

# Appendix B

## Audited Financial Statements

# Parkes Shire Council

## General Purpose Financial Statements

for the year ended 30 June 2023

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### Overview

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

2 Cecile Street  
PARKES NSW 2870

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

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

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

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

# Parkes Shire Council

## Consolidated Financial Statements

for the year ended 30 June 2023

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### 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 15 August 2023.



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Neil Westcott  
**Mayor**  
15 August 2023



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Marg Applebee  
**Councillor**  
15 August 2023



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Kent Boyd  
**General Manager**  
15 August 2023



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Jaco Barnard  
**Responsible Accounting Officer**  
15 August 2023

## Parkes Shire Council

## Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
	<b>Income from continuing operations</b>			
23,397	Rates and annual charges	B2-1	<b>23,527</b>	22,386
17,039	User charges and fees	B2-2	<b>15,584</b>	18,565
752	Other revenues	B2-3	<b>1,988</b>	1,577
14,833	Grants and contributions provided for operating purposes	B2-4	<b>32,418</b>	15,651
66,956	Grants and contributions provided for capital purposes	B2-4	<b>17,357</b>	11,216
539	Interest and investment income	B2-5	<b>1,493</b>	290
–	Other income	B2-6	<b>470</b>	227
(166)	Net gain from the disposal of assets	B4-1	<b>332</b>	280
<b>123,350</b>	<b>Total income from continuing operations</b>		<b>93,169</b>	70,192
	<b>Expenses from continuing operations</b>			
18,129	Employee benefits and on-costs	B3-1	<b>18,548</b>	15,797
18,843	Materials and services	B3-2	<b>38,083</b>	22,025
679	Borrowing costs	B3-3	<b>914</b>	820
14,476	Depreciation, amortisation and impairment of non-financial assets	B3-4	<b>15,857</b>	14,285
786	Other expenses	B3-5	<b>811</b>	748
<b>52,913</b>	<b>Total expenses from continuing operations</b>		<b>74,213</b>	53,675
<b>70,437</b>	<b>Operating result from continuing operations</b>		<b>18,956</b>	16,517
<b>70,437</b>	<b>Net operating result for the year attributable to Council</b>		<b>18,956</b>	16,517
<b>3,481</b>	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>1,599</b>	5,301

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

## Parkes Shire Council

### Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
<b>Net operating result for the year – from Income Statement</b>		<b>18,956</b>	16,517
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-8	<b>62,522</b>	92,702
Impairment (loss) reversal / (revaluation decrement) relating to infrastructure, property, plant and equipment	C1-8	<b>(2,865)</b>	–
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>59,657</b>	92,702
<b>Total other comprehensive income for the year</b>		<b>59,657</b>	92,702
<b>Total comprehensive income for the year attributable to Council</b>		<b>78,613</b>	109,219

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

## Parkes Shire Council

## Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	2022
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1	4,841	8,754
Investments	C1-2	31,503	21,501
Receivables	C1-4	17,844	10,020
Inventories	C1-5	2,022	2,431
Contract assets and contract cost assets	C1-6	1,121	1,735
Current assets classified as held for sale	C1-7	291	–
Other	C1-10	531	466
<b>Total current assets</b>		<b>58,153</b>	<b>44,907</b>
<b>Non-current assets</b>			
Investments	C1-2	5,526	6,485
Inventories	C1-5	3,076	3,234
Infrastructure, property, plant and equipment (IPPE)	C1-8	902,908	833,410
Intangible assets	C1-9	3,538	3,304
<b>Total non-current assets</b>		<b>915,048</b>	<b>846,433</b>
<b>Total assets</b>		<b>973,201</b>	<b>891,340</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C3-1	9,459	4,130
Contract liabilities	C3-2	8,751	9,887
Borrowings	C3-3	718	685
Employee benefit provisions	C3-4	4,890	4,507
Provisions	C3-5	–	298
<b>Total current liabilities</b>		<b>23,818</b>	<b>19,507</b>
<b>Non-current liabilities</b>			
Borrowings	C3-3	16,764	17,479
Employee benefit provisions	C3-4	271	253
Provisions	C3-5	5,827	6,193
<b>Total non-current liabilities</b>		<b>22,862</b>	<b>23,925</b>
<b>Total liabilities</b>		<b>46,680</b>	<b>43,432</b>
<b>Net assets</b>		<b>926,521</b>	<b>847,908</b>
<b>EQUITY</b>			
Accumulated surplus	C4-1	584,643	565,687
IPPE revaluation reserve	C4-1	341,878	282,221
<b>Council equity interest</b>		<b>926,521</b>	<b>847,908</b>
<b>Total equity</b>		<b>926,521</b>	<b>847,908</b>

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

## Parkes Shire Council

## Statement of Changes in Equity

for the year ended 30 June 2023

\$ '000	Notes	2023			2022		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		565,687	282,221	847,908	549,170	189,519	738,689
<b>Opening balance</b>		<b>565,687</b>	<b>282,221</b>	<b>847,908</b>	<b>549,170</b>	<b>189,519</b>	<b>738,689</b>
Net operating result for the year		18,956	–	18,956	16,517	–	16,517
<b>Net operating result</b>		<b>18,956</b>	<b>–</b>	<b>18,956</b>	<b>16,517</b>	<b>–</b>	<b>16,517</b>
<b>Other comprehensive income</b>							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-8	–	62,522	62,522	–	92,702	92,702
– Impairment (loss) reversal relating to IPP&E	C1-8	–	(2,865)	(2,865)	–	–	–
<b>Other comprehensive income</b>		<b>–</b>	<b>59,657</b>	<b>59,657</b>	<b>–</b>	<b>92,702</b>	<b>92,702</b>
<b>Total comprehensive income</b>		<b>18,956</b>	<b>59,657</b>	<b>78,613</b>	<b>16,517</b>	<b>92,702</b>	<b>109,219</b>
<b>Closing balance at 30 June</b>		<b>584,643</b>	<b>341,878</b>	<b>926,521</b>	<b>565,687</b>	<b>282,221</b>	<b>847,908</b>

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

## Parkes Shire Council

## Statement of Cash Flows

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
<b>Cash flows from operating activities</b>				
<i>Receipts:</i>				
23,397	Rates and annual charges		23,419	22,444
17,039	User charges and fees		17,868	15,964
539	Interest received		1,134	262
81,789	Grants and contributions		41,111	29,401
–	Bonds, deposits and retentions received		11	–
752	Other		3,056	2,335
<i>Payments:</i>				
(18,129)	Payments to employees		(18,033)	(16,433)
(18,843)	Payments for materials and services		(38,846)	(23,148)
(679)	Borrowing costs		(679)	(725)
–	Bonds, deposits and retentions refunded		–	(56)
(786)	Other		(1,703)	(2,005)
85,079	<b>Net cash flows from operating activities</b>	G1-1	<b>27,338</b>	<b>28,039</b>
<b>Cash flows from investing activities</b>				
<i>Receipts:</i>				
–	Sale of investments		21,000	34,091
–	Sale of real estate assets		612	200
–	Proceeds from sale of IPPE		289	422
<i>Payments:</i>				
–	Purchase of investments		(21,507)	(37,577)
–	Acquisition of term deposits		(8,500)	(15,000)
(84,443)	Payments for IPPE		(21,952)	(20,660)
–	Purchase of real estate assets		(54)	(180)
–	Purchase of intangible assets		(457)	(118)
(84,443)	<b>Net cash flows from investing activities</b>		<b>(30,569)</b>	<b>(38,822)</b>
<b>Cash flows from financing activities</b>				
<i>Payments:</i>				
(682)	Repayment of borrowings		(682)	(1,032)
(682)	<b>Net cash flows from financing activities</b>		<b>(682)</b>	<b>(1,032)</b>
(46)	<b>Net change in cash and cash equivalents</b>		<b>(3,913)</b>	<b>(11,815)</b>
8,754	Cash and cash equivalents at beginning of year		8,754	20,569
8,708	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>4,841</b>	<b>8,754</b>
28,257	plus: Investments on hand at end of year	C1-2	37,029	27,986
36,965	<b>Total cash, cash equivalents and investments</b>		<b>41,870</b>	<b>36,740</b>

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



# Parkes Shire Council

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# Parkes Shire Council

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## A About Council and these financial statements

### A1-1 Basis of preparation

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These financial statements were authorised for issue by Council on 15 August 2023.

Council has the power to amend and reissue these financial statements.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (Act)* and *Local Government (General) Regulation 2021 (Regulation)*, and the Local Government Code of Accounting Practice and Financial Reporting.

Council is a not for-profit entity.

The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

#### **Historical cost convention**

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

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

The preparation of financial statements requires the use of 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 C1-8
- (ii) employee benefit provisions – refer Note C3-4
- (iii) estimated tip remediation provisions – refer Note C3-5

#### **Significant judgements in applying the Council's accounting policies**

- (i) Impairment of receivables

Council has made a significant judgement about the impairment of a number of its receivables – refer Note C1-4.

### **Monies and other assets received by Council**

#### **The Consolidated Fund**

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

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

- General purpose operations
- Water service
- Sewerage service

## A1-1 Basis of preparation (continued)

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### **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 other assets received by the council in trust which must be applied only for the purposes of, or in accordance with, the trusts relating to those monies.

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**

In accordance with AASB 1058, Parkes Shire Council does not record volunteer services as revenue as it cannot be reliably measured and the services would not be purchased or externally contracted if not donated to council.

### **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**

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

None of these standards had an impact on the reported position or performance.

## B Financial Performance

### B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<b>Functions or activities</b>										
Governance	58	293	1,264	1,341	(1,206)	(1,048)	–	–	–	–
Administration	2,148	1,405	11,365	9,586	(9,217)	(8,181)	597	578	18,314	13,602
Public order and safety	523	724	1,242	1,076	(719)	(352)	488	706	6,787	6,070
Health	8	53	790	789	(782)	(736)	–	52	1,395	837
Environment	4,276	3,854	4,408	4,230	(132)	(376)	343	106	2,736	351
Community services and education	2,545	3,121	2,124	1,952	421	1,169	2,206	2,831	15,303	13,744
Housing and community amenities	1,202	510	698	1,060	504	(550)	822	175	37,722	34,055
Water supplies	12,887	11,577	12,945	10,322	(58)	1,255	3,068	1,287	208,170	198,831
Sewerage services	4,773	4,154	3,684	2,577	1,089	1,577	258	112	74,282	69,831
Recreation and culture	5,124	2,728	6,062	5,493	(938)	(2,765)	4,996	2,514	81,699	68,335
Mining, manufacturing and construction	363	324	445	483	(82)	(159)	–	–	29	24
Transport and communication	32,816	16,759	25,698	11,395	7,118	5,364	28,194	9,909	491,509	437,876
Economic affairs	3,870	4,311	3,488	3,371	382	940	2,092	2,714	13,703	9,064
General purpose income	22,576	20,379	–	–	22,576	20,379	6,711	5,883	21,552	38,720
<b>Total functions and activities</b>	<b>93,169</b>	<b>70,192</b>	<b>74,213</b>	<b>53,675</b>	<b>18,956</b>	<b>16,517</b>	<b>49,775</b>	<b>26,867</b>	<b>973,201</b>	<b>891,340</b>

## B1-2 Components of functions or activities

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

### Governance

Includes costs relating to Council's role as a component of demographic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of Council and policymaking committees, area representation and public disclosures, and legislative compliance.

### Administration

Includes corporate support and other support services (not otherwise attributed to the listed functions / activities).

### Public order and safety

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

### Health

Includes immunisation, food control, health centres and related administration.

### Environment

Includes noxious plants and insect/vermin control; other environmental protection; solid waste management, including domestic waste; other waste management; other sanitation; and garbage, street cleaning, drainage and stormwater management.

### Community services and education

Includes administration, family day care, youth services, other family and children, aged and disabled.

### Housing and community amenities

Includes housing, town planning, street lighting, other sanitation and garbage, and public cemeteries.

### Water supplies

Water supply network for Parkes - Peak Hill - Cookamidgera townships and rural network (B-Section Line) servicing townships of Bogan Gate, Trundle, and Tullamore.

### Sewerage services

Sewerage network consisting of four treatment plants servicing Parkes, Peak Hill, Trundle and Tullamore.

### Recreation and culture

Includes public libraries; museums; art galleries; community centres and halls, sporting grounds and venues, swimming pools, parks and gardens, lakes, and other sporting recreational and other cultural services.

### Mining, manufacturing and construction

Includes building control, quarries and pits and mineral resources.

### Transport and communication

Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, aerodromes, parking areas, bus shelters and services, water transport, RMS works, and ancillary roadworks.

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

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### **Economic affairs**

Includes camping areas and caravan parks, tourism and area promotion; industrial development promotion; sale yards and markets; real estate development; commercial nurseries; Parkes Elvis Festival and other business Undertakings.

## B2 Sources of income

### B2-1 Rates and annual charges

\$ '000	2023	2022
<b>Ordinary rates</b>		
Residential	6,414	6,129
Farmland	4,200	4,115
Mining	1,523	1,489
Business	3,040	3,003
Less: pensioner rebates (mandatory)	(192)	(199)
Less: pensioner rebates (Council policy)	(73)	(81)
<b>Rates levied to ratepayers</b>	<b>14,912</b>	<b>14,456</b>
Pensioner rate subsidies received	98	72
<b>Total ordinary rates</b>	<b>15,010</b>	<b>14,528</b>
<b>Annual charges (pursuant to s496, 496A, 496B, 501 &amp; 611)</b>		
Domestic waste management services	2,486	2,392
Stormwater management services	174	175
Water supply services	1,678	1,509
Sewerage services	3,828	3,455
Waste management services (non-domestic)	440	404
Less: pensioner rebates (mandatory)	(246)	(252)
<b>Annual charges levied</b>	<b>8,360</b>	<b>7,683</b>
Pensioner annual charges subsidies received:		
– Water	61	50
– Sewerage	53	44
– Domestic waste management	43	81
<b>Total annual charges</b>	<b>8,517</b>	<b>7,858</b>
<b>Total rates and annual charges</b>	<b>23,527</b>	<b>22,386</b>

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 when the Council obtains control over the assets comprising these receipts which is 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 in substance a rates payment.



