.0%
	Sub-total	1,000	1,500	105	231	38,465	58,792	30.0%	22.0%	20.0%	10.0%	18.0%
Roads	Roads inc Bulk earthworks	8,500	6,000	3,265	7,873	228,343	322,968	65.0%	12.0%	14.0%	5.0%	4.0%
	Sub-total	8,500	6,000	3,265	7,873	228,343	322,968	65.0%	12.0%	14.0%	5.0%	4.0%
Water supply network	Water supply network	6,100	6,100	2,514	1,987	36,871	56,585	16.0%	20.0%	25.0%	30.0%	9.0%
	Sub-total	6,100	6,100	2,514	1,987	36,871	56,585	16.0%	20.0%	25.0%	30.0%	9.0%
Sewerage network	Sewerage network	1,000	1,000	631	664	19,315	33,960	2.0%	30.0%	47.0%	18.0%	3.0%
	Sub-total	1,000	1,000	631	664	19,315	33,960	2.0%	30.0%	47.0%	18.0%	3.0%
Stormwater drainage	Stormwater drainage	750	750	368	347	17,594	22,344	5.0%	1.0%	90.0%	4.0%	0.0%
	Sub-total	750	750	368	347	17,594	22,344	5.0%	1.0%	90.0%	4.0%	0.0%
Total – all assets		20,850	18,350	7,646	12,180	374,293	543,659	46.7%	15.7%	21.5%	10.2%	5.9%

(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

Walgett Shire Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2023	Indicator 2023	Indicators		Benchmark
			2022	2021	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	3,436	56.25%	28.88%	26.88%	> 100.00%
Depreciation, amortisation and impairment	6,108				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	20,850	5.42%	5.06%	5.82%	< 2.00%
Net carrying amount of infrastructure assets	384,348				
Asset maintenance ratio					
Actual asset maintenance	12,180	159.30%	147.80%	113.84%	> 100.00%
Required asset maintenance	7,646				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	18,350	3.38%	2.96%	3.72%	
Gross replacement cost	543,659				

(*) 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.

Walgett Shire Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2023	2022	2023	2022	2023	2022	
Buildings and infrastructure renewals ratio							
Asset renewals ¹							
Depreciation, amortisation and impairment	65.52%	33.15%	4.70%	17.40%	50.25%	7.26%	> 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	4.19%	3.22%	16.54%	17.79%	5.18%	10.83%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	211.71%	200.40%	79.04%	60.92%	105.23%	62.37%	> 100.00%
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	2.48%	1.61%	10.78%	11.79%	2.94%	6.23%	

(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.