## B2-2 User charges and fees

\$ '000	Timing	2023	2022
<b>Specific user charges (per s502 - specific 'actual use' charges)</b>			
Sewerage services	2	497	437
Waste management services (non-domestic)	2	608	567
Water supply services	2	7,604	8,276
<b>Total specific user charges</b>		<b>8,709</b>	<b>9,280</b>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s608)</b>			
Planning and building regulation	2	532	477
Private works – section 67	2	314	2,632
Section 10.7 certificates (EP&A Act)	2	43	44
Section 603 certificates	2	34	47
<b>Total fees and charges – statutory/regulatory</b>		<b>923</b>	<b>3,200</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s608))</b>			
Aerodrome	2	322	61
Cemeteries	2	187	137
Caravan park	2	641	488
Elvis festival revenue (excl sponsorships)	2	665	708
Leaseback fees – Council vehicles	2	136	107
Library and art gallery	2	18	13
Transport For NSW (formerly RMS) charges (state roads not controlled by Council)	2	3,523	4,086
Tourism	2	42	34
Waste disposal tipping fees	2	16	14
Swimming centres & recreation	2	61	153
Water connection fees	2	15	30
Family day care	2	326	254
<b>Total fees and charges – other</b>		<b>5,952</b>	<b>6,085</b>
<b>Total other user charges and fees</b>		<b>6,875</b>	<b>9,285</b>
<b>Total user charges and fees</b>		<b>15,584</b>	<b>18,565</b>
<b>Timing of revenue recognition for user charges and fees</b>			
User charges and fees recognised over time (1)		–	–
User charges and fees recognised at a point in time (2)		15,584	18,565
<b>Total user charges and fees</b>		<b>15,584</b>	<b>18,565</b>

### 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.

## B2-3 Other revenues

\$ '000	Timing	2023	2022
Fines	2	10	11
Parental Leave	2	8	36
Legal fees recovery – other	2	149	78
Large Scale Generation Certificate - Solar Credits	2	27	49
Diesel rebate	2	111	99
Recycling income	2	214	188
Sales of inventories	2	111	71
Sales – general	2	13	69
Elvis festival	2	223	153
Employment scheme	2	–	2
Insurance rebate	2	–	39
Workers compensation	2	27	91
Insurance Claims	2	68	222
Investment Recoveries	2	672	–
Other	2	301	278
WHS Incentive	2	54	56
Professional Services Recovery (Parkes Special Activation Precinct)	2	–	135
<b>Total other revenue</b>		<b>1,988</b>	<b>1,577</b>

### Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)	1,988	1,577
<b>Total other revenue</b>	<b>1,988</b>	<b>1,577</b>

### 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

\$ '000	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
<b>General purpose grants and non-developer contributions (untied)</b>					
<b>General purpose (untied)</b>					
<b>Current year allocation</b>					
Financial assistance – general component	2	1,368	2,318	–	–
Financial assistance – local roads component	2	721	1,196	–	–
<b>Payment in advance - future year allocation</b>					
Financial assistance – general component	2	5,342	3,566	–	–
Financial assistance – local roads component	2	2,670	1,837	–	–
<b>Amount recognised as income during current year</b>		<b>10,101</b>	<b>8,917</b>	<b>–</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>					
<b>Cash contributions</b>					
Water supplies	2	85	24	2,115	921
Bushfire and emergency services	1	96	95	–	–
Child care	2	783	70	–	324
Community care	2	1,382	1,437	–	–
Economic development	2	269	181	1,191	2,011
Environmental programs	2	4	11	–	–
Floodplain management		3	–	–	–
Heritage and cultural	2	11	–	–	13
Library	2	116	103	–	27
LIRS subsidy	2	7	16	–	–
Noxious weeds	2	57	57	–	–
NSW rural fire services	2	59	24	198	224
Public halls		40	–	–	–
Recreation and culture	2	510	128	2,722	1,062
Storm/flood damage	2	10,677	1,281	–	–
Road safety	1	135	189	–	–
Tourism	2	–	242	–	–
Waste recycling	2	2	–	63	30
Street lighting	2	57	57	–	–
Footpaths	1	–	–	209	226
Other specific grants	2	207	584	–	–
Transport (roads to recovery)	2	974	113	–	–
Transport (other roads and bridges funding)	1	–	–	5,852	3,151
Drought Communities	2	–	–	–	100
Local Roads & Community Infrastructure (LRCI)	2	–	–	2,029	600
Drainage	2	–	8	213	–
Town Planning	2	–	–	–	121
Recreation and culture	2	–	30	–	570
Business development	2	100	100	–	–
Aerodromes	2	–	–	14	6
Other contributions	2	–	174	–	–
Roads and bridges	2	4,775	71	852	600
Transport for NSW contributions (regional roads, block grant)	2	1,387	1,362	–	–
Tourism	2	501	16	32	–
Community services	1	80	361	–	680
<b>Total special purpose grants and non-developer contributions – cash</b>		<b>22,317</b>	<b>6,734</b>	<b>15,490</b>	<b>10,666</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>22,317</b>	<b>6,734</b>	<b>15,490</b>	<b>10,666</b>

## B2-4 Grants and contributions (continued)

\$ '000	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Total grants and non-developer contributions		<b>32,418</b>	15,651	<b>15,490</b>	10,666
<b>Comprising:</b>					
– Commonwealth funding		11,281	9,084	4,469	3,174
– State funding		20,727	6,172	10,824	6,877
– Other funding		410	395	197	615
		<b>32,418</b>	15,651	<b>15,490</b>	10,666

### Developer contributions

\$ '000	Notes	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
<b>Developer contributions: (s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>	G4					
<b>Cash contributions</b>						
S 7.4 – contributions using planning agreements		2	–	–	754	95
S 64 – water supply contributions		2	–	–	855	343
S 64 – sewerage service contributions		2	–	–	258	112
<b>Total developer contributions – cash</b>			–	–	<b>1,867</b>	550
<b>Total developer contributions</b>			–	–	<b>1,867</b>	550
<b>Total contributions</b>			–	–	<b>1,867</b>	550
<b>Total grants and contributions</b>			<b>32,418</b>	15,651	<b>17,357</b>	11,216
<b>Timing of revenue recognition for grants and contributions</b>						
Grants and contributions recognised over time (1)			311	358	13,894	8,192
Grants and contributions recognised at a point in time (2)			32,107	15,293	3,463	3,024
<b>Total grants and contributions</b>			<b>32,418</b>	15,651	<b>17,357</b>	11,216

## B2-4 Grants and contributions (continued)

### Unspent grants and contributions

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

\$ '000	Operating 2023	Operating 2022	Capital 2023	Capital 2022
<b>Unspent grants and contributions</b>				
Unspent funds at 1 July	685	1,431	9,887	7,705
<b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	5,523	685	–	–
<b>Add:</b> Funds received and not recognised as revenue in the current year	–	–	4,609	4,236
<b>Less:</b> Funds recognised as revenue in previous years that have been spent during the reporting year	(685)	(1,431)	–	–
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	–	–	(5,745)	(2,054)
<b>Unspent funds at 30 June</b>	<b>5,523</b>	<b>685</b>	<b>8,751</b>	<b>9,887</b>

### Accounting policy

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

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

The performance obligations vary according to the agreement but include evidence of the event taking place or satisfactory achievement of milestones. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

#### Capital grants

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

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

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

#### Developer contributions

Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of sections 7.4, 7.11 and 7.12 of the *Environmental Planning and Assessment Act 1979* (EP&A Act).

While Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon receipt by Council, due to the possibility that individual development consents may not be acted upon by the applicant and, accordingly, would not be payable to Council.

Developer contributions may only be expended for the purposes for which the contributions were required, but Council may apply contributions according to the priorities established in work schedules for the contribution plan.

## B2-4 Grants and contributions (continued)

### Other grants and contributions

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

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

## B2-5 Interest and investment income

\$ '000	2023	2022
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	76	75
– Overdue user fees and charges	65	66
– Cash and investments	1,352	149
<b>Total interest and investment income</b>	<b>1,493</b>	<b>290</b>
<b>Interest and investment income is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
General Council cash and investments	911	137
<b>Restricted investments/funds – external:</b>		
Development contributions		
- S7.12 Levies under a plan	11	2
– Section 64: water	56	24
– Section 64: sewer	5	2
Water fund operations	384	82
Sewerage fund operations	85	27
Domestic waste management operations	41	16
<b>Total interest and investment income</b>	<b>1,493</b>	<b>290</b>

### Accounting policy

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

## B2-6 Other income

\$ '000	Notes	2023	2022
<b>Rental income</b>			
<b>Other lease income</b>			
Commercial Buildings		241	140
Aerodrome Hangers		41	23
Health Centres		19	14
Road Reserves		12	17
Dining Platform		2	2
Council Land		86	31
<b>Total other lease income</b>		<b>401</b>	<b>227</b>
<b>Total rental income</b>	C2-2	<b>401</b>	<b>227</b>
<b>Fair value increment on investments</b>			
Fair value increment on investments through profit and loss		36	–
<b>Total Fair value increment on investments</b>		<b>36</b>	<b>–</b>
<b>Impairment of receivables</b>			
Other		33	–
<b>Total impairment of receivables</b>		<b>33</b>	<b>–</b>

**B2-6 Other income (continued)**

<b>\$ '000</b>	Notes	<b>2023</b>	2022
Total other income		<b>470</b>	227

## B3 Costs of providing services

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

\$ '000	2023	2022
Salaries and wages	15,002	12,970
Employee termination costs (where material – other than vested leave paid)	63	38
Travel expenses	11	1
Employee leave entitlements (ELE)	1,889	1,589
Superannuation	1,991	1,771
Workers' compensation insurance	415	290
Fringe benefit tax (FBT)	40	31
Payroll tax	93	34
Training costs (other than salaries and wages)	86	19
Protective clothing	20	1
Other	152	117
<b>Total employee costs</b>	<b>19,762</b>	<b>16,861</b>
Less: capitalised costs	(1,214)	(1,064)
<b>Total employee costs expensed</b>	<b>18,548</b>	<b>15,797</b>
Number of 'full-time equivalent' employees (FTE) at year end	206	199
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)	244	221

#### 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

\$ '000	Notes	2023	2022
Consultancy costs		26	–
Raw materials and consumables		29,253	15,507
Contractor costs		896	–
<b>Contractor and consultancy costs:</b>			
– Caravan park		161	184
– Contractor and consultancy costs (Centroc)		29	102
– Garbage collection contract		1,766	1,483
– Investment advisory service		10	10
Audit Fees <sup>1</sup>	F2-1	62	61
<b>Previously other expenses:</b>			
Councillor and Mayoral fees and associated expenses	F1-2	217	174
Advertising		152	163
Bank charges		128	110
Cleaning		239	112
Computer software charges		937	864
Election expenses		–	136
Electricity and heating		1,804	1,482
Insurance		790	789
Postage		60	63
Printing and stationery		107	110
Street lighting		121	168
Telephone and communications		354	272
Valuation fees		82	90
Audit committee costs		51	4
Events & Marketing		46	48
Memberships & Subscriptions		318	188
Training Costs		267	160
Travel Expenses		287	146
Water licences		164	67
<b>Legal expenses:</b>			
– Legal expenses: planning and development		99	72
– Legal expenses: debt recovery		147	80
– Legal expenses: other		81	42
<b>Total materials and services</b>		<b>38,654</b>	<b>22,687</b>
Less: capitalised costs		(571)	(662)
<b>Total materials and services</b>		<b>38,083</b>	<b>22,025</b>

### Accounting policy

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

## B3-3 Borrowing costs

\$ '000	Notes	2023	2022
<b>(i) Interest bearing liability costs</b>			
Interest on loans		669	712
<b>Total interest bearing liability costs</b>		<b>669</b>	<b>712</b>
<b>Total interest bearing liability costs expensed</b>		<b>669</b>	<b>712</b>
<b>(ii) Other borrowing costs</b>			
Remediation liabilities	C3-5	245	108
<b>Total other borrowing costs</b>		<b>245</b>	<b>108</b>
<b>Total borrowing costs expensed</b>		<b>914</b>	<b>820</b>

### B3-3 Borrowing costs (continued)

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#### **Accounting policy**

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

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

\$ '000	Notes	2023	2022
<b>Depreciation and amortisation</b>			
Plant and equipment		1,104	1,287
Office equipment		371	289
Furniture and fittings		86	88
<b>Infrastructure:</b>	C1-8		
– Buildings – non-specialised		506	489
– Buildings – specialised		476	353
– Roads		4,676	4,066
– Bridges		130	116
– Footpaths		194	170
– Stormwater drainage		266	361
– Water supply network		3,972	3,777
– Sewerage network		1,309	655
– Swimming pools		231	204
– Airport assets		381	346
– Other open space/recreational assets		1,092	948
<b>Other assets:</b>			
– Library books		97	98
<b>Reinstatement, rehabilitation and restoration assets:</b>			
– Tip assets	C3-5,C1-8	44	41
Present Closure Obligation Assets		699	788
Intangible assets	C1-9	223	209
<b>Total depreciation and amortisation costs</b>		<b>15,857</b>	<b>14,285</b>
<b>Impairment / revaluation decrement of IPPE</b>			
<b>Infrastructure:</b>	C1-8		
– Roads		2,865	–
<b>Total gross IPPE impairment / revaluation decrement costs</b>		<b>2,865</b>	<b>–</b>
Amounts taken through revaluation reserve	C1-8	(2,865)	–
<b>Total IPPE impairment / revaluation decrement costs charged to Income Statement</b>		<b>–</b>	<b>–</b>
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>15,857</b>	<b>14,285</b>

### 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

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

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

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

## B3-5 Other expenses

\$ '000	Notes	2023	2022
<b>Impairment of receivables</b>			
Other		–	54
<b>Total impairment of receivables</b>	C1-4	<b>–</b>	<b>54</b>
<b>Fair value decrement on investments</b>			
Fair value decrement on investments through profit and loss		–	14
<b>Total Fair value decrement on investments</b>	C1-2	<b>–</b>	<b>14</b>
<b>Other</b>			
Contributions/levies to other levels of government			
– Emergency services levy (includes FRNSW, SES, and RFS levies)		39	22
– LGNSW subscription		40	38
– NSW fire brigade levy		51	45
– NSW rural fire service levy		533	398
Donations, contributions and assistance to other organisations (Section 356)		48	25
– Donations, contributions and assistance		42	90
– Sports council contribution		58	62
<b>Total other expenses</b>		<b>811</b>	<b>748</b>

### Accounting policy

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

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

\$ '000	Notes	2023	2022
<b>Gain (or loss) on disposal of plant and equipment</b>	C1-8		
Proceeds from disposal – plant and equipment		289	422
Less: carrying amount of plant and equipment assets sold/written off		(84)	(126)
<b>Gain (or loss) on disposal</b>		<b>205</b>	<b>296</b>
<b>Gain (or loss) on disposal of infrastructure</b>	C1-8		
Less: carrying amount of infrastructure assets sold/written off		(117)	(72)
<b>Gain (or loss) on disposal</b>		<b>(117)</b>	<b>(72)</b>
<b>Gain (or loss) on disposal of real estate assets held for sale</b>	C1-5		
Proceeds from disposal – real estate assets		612	200
Less: carrying amount of real estate assets sold/written off		(368)	(144)
<b>Gain (or loss) on disposal</b>		<b>244</b>	<b>56</b>
<b>Gain (or loss) on disposal of investments</b>	C1-2		
Proceeds from disposal/redemptions/maturities – investments		21,000	34,091
Less: carrying amount of investments sold/redeemed/matured		(21,000)	(34,091)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>–</b>
<b>Net gain (or loss) from disposal of assets</b>		<b>332</b>	<b>280</b>

**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 -----	
<b>Revenues</b>				
<b>User charges and fees</b>	17,039	15,584	(1,455)	(9)% <b>U</b>
Council's income received from user charges and fees was significantly impacted by a reduction in water usage (residential & commercial) of (\$4m) in comparison to the original budget. Increased rainfall during spring and summer resulted in a major reduction of water usage across the shire. This reduction was offset by additional income from RMCC works, caravan park charges, planning and regulation charges.				
<b>Other revenues</b>	752	1,988	1,236	164% <b>F</b>
Council recorded increased other revenues which were not originally budgeted in the 2022-23 FY. Council was successful in receiving a final distribution dividend from historical investments totalling \$672k, \$69k from the sale of recycling materials and \$143k from debt recovery legal fees.				
<b>Operating grants and contributions</b>	14,833	32,418	17,585	119% <b>F</b>
Council received an increased advance payment allocation for Financial Assistance Grants (FAGS) along with Storm Damage Restoration works which were not initially included in the adopted operational budget.				
<b>Capital grants and contributions</b>	66,956	17,357	(49,599)	(74)% <b>U</b>
The negative variance in comparison to the original result was due to council experiencing delays to the planned capital works program. The extensive storm damage works program attributed to the delay along with resourcing constraints. Delays in the capital works program resulted in council not being able to submit milestone payment claims for several major projects following these delays. Council is placing an increased focus on capital works in the 2023-24 FY which will increase capital grants income in future years.				
<b>Interest and investment revenue</b>	539	1,493	954	177% <b>F</b>
The positive variance was due to a significant increase in the interest rate environment. Council's cash and investments holdings increased which allowed additional funds to be invested and providing strong interest yields.				
<b>Net gains from disposal of assets</b>	(166)	332	498	(300)% <b>F</b>
Council recorded gains on several assets which were disposed during the 2022-23 FY. The current environment for selling of plant & equipment and industrial land has enabled council to increase sale proceeds. Council had initially planned to sell several building assets to community organisations which were going to result in net losses. These sales did not proceed, and council has retained ownership of the assets.				

### Expenses

<b>Materials and services</b>	18,843	38,083	(19,240)	(102)% <b>U</b>
Expenses associated with materials and services increased due to the significant storm damage works undertaken across the shire. The value of this work exceeded \$15.1m which was not initially included in the operational budget. Council also incurred additional costs associated with the outsourcing of information & technology services and the management of shire swimming facilities.				

**B5-1 Material budget variations (continued)**

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
<b>Borrowing costs</b>	<b>679</b>	<b>914</b>	<b>(235)</b>	<b>(35)% U</b>
The adopted operational budget did not provide an expense item for the unwinding discount costs associated with council's present closure obligation assets. The unwinding expense was \$245k for the year ending 30 June 2023.				

**Statement of cash flows**

<b>Cash flows from operating activities</b>	<b>85,079</b>	<b>27,338</b>	<b>(57,741)</b>	<b>(68)% U</b>
Reduction in value of capital grants received to construct new water security infrastructure resulting from project delays.				
<b>Cash flows from investing activities</b>	<b>(84,443)</b>	<b>(30,569)</b>	<b>53,874</b>	<b>(64)% F</b>
Reduction in capital expenditure incurred due to delays in project works and scheduling.				

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

\$ '000	2023	2022
<b>Cash assets</b>		
Cash on hand and at bank	541	989
Cash equivalent assets		
– Deposits at call	4,300	7,765
<b>Total cash and cash equivalents</b>	<b>4,841</b>	<b>8,754</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	4,841	8,754
<b>Balance as per the Statement of Cash Flows</b>	<b>4,841</b>	<b>8,754</b>

#### 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

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
<b>Financial assets at fair value through the profit and loss</b>				
NCD's, FRN's (with maturities > 3 months)	503	4,526	501	3,985
<b>Total</b>	<b>503</b>	<b>4,526</b>	<b>501</b>	<b>3,985</b>
<b>Debt securities at amortised cost</b>				
Long term deposits	31,000	1,000	21,000	2,500
<b>Total</b>	<b>31,000</b>	<b>1,000</b>	<b>21,000</b>	<b>2,500</b>
<b>Total financial investments</b>	<b>31,503</b>	<b>5,526</b>	<b>21,501</b>	<b>6,485</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>36,344</b>	<b>5,526</b>	<b>30,255</b>	<b>6,485</b>

### 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.

### Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

### Financial assets through profit or loss

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

Net gains or losses, including any interest or dividend income, are recognised in profit or loss. Council's financial assets measured at fair value through profit or loss comprise investments in FRNs and NCDs in the Statement of Financial Position.

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

\$ '000	2023	2022
(a) Externally restricted cash, cash equivalents and investments		
<b>Total cash, cash equivalents and investments</b>	<b>41,870</b>	36,740
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>3,425</b>	4,590
<b>External restrictions</b>		
<b>External restrictions – included in liabilities</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	7,506	8,887
Specific purpose unexpended grants – water fund	1,245	1,000
<b>External restrictions – included in liabilities</b>	<b>8,751</b>	9,887
<b>External restrictions – other</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	1,090	578
Developer contributions – water fund	4,874	3,962
Developer contributions – sewer fund	645	383
Specific purpose unexpended grants (recognised as revenue) – general fund	5,524	685
Water fund	8,561	9,464
Sewer fund	6,692	5,252
Domestic waste management	1,556	1,362
Stormwater Management	752	577
<b>External restrictions – other</b>	<b>29,694</b>	22,263
<b>Total external restrictions</b>	<b>38,445</b>	32,150

Cash, cash equivalents and investments subject to external restrictions are those which are only available for specific use by Council due to a restriction placed by legislation or third-party contractual agreement.

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

<b>\$ '000</b>	<b>2023</b>	2022
<b>(b) Internal allocations</b>		
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>3,425</b>	4,590
<b>Internal allocations</b>		
At 30 June, Council has internally allocated funds to the following:		
Employees leave entitlement	<b>2,396</b>	2,306
Town Improvement Fund	<b>712</b>	849
Special Infrastructure Fund	<b>247</b>	247
<b>Total internal allocations</b>	<b>3,355</b>	3,402

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

## C1-4 Receivables

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Rates and annual charges	3,334	–	3,172	–
User charges and fees	3,191	–	5,549	–
Accrued revenues				
– Interest on investments	425	–	100	–
Government grants and subsidies	8,758	–	616	–
Net GST receivable	2,107	–	548	–
Other debtors	494	–	533	–
<b>Total</b>	<b>18,309</b>	<b>–</b>	<b>10,518</b>	<b>–</b>
<b>Less: provision for impairment</b>				
Rates and annual charges	(286)	–	(211)	–
Interest and extra charges	(19)	–	(53)	–
User charges and fees	(160)	–	(234)	–
<b>Total provision for impairment – receivables</b>	<b>(465)</b>	<b>–</b>	<b>(498)</b>	<b>–</b>
<b>Total net receivables</b>	<b>17,844</b>	<b>–</b>	<b>10,020</b>	<b>–</b>

### 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.

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

## C1-5 Inventories

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>(i) Inventories at cost</b>				
Real estate for resale	923	3,076	1,079	3,234
Stores and materials	1,039	–	1,293	–
Trading stock	60	–	59	–
<b>Total inventories at cost</b>	<b>2,022</b>	<b>3,076</b>	<b>2,431</b>	<b>3,234</b>
<b>Total inventories</b>	<b>2,022</b>	<b>3,076</b>	<b>2,431</b>	<b>3,234</b>

### (i) Other disclosures

\$ '000	Notes	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>(a) Details for real estate development</b>					
Residential		–	1,668	–	1,825
Industrial/commercial		923	1,408	1,079	1,409
<b>Total real estate for resale</b>		<b>923</b>	<b>3,076</b>	<b>1,079</b>	<b>3,234</b>

(Valued at the lower of cost and net realisable value)

#### Represented by:

Acquisition costs	923	–	923	277
Development costs	–	3,076	156	2,957
<b>Total costs</b>	<b>923</b>	<b>3,076</b>	<b>1,079</b>	<b>3,234</b>
<b>Total real estate for resale</b>	<b>923</b>	<b>3,076</b>	<b>1,079</b>	<b>3,234</b>

#### Movements:

Real estate assets at beginning of the year		1,079	3,234	1,079	3,198
– Purchases and other costs		–	54	–	180
– WDV of sales (expense)	B4-1	(156)	(212)	–	(144)
<b>Total real estate for resale</b>		<b>923</b>	<b>3,076</b>	<b>1,079</b>	<b>3,234</b>

### 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.

#### Land held for resale

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

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

## C1-6 Contract assets and Contract cost assets

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Contract assets	1,121	–	1,735	–
<b>Total contract assets and contract cost assets</b>	<b>1,121</b>	<b>–</b>	<b>1,735</b>	<b>–</b>

### Contract assets

Work relating to infrastructure grants	–	–	814	–
Roadworks	–	–	105	–
Construction of Logistics Hub	–	–	736	–
ICT Equipment	–	–	80	–
Emergency Management	198	–	–	–
Economic Development	15	–	–	–
Sport & Recreation	908	–	–	–
<b>Total contract assets</b>	<b>1,121</b>	<b>–</b>	<b>1,735</b>	<b>–</b>

### Changes in contract assets

Council has undertaken works to construct assets associated with RFS Stations (Coobang & Cookamidgera), Parkes Tennis Courts, Stephen Davies Hockey Field & Parkes Skate Park. Council is awaiting payment to be processed for the works undertaken in accordance with the funding agreement.

### Accounting policy

#### Contract assets

Contract assets represent Council's right to payment in exchange for goods or services the Council has transferred to a customer when that right is conditional on something other than the passage of time.

Contract assets arise when the amounts billed to customers are based on the achievement of various milestones established in the contract and therefore the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer. Once an invoice or payment claim is raised or the relevant milestone is reached, Council recognises a receivable.

Impairment of contract assets is assessed using the simplified expected credit loss model where lifetime credit losses are recognised on initial recognition.

## C1-7 Non-current assets classified as held for sale

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
<b>Non-current assets held for sale</b>				
Buildings	291	–	–	–
<b>Total non-current assets held for sale</b>	<b>291</b>	<b>–</b>	<b>–</b>	<b>–</b>

### Details of assets and disposal groups

Asset was previously recognised as a Building (Non-Specialised) in IPPE at 30 June 2022. Building is now being sold to long-term tenant. The building was initially scheduled to settle pre-30 June 2023, however a delay from the purchaser resulted in the property settling on 14 July 2023. Therefore, council recognised the carrying value of the asset in note C1-7. The building is an old-chaff mill owned by council and will now be used as a bitumen plant. The building is in the industrial estate in South Parkes.

## C1-8 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period							At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in equity)	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>													
Capital work in progress	10,953	–	10,953	10,804	4,821	–	–	–	(6,013)	–	20,565	–	20,565
Plant and equipment	24,456	(14,110)	10,346	–	2,218	(83)	(1,104)	–	104	–	25,931	(14,450)	11,481
Office equipment	6,181	(4,940)	1,241	174	326	–	(371)	–	24	–	6,566	(5,172)	1,394
Furniture and fittings	1,252	(803)	449	–	–	–	(86)	–	–	–	1,252	(889)	363
<b>Land:</b>													
– Operational land	19,225	–	19,225	–	–	–	–	–	15	3,436	22,676	–	22,676
– Community land	14,574	–	14,574	–	28	–	–	–	(9)	3,175	17,768	–	17,768
– Land under roads (post 30/6/08)	111	–	111	–	67	–	–	–	–	20	198	–	198
<b>Infrastructure:</b>													
– Buildings – non-specialised	30,980	(11,076)	19,904	464	2	–	(506)	–	(272)	6,058	34,801	(9,151)	25,650
– Buildings – specialised	48,462	(16,016)	32,446	57	883	(2)	(476)	–	1,744	5,342	52,447	(12,453)	39,994
– Roads	483,983	(91,620)	392,363	4,510	190	(40)	(4,676)	(2,865)	2,981	20,813	515,361	(102,085)	413,276
– Bridges	17,619	(4,792)	12,827	143	–	(12)	(130)	–	–	704	18,693	(5,161)	13,532
– Footpaths	13,919	(4,030)	9,889	33	156	(2)	(194)	–	157	574	15,086	(4,473)	10,613
– Stormwater drainage	38,104	(12,130)	25,974	6	63	(6)	(266)	–	90	1,979	41,187	(13,347)	27,840
– Water supply network	274,120	(104,931)	169,189	11	159	–	(3,972)	–	104	12,731	295,511	(117,289)	178,222
– Sewerage network	86,193	(25,522)	60,671	–	44	–	(1,309)	–	58	4,575	92,936	(28,897)	64,039
– Swimming pools	9,627	(4,323)	5,304	381	–	(9)	(231)	–	129	288	10,532	(4,670)	5,862
– Airport assets	18,011	(4,082)	13,929	60	–	–	(381)	–	–	955	19,340	(4,777)	14,563
– Other open space/recreational assets	39,918	(12,174)	27,744	275	733	(47)	(1,092)	–	597	1,847	44,187	(14,130)	30,057
<b>Other assets:</b>													
– Library books	1,056	(704)	352	–	73	–	(97)	–	–	25	694	(341)	353
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>													
– Tip assets	2,802	(388)	2,414	–	193	–	(44)	–	–	–	2,995	(432)	2,563
– Present Closure Obligations (Landfills, Treatment Plants & Gravel Quarries)	5,126	(1,621)	3,505	–	–	–	(699)	–	(908)	–	4,218	(2,319)	1,899
<b>Total infrastructure, property, plant and equipment</b>	<b>1,146,672</b>	<b>(313,262)</b>	<b>833,410</b>	<b>16,918</b>	<b>9,956</b>	<b>(201)</b>	<b>(15,634)</b>	<b>(2,865)</b>	<b>(1,199)</b>	<b>62,522</b>	<b>1,242,944</b>	<b>(340,036)</b>	<b>902,908</b>

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

## C1-8 Infrastructure, property, plant and equipment (continued)

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period						At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>												
Capital work in progress	8,452	–	8,452	2,754	5,272	–	–	(5,525)	–	10,953	–	10,953
Plant and equipment	23,938	(13,430)	10,508	–	1,248	(126)	(1,287)	3	–	24,456	(14,110)	10,346
Office equipment	5,889	(4,666)	1,223	122	132	–	(289)	53	–	6,181	(4,940)	1,241
Furniture and fittings	1,083	(715)	368	28	132	–	(88)	9	–	1,252	(803)	449
<b>Land:</b>												
– Operational land	15,267	–	15,267	–	–	–	–	–	3,958	19,225	–	19,225
– Community land	13,529	–	13,529	–	–	–	–	–	1,045	14,574	–	14,574
– Land under roads (post 30/6/08)	105	–	105	–	–	–	–	–	6	111	–	111
<b>Infrastructure:</b>												
– Buildings – non-specialised	26,091	(8,957)	17,134	281	61	–	(489)	7	2,910	30,980	(11,076)	19,904
– Buildings – specialised	37,468	(12,616)	24,852	60	164	–	(353)	1,557	6,166	48,462	(16,016)	32,446
– Roads	428,068	(79,622)	348,446	5,846	2,556	(33)	(4,066)	2,465	37,149	483,983	(91,620)	392,363
– Bridges	15,750	(4,213)	11,537	167	4	(5)	(116)	6	1,234	17,619	(4,792)	12,827
– Footpaths	11,864	(3,469)	8,395	16	644	(5)	(170)	118	891	13,919	(4,030)	9,889
– Stormwater drainage	35,756	(11,115)	24,641	88	–	(8)	(361)	222	1,392	38,104	(12,130)	25,974
– Water supply network	232,243	(87,687)	144,556	–	231	–	(3,777)	1,723	26,456	274,120	(104,931)	169,189
– Sewerage network	89,025	(34,064)	54,961	4	70	–	(655)	(1,202)	7,493	86,193	(25,522)	60,671
– Swimming pools	8,808	(3,768)	5,040	12	–	(21)	(204)	7	470	9,627	(4,323)	5,304
– Other open space/recreational assets	35,459	(10,245)	25,214	651	504	–	(948)	23	2,300	39,918	(12,174)	27,744
– Airport assets	16,395	(3,375)	13,020	23	–	–	(346)	–	1,232	18,011	(4,082)	13,929
<b>Other assets:</b>												
– Library books	979	(606)	373	77	–	–	(98)	–	–	1,056	(704)	352
<b>Reinstatement, rehabilitation and restoration assets (refer Note 15):</b>												
– Tip assets	2,755	(347)	2,408	–	47	–	(41)	–	–	2,802	(388)	2,414
- Present Closure Obligations (Landfills, Treatment Plants & Gravel Quarries)	5,823	(832)	4,991	–	–	–	(788)	(698)	–	5,126	(1,621)	3,505
<b>Total infrastructure, property, plant and equipment</b>	<b>1,014,747</b>	<b>(279,727)</b>	<b>735,020</b>	<b>10,129</b>	<b>11,065</b>	<b>(198)</b>	<b>(14,076)</b>	<b>(1,232)</b>	<b>92,702</b>	<b>1,146,672</b>	<b>(313,262)</b>	<b>833,410</b>

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



## C1-8 Infrastructure, property, plant and equipment (continued)

### Accounting policy

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

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

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

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

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

<b>Plant and equipment</b>	Years	<b>Other equipment</b>	Years
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 15	<b>Buildings</b>	
Heavy plant/road making equipment	5 to 15	Buildings: masonry	40 to 60
Other plant and equipment	6 to 50	Buildings: other	5 to 40
<b>Water and sewer assets</b>		<b>Stormwater assets</b>	
Dams and reservoirs	80 to 100	Drains	100
Bores	30	Culverts	100
Reticulation pipes: PVC	60 to 80		
Reticulation pipes: other	40 to 100	<b>Other Assets</b>	
Pumps and telemetry	25 to 75	Library Books	10
<b>Transportation assets</b>		<b>Other infrastructure assets</b>	
Sealed roads: surface	15 to 30	Bulk earthworks	Infinite
Sealed roads: structure	50	Swimming pools	20 to 50
Unsealed roads	10 to 30	Unsealed roads	10 to 30
Bridge: concrete	100	Other open space/recreational assets	20 to 50
Bridge: other	60 to 80	Other infrastructure	20 to 50
Road pavements	45 to 90		
Kerb, gutter and footpaths	50 to 100		

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement.

### Land under roads

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

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

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

### Crown reserves

Crown reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated. Improvements on Crown reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating to the reserves are recognised within Council's Income Statement.

## C1-8 Infrastructure, property, plant and equipment (continued)

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### **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”.

Until such time as discussions on this matter have concluded and the legislation changed, Council will recognise rural fire service assets including land, buildings, plant and vehicles.

## C1-9 Intangible assets

Intangible assets are as follows:

\$ '000	2023	2022
<b>Software</b>		
<b>Opening values at 1 July</b>		
Gross book value	2,014	1,896
Accumulated amortisation	(891)	(682)
<b>Net book value – opening balance</b>	<b>1,123</b>	<b>1,214</b>
<b>Movements for the year</b>		
Purchases	112	118
Amortisation charges	(223)	(209)
<b>Closing values at 30 June</b>		
Gross book value	2,126	2,014
Accumulated amortisation	(1,114)	(891)
<b>Total software – net book value</b>	<b>1,012</b>	<b>1,123</b>
<b>Water Licences</b>		
<b>Opening values at 1 July</b>		
<b>Opening values at 1 July</b>		
Gross book value	2,181	2,181
<b>Net book value – opening balance</b>	<b>2,181</b>	<b>2,181</b>
<b>Movements for the year</b>		
Purchases	345	–
<b>Closing values at 30 June</b>		
Gross book value	2,526	2,181
<b>Total Water Licences – net book value</b>	<b>2,526</b>	<b>2,181</b>
<b>Total intangible assets – net book value</b>	<b>3,538</b>	<b>3,304</b>

### Accounting policy

#### Intangible assets

##### IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems.

Costs capitalised include external direct costs of materials and service, direct payroll, and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis over periods generally ranging from three to five years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility, and where Council has an intention and ability to use the asset.

##### Water Licences

Costs capitalised include external direct costs associated with the purchase of the licence. These rights are valued each year and any associated impairment or fair revaluation increment are included.

## C1-10 Other

### Other assets

<b>\$ '000</b>	<b>2023 Current</b>	<b>2023 Non-current</b>	2022 Current	2022 Non-current
Prepayments	531	-	466	-
<b>Total other assets</b>	<b>531</b>	<b>-</b>	<b>466</b>	<b>-</b>

## C2 Leasing activities

### C2-1 Council as a lessee

Council has no leases associated with assets.

#### Leases at significantly below market value – concessionary / peppercorn leases

Council has a number of leases at significantly below market for land and buildings which are used for:

- community centres/groups
- cultural centre
- health services

The leases are generally between 1 and 5 years and require payments of a maximum amount of \$1,000 per year. The use of the right-to-use asset is restricted by the lessors to specified community services which Council must provide, these services are detailed in the leases.

None of the leases in place are individually material from a Statement of Financial Position or performance perspective.

### C2-2 Council as a lessor

#### Operating leases

Council leases out a number of properties for community groups and emergency services; these leases have been classified as operating leases for financial reporting purposes and the assets are included as IPP&E.

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

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

Council provides operating leases on Council buildings for a variety of purposes including Commercial Buildings, Council Land, Aerodrome Hangers and Health Centres, the table below relates to operating leases on assets disclosed in C1-7.

Lease income	401	227
<b>Total income relating to operating leases for Council assets</b>	<b>401</b>	<b>227</b>

#### Amount of IPPE leased out by Council under operating leases

Buildings Specialised	10,907	2,341
Buildings Non-Specialised	8,538	5,194
Other Open Space/Recreational Assets	118	176
<b>Total amount of IPPE leased out by Council under operating leases</b>	<b>19,563</b>	<b>7,711</b>

#### (ii) Maturity analysis of contractual lease income

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

< 1 year	460	218
1–2 years	254	126
2–3 years	128	87
3–4 years	121	9
<b>Total undiscounted lease payments to be received</b>	<b>963</b>	<b>440</b>

## C2-2 Council as a lessor (continued)

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### Accounting policy

When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

When Council has a sub-lease over an asset and is the intermediate lessor then the head lease and sub-lease are accounted for separately. The classification of the sub-lease is based on the right-of-use asset which arises from the head lease rather than the useful life of the underlying asset.

If the lease contains lease and non-lease components, the non-lease components are accounted for in accordance with AASB 15 *Revenue from Contracts with Customers*.

The lease income is recognised on a straight-line basis over the lease term for an operating lease and as finance income using amortised cost basis for finance leases.

## C3 Liabilities of Council

### C3-1 Payables

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
Goods and services – operating expenditure	3,888	–	2,750	–
Goods and services – capital expenditure	4,015	–	–	–
Accrued expenses:				
– Borrowings	131	–	141	–
– Salaries and wages	341	–	227	–
– Other expenditure accruals	191	–	109	–
Prepaid rates & receivables	849	–	870	–
Security bonds, deposits and retentions	44	–	33	–
<b>Total payables</b>	<b>9,459</b>	<b>–</b>	<b>4,130</b>	<b>–</b>

#### 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

\$ '000	Notes	2023		2022	
		Current	Non-current	Current	Non-current
<b>Grants and contributions received in advance:</b>					
Unexpended capital grants (to construct Council controlled assets)	(i)	8,751	–	9,887	–
<b>Total grants received in advance</b>		<b>8,751</b>	<b>–</b>	<b>9,887</b>	<b>–</b>
<b>Total contract liabilities</b>		<b>8,751</b>	<b>–</b>	<b>9,887</b>	<b>–</b>

#### Notes

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

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

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
<b>Grants and contributions received in advance:</b>				
Capital grants (to construct Council controlled assets)	5,745	–	2,055	–
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>5,745</b>	<b>–</b>	<b>2,055</b>	<b>–</b>

#### Significant changes in contract liabilities

Council recorded a decrease in contract liabilities in comparison to the previous year. The grant funding currently recognised as a contract liability will be used to upgrade roads and construct community infrastructure.

Significant contract liabilities are associated with the following;

## C3-2 Contract Liabilities (continued)

- Currajong Street Rehabilitation, Cookamidgera Road Upgrade, Peak Hill & Baldry Road Upgrade & East Street Rehabilitation (Fixing Local Roads)
- Trundle Main Street Upgrade (Your High Street)
- Trundle Pool Upgrade (Crown Land Reserves)
- Community Infrastructure & Roads (Round 3 - LRCI)
- Parkes Water Security - Stage 2 ( Department Planning, Industry & Environment)

The recognition of this income will occur once the performance obligations are satisfied.

### 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

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Loans – secured <sup>1</sup>	718	16,764	685	17,479
<b>Total borrowings</b>	<b>718</b>	<b>16,764</b>	<b>685</b>	<b>17,479</b>

(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 20.

### (a) Changes in liabilities arising from financing activities

\$ '000	2022		Non-cash movements			2023
	Opening Balance	Cash flows	Acquisition	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	18,164	(682)	–	–	–	17,482
<b>Total liabilities from financing activities</b>	<b>18,164</b>	<b>(682)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>17,482</b>

\$ '000	2021		Non-cash movements			2022
	Opening Balance	Cash flows	Acquisition	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	19,196	(1,032)	–	–	–	18,164
<b>Total liabilities from financing activities</b>	<b>19,196</b>	<b>(1,032)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>18,164</b>



### C3-3 Borrowings (continued)

#### (b) Financing arrangements

\$ '000	2023	2022
<b>Total facilities</b>		
Bank overdraft facilities <sup>1</sup>	100	100
Credit cards/purchase cards	150	150
<b>Total financing arrangements</b>	<b>250</b>	<b>250</b>
<b>Drawn facilities</b>		
– Credit cards/purchase cards	37	32
<b>Total drawn financing arrangements</b>	<b>37</b>	<b>32</b>
<b>Undrawn facilities</b>		
– Bank overdraft facilities	100	100
– Credit cards/purchase cards	113	118
<b>Total undrawn financing arrangements</b>	<b>213</b>	<b>218</b>

#### Additional financing arrangements information

##### Breaches and defaults

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

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

##### Accounting policy

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

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

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

### C3-4 Employee benefit provisions

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Annual leave	1,392	–	1,285	–
Long service leave	2,894	252	2,727	237
RDO's & ELE WC On-Costs (Super & Workers Comp)	604	19	495	16
<b>Total employee benefit provisions</b>	<b>4,890</b>	<b>271</b>	<b>4,507</b>	<b>253</b>

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

\$ '000	2023	2022
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	3,043	2,784
	<b>3,043</b>	<b>2,784</b>

## C3-4 Employee benefit provisions (continued)

### Description of and movements in provisions

#### 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

\$ '000	2023 Current	2023 Non-Current	2022 Current	2022 Non-Current
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	–	5,827	298	6,193
<b>Sub-total – asset remediation/restoration</b>	<b>–</b>	<b>5,827</b>	<b>298</b>	<b>6,193</b>
<b>Total provisions</b>	<b>–</b>	<b>5,827</b>	<b>298</b>	<b>6,193</b>

### Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
<b>2023</b>		
At beginning of year	6,491	6,491
Unwinding of discount	245	245
Present Closure Obligation (Assets)	(909)	(909)
Total other provisions at end of year	<b>5,827</b>	<b>5,827</b>
<b>2022</b>		
At beginning of year	7,079	7,079
Unwinding of discount	108	108
Present Closure Obligation (Assets)	(696)	(696)
Total other provisions at end of year	<b>6,491</b>	<b>6,491</b>

## C3-5 Provisions (continued)

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### Nature and purpose of provisions

#### Asset remediation

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

#### 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 interest expense.

#### 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

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#### IPPE Revaluation reserve

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

## D Council structure

### D1 Results by fund

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

#### D1-1 Income Statement by fund

\$ '000	General 2023	Water 2023	Sewer 2023
<b>Income from continuing operations</b>			
Rates and annual charges	17,907	1,739	3,881
User charges and fees	7,511	7,568	505
Interest and investment revenue	963	440	90
Other revenues	1,878	91	19
Grants and contributions provided for operating purposes	32,333	85	–
Grants and contributions provided for capital purposes	14,116	2,983	258
Net gains from disposal of assets	303	29	–
Other income	470	–	–
<b>Total income from continuing operations</b>	<b>75,481</b>	<b>12,935</b>	<b>4,753</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	15,240	2,557	751
Materials and services	30,840	5,936	1,307
Borrowing costs	390	278	246
Depreciation, amortisation and impairment of non-financial assets	10,196	4,164	1,497
Other expenses	753	32	26
<b>Total expenses from continuing operations</b>	<b>57,419</b>	<b>12,967</b>	<b>3,827</b>
<b>Operating result from continuing operations</b>	<b>18,062</b>	<b>(32)</b>	<b>926</b>
<b>Net operating result for the year</b>	<b>18,062</b>	<b>(32)</b>	<b>926</b>
<b>Net operating result attributable to each council fund</b>	<b>18,062</b>	<b>(32)</b>	<b>926</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>3,946</b>	<b>(3,015)</b>	<b>668</b>

## D1-2 Statement of Financial Position by fund

\$ '000	General 2023	Water 2023	Sewer 2023
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	2,296	1,697	848
Investments	14,938	11,045	5,520
Receivables	13,918	2,588	1,338
Inventories	1,963	59	–
Contract assets and contract cost assets	1,121	–	–
Other	531	–	–
Non-current assets classified as held for sale	291	–	–
<b>Total current assets</b>	<b>35,058</b>	<b>15,389</b>	<b>7,706</b>
<b>Non-current assets</b>			
Investments	2,621	1,937	968
Inventories	3,076	–	–
Infrastructure, property, plant and equipment	643,852	192,577	66,479
Intangible assets	985	2,553	–
<b>Total non-current assets</b>	<b>650,135</b>	<b>197,067</b>	<b>67,447</b>
<b>Total assets</b>	<b>685,193</b>	<b>212,456</b>	<b>75,153</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	9,157	282	20
Contract liabilities	7,506	1,245	–
Borrowings	336	382	–
Employee benefit provision	4,123	648	119
<b>Total current liabilities</b>	<b>21,122</b>	<b>2,557</b>	<b>139</b>
<b>Non-current liabilities</b>			
Borrowings	6,869	5,895	4,000
Employee benefit provision	231	34	6
Provisions	2,308	1,524	1,995
<b>Total non-current liabilities</b>	<b>9,408</b>	<b>7,453</b>	<b>6,001</b>
<b>Total liabilities</b>	<b>30,530</b>	<b>10,010</b>	<b>6,140</b>
<b>Net assets</b>	<b>655,062</b>	<b>202,446</b>	<b>69,013</b>
<b>EQUITY</b>			
Accumulated surplus	428,458	116,754	39,431
Revaluation reserves	226,604	85,692	29,582
<b>Council equity interest</b>	<b>655,062</b>	<b>202,446</b>	<b>69,013</b>
<b>Total equity</b>	<b>655,062</b>	<b>202,446</b>	<b>69,013</b>

## 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.

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.

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

\$ '000	2023	2022
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	93	123
Impact of a 10% movement in price of investments		
– Equity / Income Statement	503	449

#### (b) Credit risk

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

The major risk associated with these receivables is credit risk - the risk that debts due and payable to Council may not be repaid in full.

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures.

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

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

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

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

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

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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.

\$ '000	Not yet overdue rates and annual charges			Total
	Not yet overdue	< 5 years	≥ 5 years	
<b>2023</b>				
Gross carrying amount	1,249	1,970	115	3,334
2022				
Gross carrying amount	1,066	1,992	114	3,172

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

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

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
<b>2023</b>						
Gross carrying amount	14,375	1,012	16	98	595	16,096
Expected loss rate (%)	0.00%	0.00%	0.00%	10.00%	28.40%	1.11%
<b>ECL provision</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>10</b>	<b>169</b>	<b>179</b>
2022						
Gross carrying amount	7,381	248	9	487	956	9,081
Expected loss rate (%)	0.00%	0.00%	0.00%	8.00%	25.90%	3.16%
<b>ECL provision</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>39</b>	<b>248</b>	<b>287</b>



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

### (c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
<b>2023</b>							
Payables	0.00%	44	9,415	–	–	9,459	9,459
Borrowings	3.74%	–	1,364	13,779	5,556	20,699	17,482
<b>Total financial liabilities</b>		<b>44</b>	<b>10,779</b>	<b>13,779</b>	<b>5,556</b>	<b>30,158</b>	<b>26,941</b>
<b>2022</b>							
Payables	0.00%	33	4,097	–	–	4,130	4,130
Borrowings	3.78%	–	1,364	11,107	9,589	22,060	18,164
<b>Total financial liabilities</b>		<b>33</b>	<b>5,461</b>	<b>11,107</b>	<b>9,589</b>	<b>26,190</b>	<b>22,294</b>

### Loan agreement breaches

There were no breaches to loan agreements during the reporting period.

## 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
- Financial assets and liabilities

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

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

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

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

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

\$ '000	Notes	Fair value measurement hierarchy					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022	2023	2022
<b>Recurring fair value measurements</b>							
At fair value through profit or loss		–	–	5,029	4,486	5,029	4,486
<b>Infrastructure, property, plant and equipment</b>	C1-8						
Plant and equipment		–	–	11,481	10,346	11,481	10,346
Office equipment		–	–	1,394	1,241	1,394	1,241
Furniture and fittings		–	–	363	449	363	449
Operational land		–	–	22,676	19,225	22,676	19,225
Community land		1,198	913	16,570	13,661	17,768	14,574
Land under roads		–	–	198	111	198	111
Buildings non-specialised		–	–	25,650	19,904	25,650	19,904
Buildings specialised		–	–	39,994	32,446	39,994	32,446
Roads		–	–	413,276	392,363	413,276	392,363
Bridges		–	–	13,532	12,827	13,532	12,827
Footpaths		–	–	10,613	9,889	10,613	9,889
Tips		–	–	2,563	2,414	2,563	2,414
Library books		–	–	353	352	353	352
Storm water drainage		–	–	27,840	25,974	27,840	25,974
Water supply network		–	–	178,222	169,189	178,222	169,189
Capital work in progress		–	–	20,565	10,953	20,565	10,953
Sewerage network		–	–	64,039	60,671	64,039	60,671
Swimming pools		–	–	5,862	5,304	5,862	5,304
Airport assets		–	–	14,563	13,929	14,563	13,929
Other open space / recreational assets		–	–	30,057	27,744	30,057	27,744
Present Closure Obligations		–	–	1,899	3,505	1,899	3,505
<b>Total infrastructure, property, plant and equipment</b>		<b>1,198</b>	<b>913</b>	<b>901,710</b>	<b>832,497</b>	<b>902,908</b>	<b>833,410</b>

## E2-1 Fair value measurement (continued)

### Valuation techniques

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

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

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

Plant & Equipment, Office Equipment and Furniture and Fittings are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. Examples of assets within these classes are as follows:

- Plant & Equipment Trucks, Utilities, Graders, Excavators, street sweepers, Garbage trucks, motor vehicles and minor items.
- Office Equipment Computer equipment, Whiteboards, Fax machines, Photocopiers
- Furniture & Fittings Chairs, desks, Kitchen appliances etc.

The key unobservable inputs to the valuations are the remaining useful life and residual value. Council reviews the value of these assets against quoted prices for the current replacement cost of similar assets and by taking account of the pattern of consumption, estimate remaining useful life and the residual value. There has been no change to the valuation during the reporting period. A stocktake was completed of Council's Plant and Equipment, and the register was amended to be the complete record.

#### Operational Land

This asset class comprises of all council's land classified as Operational Land under the NSW Local Government Act 1993. The key unobservable input to the valuation is the price per square metre. The last valuation was undertaken by "AssetVal" (Simon O'Brien C.P.V. Registered Valuer) in June 2023 using Fair Value methodology. The valuation of Operational Land assets have been completed in accordance with guidance notes and background papers issued by the NSW Treasury, Local Government Code of Accounting and Finance Reporting and the International Assets Valuation Standards Committee of which the Australian Property Institute is a member. Operational Land Values have been determined based on sales of land in the locality and standard valuation principles have been adopted whereby the direct comparison method for each individual parcel has been utilised. Due regard has been given to zoning, physical and non-physical constraints, size, shape, location topography and exposure characteristics for each lot, as well as overall market conditions as at the date of valuation. The land values are considered to sit within level 3 of the AASB 13 Fair Value Hierarchy.

#### Community Land

Community Land were valued by "AssetVal" (Heinza Lindemann C.P.V. Registered Valuer) in April 2021 using Fair Value methodology. The valuation of Community Land assets have been completed in accordance with guidance notes and background papers issued by the Australian Accounting Standards Board and the International Assets Valuation Standards Committee of which the Australian Property Institute is a member. The values have been determined based on sales of land in the locality and standard valuation principles have been adopted whereby the direct comparison method for each individual parcel has been utilised. Due regard has been given to zoning, size, shape, location topography and exposure characteristics for each lot; as well as overall market conditions as at the date of valuation. In June 2023, council has undertaken a fair value assessment to index this asset class to ensure the carrying value approximates the fair value.

#### Land Under Roads

Council has elected to recognise Land Under Roads where the road was acquired on or after 1 July 2008. 'Land under roads' have been valued using the square metres rates applicable for nearby or adjacent Community Land having regard to the highest and best use for this land. In June 2023, council has undertaken a fair value assessment to index this asset class to ensure the carrying value approximates the fair value.

#### Buildings – Non specialised and Specialised

Buildings were valued by "AssetVal" (Simon O'Brien C.P.V. Registered Valuer) in June 2023 using Fair Value methodology and reinstatement value. The valuation of building assets has been completed in accordance with guidance notes and background papers issued by the Australian Accounting Standards Board and the International Assets Valuation Standards Committee of which the Australian Property Institute is a member. Where buildings have been valued using Level 2 inputs, we have had regard to sales of similar assets in the locality and standard valuation principles have been adopted whereby the direct comparison method for each asset has been utilised. Due regard has been given to zoning, size, shape, location topography and exposure characteristics for each asset; as well as overall market conditions as at the date of valuation. Where buildings have been assessed using the CGRC approach we have utilised data from contemporary cost databases including Rawlinsons Construction Cost Handbook 2022, Costweb and the AIQS.

## E2-1 Fair value measurement (continued)

### Roads, Bridges & Footpaths

This asset class comprises the Road Carriageway, Bridges, Footpaths, Bus Shelters, Carparks, Guardrails, Kerb and Gutter, Retaining walls, Suburb Markers and Traffic facilities. The road carriageway is defined as the trafficable portion of a road, between but not including the kerb and gutter. The 'Cost Approach' using Level 3 inputs was used to value the road carriageway and other road infrastructure in June 2020. Talis Consulting were engaged to provide a condition assessment for sealed roads, footpaths and kerb and gutter. Condition rating has been based on the IPWEA Practice Note 9 2016 (IPWEA PN9). Pitt & Sherry were engaged a consultant to undertake thorough conditions assessment of all bridge structures as per RMS Bridge Inspection Procedures. Condition assessment and rating for other transport assets have been undertaken by trained Council staff as per council procedures.

The cost approach was utilised and while the unit rates based on square metres, linear metres or similar could be supported from market evidence (Level 2) other inputs (such as estimates pattern of consumption, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. The inventory for Bridges, Bridge size culverts, Roads and associated infrastructure including Kerb and Channel, Footpaths and car parks has been verified through condition inspections conducted in 2019/20 encompassing 100% of the network. The assets have been given a condition index based on visual and measured data. In June 2023, council has undertaken a fair value assessment to index this asset class to ensure the carrying value approximates the fair value.

### Drainage Infrastructure

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

The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The Level of componentisation adopted by Council is in accordance with OLG Circular 09- 09 and the Institute of Public Works Engineers Australia's International Infrastructure Management Manual (IIMM). While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar could be supported from market evidence, other inputs (such as estimates of pattern of consumption, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets.

Drainage Infrastructure assets are indexed annually using the Modern Engineering Equivalent Assets (MEERA) rates provided by the NSW Office of Water. Valuations for the detention basins, open drains and grass swales (lined and un-lined), inlet and outlet structures, gross pollutant traps, kerb inlets and pits, and underground pipes (concrete and uPVC) were carried out internally by staff in 2019/20.

### Water Supply Network Infrastructure

Assets within this class comprise bores, dams, pipeline & trunk mains, pumping stations, reservoirs, and water treatment plants.

Valuations were completed by Australis Asset Advisory Group in June 2022, under a group co-ordinated by the CNSWJO (Central NSW Joint Organisation) in accordance with "Fair Valuation" principles.

These principles lead to valuations being made on the basis of a depreciated replacement cost, using standard unit rates. This valuation was performed using physical inspections of the network. The valuation considers the nature of the assets, the current condition of the assets, strategic considerations which could influence asset life. The unit rates based on diameter of pipes, depth of pipes, construction difficulty, linear metres or similar could be supported from market evidence, other inputs (such as estimates pattern of consumption, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value.

### Sewerage Network Infrastructure

Assets within this class comprise Sewer mains, sewage pumping stations, and sewage treatment plants.

Valuations were completed by Australis Asset Advisory Group in June 2022, under a group co-ordinated by the CNSWJO (Central NSW Joint Organisation) in accordance with "Fair Valuation" principles.

These principles lead to valuations being made on the basis of a depreciated replacement cost, using standard unit rates. This valuation was performed using physical inspections of the network. The valuation considers the nature of the assets, the current condition of the assets, strategic considerations which could influence asset life. The unit rates based on diameter of pipes, depth of pipes, construction difficulty, linear metres or similar could be supported from market evidence, other inputs (such as estimates pattern of consumption, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value.

### Swimming Pools

## E2-1 Fair value measurement (continued)

Assets within this class comprise Council's aquatic centres at Parkes, Trundle, Peak Hill and Tullamore. Swimming Pools were valued by "AssetVal" (Heinza Lindemann C.P.V. Registered Valuer) in April 2021 using a cost approach. The approach estimated the replacement cost for each pool by componentising its significant parts. In June 2023, council has undertaken a fair value assessment to index this asset class to ensure the carrying value approximates the fair value.

While some elements of gross replacement values could be supported from market evidence (Level 2 input) other inputs (such as estimates of pattern of consumption, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value.

### Other Open Space/Recreational Assets

Other Open Space/Recreational Assets were valued by "AssetVal" (Heinza Lindemann C.P.V. Registered Valuer) in April 2021 using a cost approach. Assets within this class comprise Tennis Courts, Cricket Nets, Synthetic Surfaces, BBQs, Regional Sporting Facilities, Parkes and Gardens and Playgrounds. While some elements of gross replacement values could be supported from market evidence (Level 2 input) other inputs (such as estimates of pattern of consumption, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. In June 2023, council has undertaken a fair value assessment to index this asset class to ensure the carrying value approximates the fair value.

### Library Books

Library Books are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. The fair value has been based on the average purchase price over the period 2017/18 to 2021/22 multiplied by the current collection on hand.

Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets and by taking account of the pattern of consumption, and estimated remaining useful life. The fair value has been based on the average purchase price over the period 2017/18 to 2021/22 multiplied by the current collection on hand. There has been no change to the valuation process during the reporting period.

### Tip Remediation

Council's Tips are located in Parkes and villages across the shire. The Tips activities encompasses a landfilling operation as well as a wide range of waste disposal services, resource recovery services, recycled , and waste management educational activities. It has been recognised that there will be costs associated with the closure and post closure management of the landfill site.

The rehabilitation estimates have been included as a provision for the future with an estimate closure date of 2065 for Parkes and villages at various other times.

Closure of the landfill will involve a wide range of activities including preparation of a Landfill Closure and Management Plan, final capping of the landfill waste and site re-vegetation, installation of a final landfill gas management system, revision of the surface water management system and leachate management infrastructure to suit post-closure operation, decommissioning and removing infrastructure and equipment that will not be required post-closure, and fencing sensitive infrastructure. The key unobservable inputs are the discount rate, cost escalation rate, actual timing of costs and future environmental management requirements.

## 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.

	Valuation technique/s	Unobservable inputs
<b>Infrastructure, property, plant and equipment</b>		
Capital Works in Progress	Cost Approach - Current Replacement Cost - Costs used to approximate Fair Value (Refer Note E2-1)	<ul style="list-style-type: none"> <li>• Gross Replacement Cost</li> <li>• Asset Condition</li> <li>• Remaining Useful Life</li> </ul>
Operational Land	Market Approach - Land values obtained from the Valuers Report (Refer Note E2-1)	<ul style="list-style-type: none"> <li>• Price /Sq. Metre</li> <li>• Impact of Restrictions</li> </ul>
Community land	Market & Cost Approach - Land values obtained from the Valuers Report (Refer Note E2-1)	<ul style="list-style-type: none"> <li>• Price /Sq. Metre</li> <li>• Impact of Restrictions</li> </ul>
Land Under Roads	Market Approach - Adjoining blocks average m2 rate (Refer Note E2-1)	<ul style="list-style-type: none"> <li>• Price /Sq. Metre</li> <li>• Impact of Restrictions</li> </ul>
Buildings	Cost Approach - Unit Rates per m2 or length (Refer Note E2-1)	<ul style="list-style-type: none"> <li>• Gross Replacement Cost</li> <li>• Asset Condition</li> <li>• Remaining Useful Life</li> </ul>
Roads	Cost Approach - Unit Rates per m2 or length (Refer Note E2-1)	<ul style="list-style-type: none"> <li>• Gross Replacement Cost</li> <li>• Asset Condition</li> <li>• Remaining Useful Life</li> </ul>
Bridges	Cost Approach - Unit Rates per m2 or length (Refer Note E2-1)	<ul style="list-style-type: none"> <li>• Gross Replacement Cost</li> <li>• Asset Condition</li> <li>• Remaining Useful Life</li> </ul>
Footpaths	Cost Approach - Unit Rates per m2 or length (Refer Note E2-1)	<ul style="list-style-type: none"> <li>• Gross Replacement Cost</li> <li>• Asset Condition</li> <li>• Remaining Useful Life</li> </ul>
Tips	Cost Approach - (Refer Note E2-1)	<ul style="list-style-type: none"> <li>• Discounted Rate</li> <li>• Cost escalation rate</li> </ul>
Library Books	Cost Approach - Cost used to approximate Fair Value (Refer Note E2-1)	<ul style="list-style-type: none"> <li>• Gross Replacement Cost</li> <li>• Asset Condition</li> <li>• Remaining Useful Life</li> </ul>
Stormwater Drainage	Cost Approach - Unit rates per m2 or length (Refer Note E2-1)	<ul style="list-style-type: none"> <li>• Gross Replacement Cost</li> <li>• Asset Condition</li> <li>• Remaining Useful Life</li> </ul>
Water Supply Network	Cost Approach - Unit rates per m2 or length (Refer Note E2-1)	<ul style="list-style-type: none"> <li>• Gross Replacement Cost</li> <li>• Asset Condition</li> <li>• Remaining Useful Life</li> </ul>
Sewerage Network	Cost Approach - Unit rates per m2 or length (Refer Note E2-1)	<ul style="list-style-type: none"> <li>• Gross Replacement Cost</li> <li>• Asset Condition</li> <li>• Remaining Useful Life</li> </ul>
Airport Assets	Cost Approach - Unit rates per m2 or length (Refer Note E2-1)	<ul style="list-style-type: none"> <li>• Gross Replacement Cost</li> <li>• Asset Condition</li> <li>• Remaining Useful Life</li> </ul>
Other open space / recreational assets (Incl. Swimming Pools)	Cost Approach - Cost used to approximate Fair Value (Refer Note E2-1)	<ul style="list-style-type: none"> <li>• Gross Replacement Cost</li> <li>• Asset Condition</li> <li>• Remaining Useful Life</li> </ul>
Plant and Equipment / Office Equipment / Furniture and Fittings	Cost Approach - Current Replacement Cost - Costs used to approximate Fair Value (Refer Note E2-1)	<ul style="list-style-type: none"> <li>• Gross replacement Cost</li> <li>• Asset Condition</li> <li>• Remaining Useful Life</li> <li>• Residual value</li> </ul>

## E2-1 Fair value measurement (continued)

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

\$ '000	Total IPP&E	
	2023	2022
<b>Opening balance</b>	<b>832,497</b>	734,107
<b>Total gains or losses for the period</b>		
<b>Other movements</b>		
Transfers from/(to) another asset class	<b>(6,304)</b>	–
Purchases (GBV)	<b>32,887</b>	20,660
Disposals (WDV)	<b>(201)</b>	(198)
Depreciation and impairment	<b>(18,499)</b>	(14,076)
Revaluation Adjustments	<b>61,330</b>	92,004
<b>Closing balance</b>	<b>901,710</b>	<b>832,497</b>

### Highest and best use

All of Council's non-financial assets are considered as being utilised for their highest and best use was established in consideration of the criteria of physical possibility, legal permissibility, financial feasibility and maximum profitability. Implied within these criteria is the recognition of that specific use to community environment or the community strategic objectives.

## E3-1 Contingencies

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

### LIABILITIES NOT RECOGNISED

#### 1. Guarantees

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

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

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

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

##### *Description of the funding arrangements.*

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

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

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

\* For 180 Point Members, Employers are required to contribute 8% 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 \$200.0 million for 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2022. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

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

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

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



## E3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2023 was \$ 219,886.78. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2022.

Council's expected contribution to the plan for the next annual reporting period is \$225,264.00

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

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

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

The share of any funding surplus or deficit that can be attributed to Council is .55%

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

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

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

\* Plus promotional increases

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

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

### (ii) 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.

### (iii) CivicRisk Mutual Limited (CRML)

Council is a member of CivicRisk Mutual, a mutual pool scheme providing liability insurance to local government. Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance.

Council's share of the net assets or liabilities reflects Council's contributions to the pool and the result of insurance claims within each of the fund years.

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

## E3-1 Contingencies (continued)

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### (iv) Other guarantees

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

## 2. Other liabilities

### (i) Third party claims

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

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

### (ii) Potential land acquisitions due to planning restrictions imposed by Council

Council has classified a number of privately owned land parcels as local open space or bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

At reporting date, reliable estimates as to the value of any potential liability (and subsequent land asset) from such potential acquisitions has not been possible.

## ASSETS NOT RECOGNISED

### (i) Land under roads

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

### (ii) Infringement notices/fines

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

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

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

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

## F People and relationships

### F1 Related party disclosures

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

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

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

\$ '000	2023	2022
<b>Compensation:</b>		
Short-term benefits	1,073	1,054
Post-employment benefits	111	101
Other long-term benefits	113	133
<b>Total</b>	<b>1,297</b>	<b>1,288</b>

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

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

Nature of the transaction	Ref	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
<b>2023</b>						
Supplier of Goods	1	-	-	Normal payment terms in accordance with council's procurement process (Nil transactions) - Councillor didn't seek re-election.	-	-
Supplier of Goods	2	94	-	Normal payment terms in accordance with council's procurement process (233 transactions)	-	-
Supplier of Services	3	-	-	Normal payment terms in accordance with council's procurement process (Nil transactions) - Councillor didn't seek re-election.	-	-
<b>2022</b>						

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

Nature of the transaction			Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000	Ref	Transactions during the year				
Supplier of Goods	1	17	–	Normal payment terms in accordance with council's procurement process (50 transactions)	–	–
Supplier of Goods	2	66	–	Normal payment terms in accordance with council's procurement process (194 transactions)	–	–
Supplier of Services	3	3	–	Normal payment terms in accordance with council's procurement process (2 transactions)	–	–

1 Council entered into a contract with TWW Pty Ltd , a company jointly owned and controlled by a member and close family member of the KMP . The contract was won by open tender based on fixed price quotation for the provision of clothing for a twelve month period commencing 1 October 2021 with an option of a 12 month extension. Councillor resigned on 04/12/21 after not seeking re-election.

2 Parkes Stationery and Office Supplies is a company on Council's Preferred Supplier List as a company to supply Stationery and Office Furniture on an as required basis. The company is jointly owned by a Council KMP and a close family member.

3 Council entered into a commercial lease agreement with Shon Pty Ltd for 257 Clarinda Street, Parkes. The company is jointly owned and controlled by a Council KMP and a close family member. Councillor resigned on 04/12/21 after not seeking re-election.

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

\$ '000	2023	2022
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	28	25
Councillors' fees	127	118
Other Councillors' expenses (including Mayor)	62	31
<b>Total</b>	<b>217</b>	<b>174</b>

## F2 Other relationships

### F2-1 Audit fees

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

During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

#### Auditors of the Council - NSW Auditor-General:

##### (i) Audit and other assurance services

Audit and review of financial statements	62	61
<b>Remuneration for audit and other assurance services</b>	<b>62</b>	<b>61</b>
<b>Total Auditor-General remuneration</b>	<b>62</b>	<b>61</b>
<b>Total audit fees</b>	<b>62</b>	<b>61</b>

## G Other matters

### G1-1 Statement of Cash Flows information

#### Reconciliation of net operating result to cash provided from operating activities

\$ '000	2023	2022
<b>Net operating result from Income Statement</b>	<b>18,956</b>	16,517
<b>Add / (less) non-cash items:</b>		
Depreciation and amortisation	<b>15,857</b>	14,285
(Gain) / loss on disposal of assets	<b>(332)</b>	(280)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value' or 'held for trading'	<b>(36)</b>	14
Unwinding of discount rates on reinstatement provisions	<b>245</b>	108
<b>Movements in operating assets and liabilities and other cash items:</b>		
(Increase) / decrease of receivables	<b>(7,791)</b>	(2,593)
Increase / (decrease) in provision for impairment of receivables	<b>(33)</b>	54
(Increase) / decrease of inventories	<b>253</b>	(187)
(Increase) / decrease of other current assets	<b>(65)</b>	(59)
(Increase) / decrease of contract asset	<b>614</b>	(53)
Increase / (decrease) in payables	<b>1,138</b>	(936)
Increase / (decrease) in accrued interest payable	<b>(10)</b>	(13)
Increase / (decrease) in other accrued expenses payable	<b>196</b>	(336)
Increase / (decrease) in other liabilities	<b>(10)</b>	33
Increase / (decrease) in contract liabilities	<b>(1,136)</b>	2,182
Increase / (decrease) in employee benefit provision	<b>401</b>	(699)
Increase / (decrease) in other provisions	<b>(909)</b>	2
<b>Net cash flows from operating activities</b>	<b>27,338</b>	<b>28,039</b>

## G2-1 Commitments

### Capital commitments (exclusive of GST)

\$ '000	2023	2022
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Buildings	271	779
Plant and equipment	1,901	1,345
Transport (Roads, Footpaths & Street Lighting)	1,427	991
Water	2,979	404
Sewer	-	69
Drainage	353	-
Open Space & Recreation	564	238
Land	58	-
Swimming Pools	35	-
Other - Economic Affairs	16	-
<b>Total commitments</b>	<b>7,604</b>	<b>3,826</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	7,604	3,826
<b>Total payable</b>	<b>7,604</b>	<b>3,826</b>
<b>Sources for funding of capital commitments:</b>		
Unrestricted general funds	2,048	1,343
Unexpended grants	4,923	1,497
Externally restricted reserves	633	297
Internally restricted reserves	-	689
<b>Total sources of funding</b>	<b>7,604</b>	<b>3,826</b>

### Details of capital commitments

Capital commitments for at the reporting date but not recognised in the financial statements as liabilities included works on Parkes CBD Flood Mitigation works, Stephen Davies Hockey Field, Lions Park Upgrade, Plant Replacement Program, Road Upgrades & Water Security Projects.

### G3-1 Events occurring after the reporting date

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



## G4 Statement of developer contributions as at 30 June 2023

### G4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
<b>S7.12 levies – under a plan</b>	578	<b>754</b>	–	–	11	(253)	–	<b>1,090</b>	–
<b>Total S7.11 and S7.12 revenue under plans</b>	578	<b>754</b>	–	–	11	(253)	–	<b>1,090</b>	–
S64 contributions	4,345	1,113	–	–	61	–	–	5,519	–
<b>Total contributions</b>	<b>4,923</b>	<b>1,867</b>	–	–	<b>72</b>	<b>(253)</b>	–	<b>6,609</b>	–

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

### S7.12 Levies – under a plan

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
<b>CONTRIBUTION PLAN NUMBER S94A - Established 5 August 2016</b>									
Active Movement	195	226	–	–	4	–	–	425	–
Community facilities	25	151	–	–	2	–	–	178	–
Parking	144	151	–	–	1	(253)	–	43	–
Open space	214	226	–	–	4	–	–	444	–
<b>Total</b>	<b>578</b>	<b>754</b>	–	–	<b>11</b>	<b>(253)</b>	–	<b>1,090</b>	–

## G5 Statement of performance measures

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

\$ '000	Amounts 2023	Indicator 2023	Indicator 2022	Benchmark
<b>1. Operating performance ratio</b>				
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>1,231</b>	<b>1.63%</b>	8.67%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>75,444</b>			
<b>2. Own source operating revenue ratio</b>				
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>43,026</b>	<b>46.36%</b>	61.57%	> 60.00%
Total continuing operating revenue <sup>1</sup>	<b>92,801</b>			
<b>3. Unrestricted current ratio</b>				
Current assets less all external restrictions	<b>21,249</b>	<b>2.01x</b>	2.65x	> 1.50x
Current liabilities less specific purpose liabilities	<b>10,573</b>			
<b>4. Debt service cover ratio</b>				
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>18,002</b>	<b>11.28x</b>	10.90x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>1,596</b>			
<b>5. Rates and annual charges outstanding percentage</b>				
Rates and annual charges outstanding	<b>3,029</b>	<b>11.43%</b>	11.41%	< 10.00%
Rates and annual charges collectable	<b>26,511</b>			
<b>6. Cash expense cover ratio</b>				
Current year's cash and cash equivalents plus all term deposits	<b>36,841</b>	<b>7.38 months</b>	8.92 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	<b>4,995</b>			

(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

## G5-2 Statement of performance measures by fund

\$ '000	General Indicators <sup>3</sup>		Water Indicators		Sewer Indicators		Benchmark
	2023	2022	2023	2022	2023	2022	
<b>1. Operating performance ratio</b>							
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>5.87%</b>	8.13%	<b>(30.30)%</b>	0.09%	<b>14.86%</b>	36.53%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>							
<b>2. Own source operating revenue ratio</b>							
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>38.16%</b>	52.95%	<b>76.28%</b>	89.08%	<b>94.57%</b>	97.30%	> 60.00%
Total continuing operating revenue <sup>1</sup>							
<b>3. Unrestricted current ratio</b>							
Current assets less all external restrictions	<b>2.01x</b>	2.65x	<b>11.73x</b>	11.17x	<b>55.44x</b>	26.90x	> 1.50x
Current liabilities less specific purpose liabilities							
<b>4. Debt service cover ratio</b>							
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>20.21x</b>	12.40x	<b>2.20x</b>	6.93x	<b>9.80x</b>	15.33x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
<b>5. Rates and annual charges outstanding percentage</b>							
Rates and annual charges outstanding	<b>6.38%</b>	6.77%	<b>30.53%</b>	30.85%	<b>30.02%</b>	30.10%	< 10.00%
Rates and annual charges collectable							
<b>6. Cash expense cover ratio</b>							
Current year's cash and cash equivalents plus all term deposits	<b>4.39 months</b>	5.03 months	<b>16.67 months</b>	22.45 months	<b>32.80 months</b>	34.39 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

(1) - (2) Refer to Notes at Note G6-1 above.

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

**End of the audited financial statements**

## H Additional Council disclosures (unaudited)

### H1-1 Council information and contact details

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**Principal place of business:**

2 Cecile Street  
PARKES NSW 2870

**Contact details**

**Mailing Address:**

PO Box 337  
PARKES NSW 2870

**Telephone:** 02 6861 2333

**Facsimile:** 02 6862 3946

**Opening hours:**

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

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

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

**Officers**

**General Manager**

Kent Boyd

**Responsible Accounting Officer**

Jaco Barnard

**Public Officers**

Anthony McGrath

**Auditors**

Audit Office of New South Wales  
Level 15  
1 Margaret Street  
GPO Box 12  
SYDNEY NSW 2000

**Elected members**

**Mayor**

Cr Neil Westcott

**Councillors**

Cr Neil Westcott (Mayor)  
Cr Marg Applebee (Deputy Mayor)  
Cr Ken Keith  
Cr Jacob Cass  
Cr Bill Jayet  
Cr Kenny McGrath  
Cr Louise O'Leary  
Cr George Pratt  
Cr Daniel Weber  
Cr Glenn Wilson

**Other information**

**ABN:** 96 299 629 630



## INDEPENDENT AUDITOR'S REPORT

### Report on the general purpose financial statements

#### Parkes Shire Council

To the Councillors of Parkes Shire Council

### Opinion

I have audited the accompanying financial statements of Parkes 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. The financial statements include the consolidated financial statements of the Council and the entities it controlled at the year's end or from time to time during the year.

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/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). The description forms part of my auditor's report.

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

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

A handwritten signature in black ink that reads "Monique Bartley". The signature is written in a cursive, flowing style with large loops.

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

29 September 2023  
SYDNEY





Cr Neil Westcott  
Mayor  
Parkes Shire Council  
PO Box 337  
Parkes NSW 2870

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

29 September 2023

Dear Mayor

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

I have audited the general purpose financial statements (GPFS) of the Parkes 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	23.5	22.4	↑ 4.9
Grants and contributions revenue	49.8	26.9	↑ 85.1
Operating result from continuing operations	19.0	16.5	↑ 15.2
Net operating result before capital grants and contributions	1.6	5.3	↓ 69.8

Rates and annual charges revenue (\$23.5 million) increased by \$1.1 million (4.9 per cent) in 2022–23 due to rate peg increase of 2.5 per cent and budgeted 10 per cent increases in water and sewer access charges.

Grants and contributions revenue (\$49.8 million) increased by \$22.9 million (85.1 per cent) in 2022–23 due to:

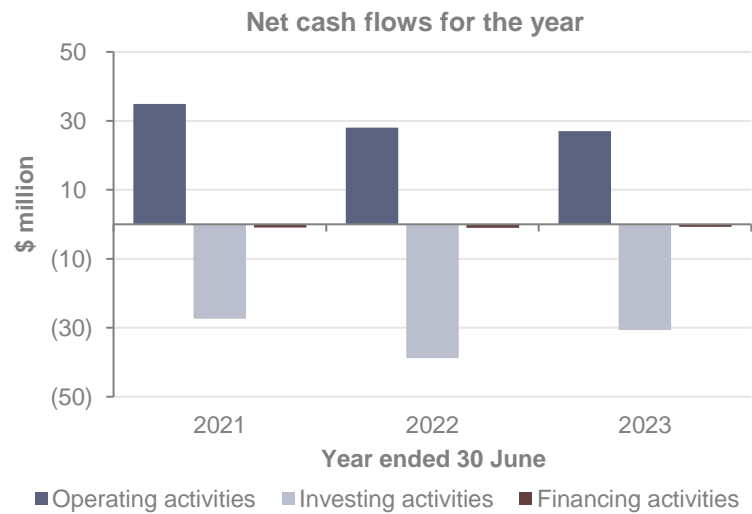
- increase of \$9.4 million of grants recognised received for storm and flood damage due to the major flood event which occurred in the Council area during the year
- receiving 100 per cent of the financial assistance grants for 2023-24 in advance (75 per cent in 2021-22)
- receiving \$4.7million in funding for Pothole Repairs under the Fixing Local Roads programme.

The Council's operating result from continuing operations (\$19.0 million including depreciation, amortisation and impairment expense of \$15.9 million) was \$2.5 million higher than the 2021–22 result.

The net operating result before capital grants and contributions (\$1.6 million) was \$3.7 million lower than the 2021–22 result. Whilst Council recognised significant revenues in relation to funding to remediate flood damage, the costs of the work Council had to undertake to rectify the flood damage were also substantial.

## STATEMENT OF CASH FLOWS

Cash balances increased due to receiving 100 per cent of the 2023-24 financial assistance grant in advance. The amount of work required to remediate flood damaged assets has the completion of a number of other grant funded projects (both operating and capital).



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
<b>Total cash, cash equivalents and investments</b>	<b>41.9</b>	<b>36.7</b>	Externally restricted balances comprise mainly of contract liabilities, unexpended grant funds developer contributions, water and sewer funds.
Restricted and allocated cash, cash equivalents and investments:			Internal allocations are determined by council policies or decisions, which are subject to change.
• External restrictions	38.4	32.1	
• Internal allocations	3.4	3.4	

### Debt

At 30 June 2023, Council had:

- \$17.5 million in secured loans (\$18.2 million in 2021-22)
- \$100,000 in approved overdraft facility with nil drawn down
- \$150,000 in credit card facility with \$37,000 used.

## PERFORMANCE

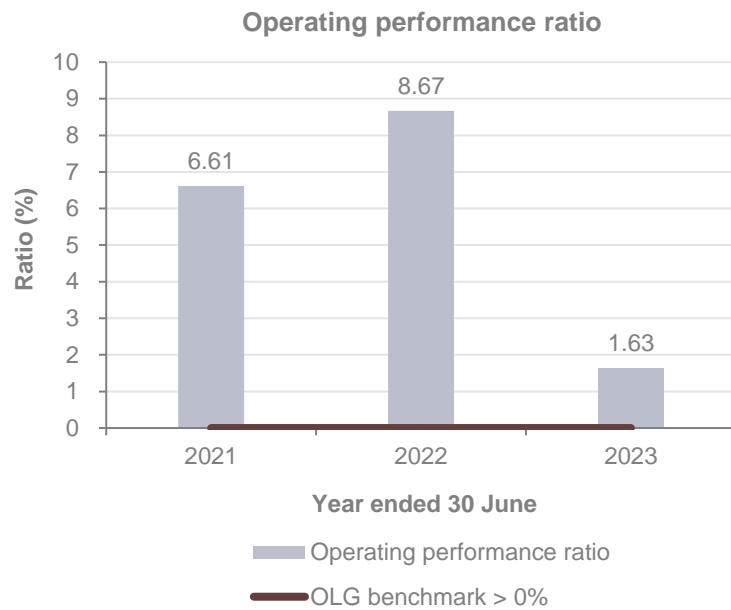
### Performance measures

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

### Operating performance ratio

The Council exceeded the benchmark for the current reporting period.

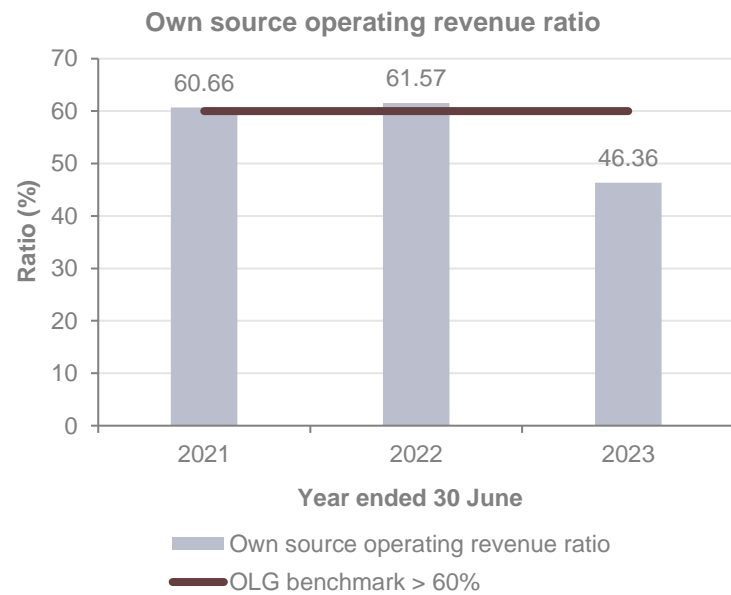
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



### Own source operating revenue ratio

The Council did not meet the benchmark for the current reporting period. This was due to the high level of grants and contributions received by Council during the 2022-23 financial year.

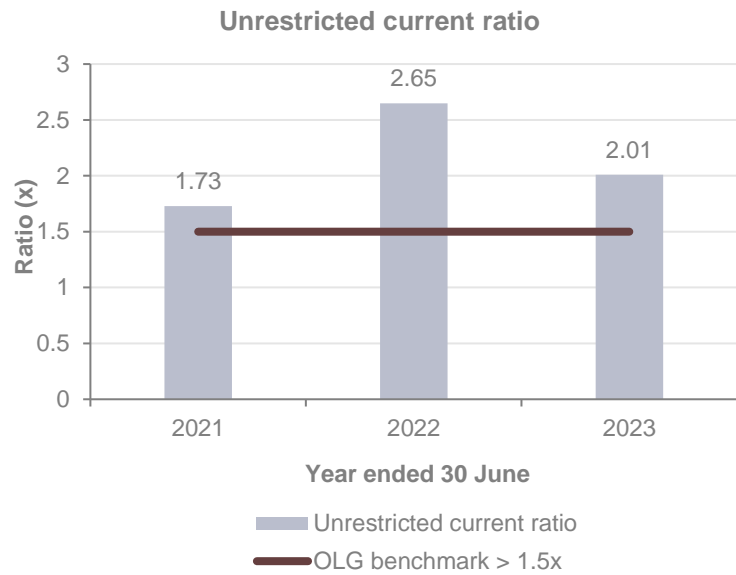
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



### Unrestricted current ratio

The Council exceeded the benchmark for the current reporting period.

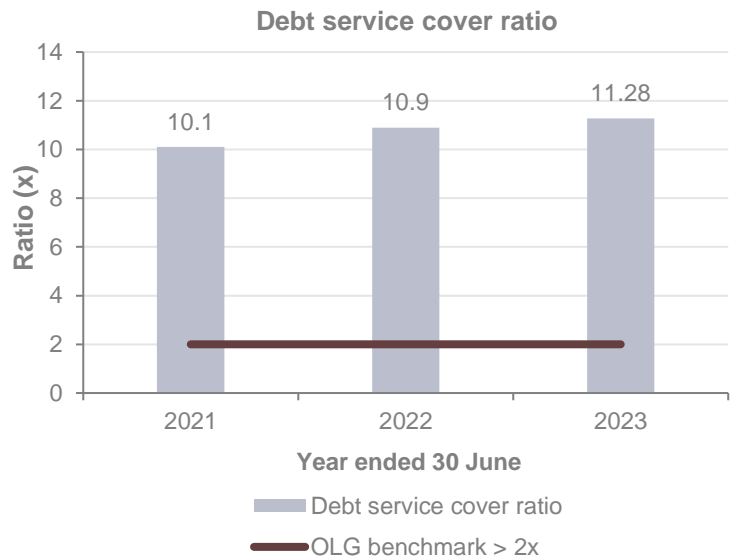
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



### Debt service cover ratio

The Council exceeded the benchmark for the current reporting period.

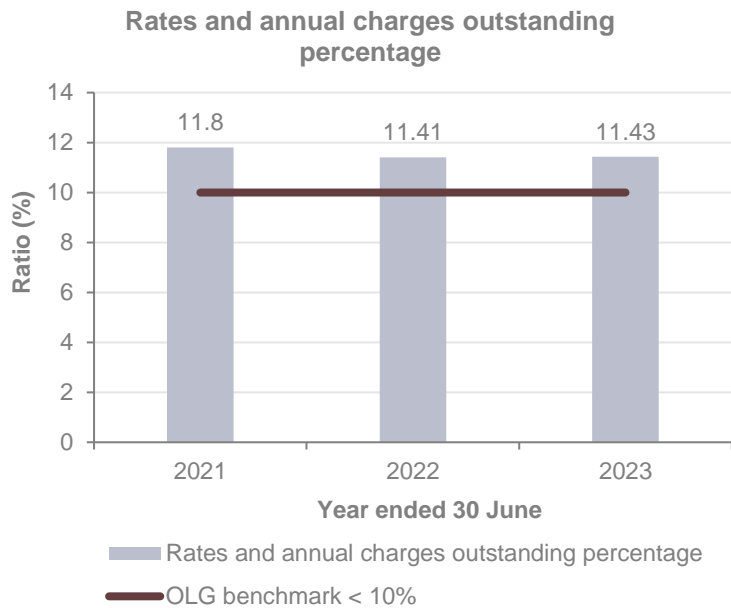
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



## Rates and annual charges outstanding percentage

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

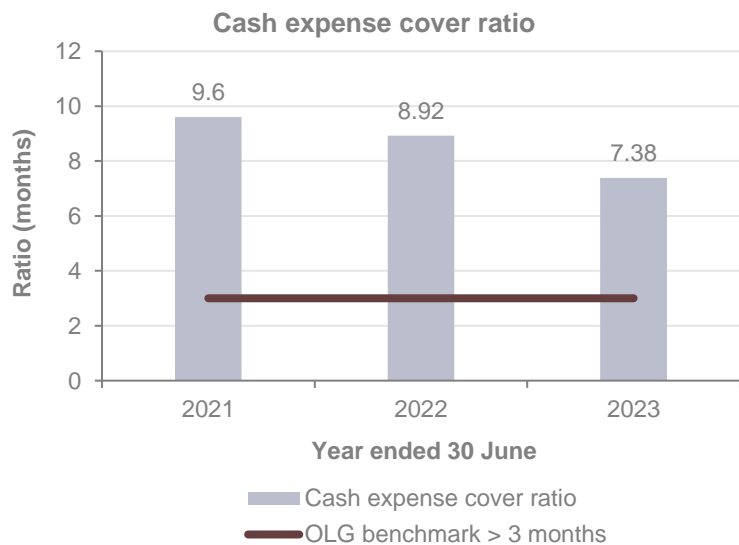
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



## Cash expense cover ratio

The Council exceeded the benchmark for the current reporting period.

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



## Infrastructure, property, plant and equipment renewals

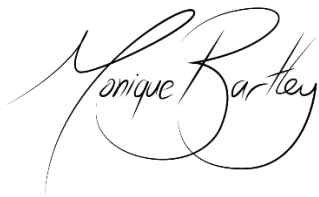
Council renewed \$16.9 million of infrastructure, property, plant and equipment during the 2022-23 financial year. This was mainly spent on roads (\$4.5 million). A further \$10.0 million was spent on new assets, of which \$4.8 million remained in work in progress at year end.

## OTHER MATTERS

### Legislative compliance

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

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

A handwritten signature in black ink that reads "Monique Bartley". The signature is written in a cursive style with a large, stylized 'M' and 'B'.

Monique Bartley

Audit Leader, Financial Audit

Delegate of the Auditor-General for New South Wales

# Parkes Shire Council

## SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2023

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## Background

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

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

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

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

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

## Parkes Shire Council

### Special Purpose Financial Statements

for the year ended 30 June 2023

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#### 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 15 August 2023.



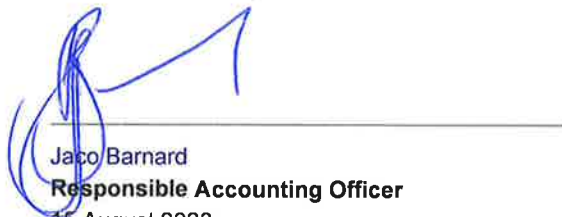
Neil Westcott  
**Mayor**  
15 August 2023



Marg Applebee  
**Councillor**  
15 August 2023



Kent Boyd  
**General Manager**  
15 August 2023



Jaco Barnard  
**Responsible Accounting Officer**  
15 August 2023

## Parkes Shire Council

### Income Statement of water supply business activity

for the year ended 30 June 2023

\$ '000	2023	2022
<b>Income from continuing operations</b>		
Access charges	1,739	1,559
User charges	7,568	8,615
Interest and investment income	440	87
Grants and contributions provided for operating purposes	85	24
Net gain from the disposal of assets	29	–
Other income	91	28
<b>Total income from continuing operations</b>	<b>9,952</b>	<b>10,313</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	2,557	1,617
Borrowing costs	278	234
Materials and services	5,486	4,141
Depreciation, amortisation and impairment	4,164	3,910
Water purchase charges	450	399
Other expenses	32	21
<b>Total expenses from continuing operations</b>	<b>12,967</b>	<b>10,322</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(3,015)</b>	<b>(9)</b>
Grants and contributions provided for capital purposes	2,983	1,264
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(32)</b>	<b>1,255</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(32)</b>	<b>1,255</b>
<b>Surplus (deficit) after tax</b>	<b>(32)</b>	<b>1,255</b>
<b>Plus accumulated surplus</b>	<b>116,786</b>	<b>115,531</b>
<b>Plus adjustments for amounts unpaid:</b>		
<b>Closing accumulated surplus</b>	<b>116,754</b>	<b>116,786</b>
<b>Return on capital %</b>	<b>(1.4)%</b>	<b>0.1%</b>
<b>Subsidy from Council</b>	<b>10,479</b>	<b>6,332</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	(32)	1,255
Less: capital grants and contributions (excluding developer contributions)	(1,273)	(921)
<b>Surplus for dividend calculation purposes</b>	<b>–</b>	<b>334</b>
<b>Potential dividend calculated from surplus</b>	<b>–</b>	<b>167</b>

## Parkes Shire Council

### Income Statement of sewerage business activity

for the year ended 30 June 2023

\$ '000	2023	2022
<b>Income from continuing operations</b>		
Access charges	3,881	3,498
User charges	466	363
Liquid trade waste charges	39	87
Interest and investment income	90	28
Other income	19	67
<b>Total income from continuing operations</b>	<b>4,495</b>	<b>4,043</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	751	550
Borrowing costs	246	161
Materials and services	1,307	1,005
Depreciation, amortisation and impairment	1,497	850
Other expenses	26	10
<b>Total expenses from continuing operations</b>	<b>3,827</b>	<b>2,576</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>668</b>	<b>1,467</b>
Grants and contributions provided for capital purposes	258	112
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>926</b>	<b>1,579</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>926</b>	<b>1,579</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(167)	(367)
<b>Surplus (deficit) after tax</b>	<b>759</b>	<b>1,212</b>
<b>Plus accumulated surplus</b>	<b>38,505</b>	<b>36,926</b>
– Corporate taxation equivalent	167	367
<b>Closing accumulated surplus</b>	<b>39,431</b>	<b>38,505</b>
<b>Return on capital %</b>	<b>1.4%</b>	<b>2.6%</b>
<b>Subsidy from Council</b>	<b>1,758</b>	<b>677</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	759	1,212
<b>Surplus for dividend calculation purposes</b>	<b>759</b>	<b>1,212</b>
<b>Potential dividend calculated from surplus</b>	<b>380</b>	<b>606</b>

## Parkes Shire Council

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

as at 30 June 2023

\$ '000	2023	2022
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,697	3,439
Investments	11,045	8,441
Receivables	2,588	2,984
Inventories	59	42
<b>Total current assets</b>	<b>15,389</b>	<b>14,906</b>
<b>Non-current assets</b>		
Investments	1,937	2,546
Infrastructure, property, plant and equipment	192,577	179,151
Intangible assets	2,553	2,228
<b>Total non-current assets</b>	<b>197,067</b>	<b>183,925</b>
<b>Total assets</b>	<b>212,456</b>	<b>198,831</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	282	321
Contract liabilities	1,245	1,000
Borrowings	382	371
Employee benefit provisions	648	581
Provisions	-	61
<b>Total current liabilities</b>	<b>2,557</b>	<b>2,334</b>
<b>Non-current liabilities</b>		
Borrowings	5,895	6,278
Employee benefit provisions	34	32
Provisions	1,524	1,621
<b>Total non-current liabilities</b>	<b>7,453</b>	<b>7,931</b>
<b>Total liabilities</b>	<b>10,010</b>	<b>10,265</b>
<b>Net assets</b>	<b>202,446</b>	<b>188,566</b>
<b>EQUITY</b>		
Accumulated surplus	116,754	116,786
Revaluation reserves	85,692	71,780
<b>Total equity</b>	<b>202,446</b>	<b>188,566</b>

## Parkes Shire Council

### Statement of Financial Position of sewerage business activity

as at 30 June 2023

\$ '000	2023	2022
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	848	1,342
Investments	5,520	3,298
Receivables	1,338	1,219
Inventories	–	5
<b>Total current assets</b>	<b>7,706</b>	<b>5,864</b>
<b>Non-current assets</b>		
Investments	968	995
Infrastructure, property, plant and equipment	66,479	62,972
<b>Total non-current assets</b>	<b>67,447</b>	<b>63,967</b>
<b>Total assets</b>	<b>75,153</b>	<b>69,831</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	20	13
Employee benefit provisions	119	108
Provisions	–	97
<b>Total current liabilities</b>	<b>139</b>	<b>218</b>
<b>Non-current liabilities</b>		
Borrowings	4,000	4,000
Employee benefit provisions	6	6
Provisions	1,995	2,570
<b>Total non-current liabilities</b>	<b>6,001</b>	<b>6,576</b>
<b>Total liabilities</b>	<b>6,140</b>	<b>6,794</b>
<b>Net assets</b>	<b>69,013</b>	<b>63,037</b>
<b>EQUITY</b>		
Accumulated surplus	39,431	38,505
Revaluation reserves	29,582	24,532
<b>Total equity</b>	<b>69,013</b>	<b>63,037</b>

## Note – Significant Accounting Policies

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

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

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

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

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

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. Parkes Shire Combined Water Supplies

Comprising the whole of the Water Supply System operations and net assets servicing the towns of Parkes, Peak Hill, Trundle, Tullamore, Alectown & Bogan Gate.

##### b. Parkes Shire Sewerage Service

Comprising the whole of the Sewerage Reticulation & Treatment operations and net assets servicing the towns of Parkes, Peak Hill & the village of Tullamore

#### Category 2

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

**Council has no Category 2 business activities**

## Note – Significant Accounting Policies (continued)

### Taxation equivalent charges

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

#### Notional rate applied (%)

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

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

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

The payment of taxation equivalent charges, referred to in the Best Practice Management of Water Supply and Sewer Guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the Act.

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.

### Income tax

An income tax equivalent has been applied on the profits of the business activities. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level – gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the relevant corporate income tax rate, currently 25% (21/22 25%).

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

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

### Local government rates and charges

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

### Loan and debt guarantee fees

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

#### (i) Subsidies

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

Subsidies occur when Council provides services on a less-than-cost-recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations.

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



## Note – Significant Accounting Policies (continued)

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

### (ii) Return on investments (rate of return)

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

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

The rate of return is calculated as follows:

**Operating result before capital income + interest expense**

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**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.

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

In accordance with the Best Practice Management of Water Supply and Sewer Guidelines, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are submitted to DPIE – Water.



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

To the Councillors of Parkes Shire Council

## Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Parkes 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:

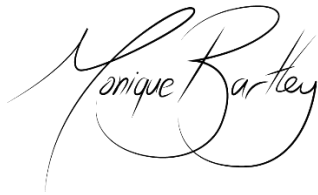
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

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

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

A handwritten signature in black ink that reads "Monique Bartley". The signature is written in a cursive style with large, flowing loops.

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

29 September 2023  
SYDNEY

# Parkes Shire Council

SPECIAL SCHEDULES  
for the year ended 30 June 2023

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# Parkes Shire Council

## Special Schedules

for the year ended 30 June 2023

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#### **Special Schedules:**

Permissible income for general rates	3
Report on infrastructure assets as at 30 June 2023	6

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### Background

These Special Schedules have been designed to meet the requirements of special users such as;

- the NSW Grants Commission
- the Australian Bureau of Statistics (ABS),
- the NSW Office of Water (NOW), and
- the Office of Local Government (OLG)

The financial data is collected for various uses including;

- the allocation of Financial Assistance Grants,
- the incorporation of Local Government financial figures in national statistics,
- the monitoring of loan approvals,
- the allocation of borrowing rights, and
- the monitoring of the financial activities of specific services.

## Parkes Shire Council

## Permissible income for general rates

\$ '000	Notes	Calculation 2022/23	Calculation 2023/24
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	14,785	15,156
Plus or minus adjustments <sup>2</sup>	b	50	55
<b>Notional general income</b>	c = a + b	<b>14,835</b>	<b>15,211</b>
<b>Permissible income calculation</b>			
Or rate peg percentage	e	2.50%	3.70%
Or plus rate peg amount	i = e x (c + g)	371	563
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>15,206</b>	<b>15,774</b>
Plus (or minus) last year's carry forward total	l	(34)	(4)
Less valuation objections claimed in the previous year	m	(27)	(7)
<b>Sub-total</b>	n = (l + m)	<b>(61)</b>	<b>(11)</b>
<b>Total permissible income</b>	o = k + n	<b>15,145</b>	<b>15,763</b>
Less notional general income yield	p	15,156	15,754
<b>Catch-up or (excess) result</b>	q = o - p	<b>(11)</b>	<b>9</b>
Plus income lost due to valuation objections claimed <sup>4</sup>	r	7	-
<b>Carry forward to next year <sup>6</sup></b>	t = q + r + s	<b>(5)</b>	<b>9</b>

**Notes**

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW)*.
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (6) Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the Act. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



## INDEPENDENT AUDITOR'S REPORT

### Special Schedule – Permissible income for general rates

#### Parkes Shire Council

To the Councillors of Parkes Shire Council

### Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Parkes 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](http://www.auasb.gov.au/auditors_responsibilities/ar8.pdf). The description forms part of my auditor's report.

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

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



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

29 September 2023  
SYDNEY

## Parkes Shire Council

## Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost		2022/23 Required maintenance <sup>a</sup>	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	111	111	452	526	65,644	87,249	19.0%	63.0%	17.0%	1.0%	0.0%
	<b>Sub-total</b>	<b>111</b>	<b>111</b>	<b>452</b>	<b>526</b>	<b>65,644</b>	<b>87,249</b>	<b>19.0%</b>	<b>63.0%</b>	<b>17.0%</b>	<b>1.0%</b>	<b>0.0%</b>
Roads	Roads	6,006	6,006	2,193	2,405	413,276	515,362	66.0%	12.0%	18.0%	2.0%	2.0%
	Bridges	91	91	12	14	13,532	18,693	0.0%	0.0%	0.0%	0.0%	100.0%
	Footpaths	130	130	86	251	10,613	15,086	0.0%	0.0%	0.0%	0.0%	100.0%
	<b>Sub-total</b>	<b>6,227</b>	<b>6,227</b>	<b>2,291</b>	<b>2,670</b>	<b>437,421</b>	<b>549,141</b>	<b>61.9%</b>	<b>11.3%</b>	<b>16.9%</b>	<b>1.9%</b>	<b>8.0%</b>
Water supply network	Water supply network	3,254	3,254	900	1,084	178,222	295,511	33.0%	7.0%	54.0%	5.0%	1.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>3,254</b>	<b>3,254</b>	<b>900</b>	<b>1,084</b>	<b>178,222</b>	<b>295,511</b>	<b>33.0%</b>	<b>7.0%</b>	<b>54.0%</b>	<b>5.0%</b>	<b>1.0%</b>
Sewerage network	Sewerage network	2,543	2,543	643	850	64,039	92,936	26.0%	41.0%	23.0%	9.0%	1.0%
	<b>Sub-total</b>	<b>2,543</b>	<b>2,543</b>	<b>643</b>	<b>850</b>	<b>64,039</b>	<b>92,936</b>	<b>26.0%</b>	<b>41.0%</b>	<b>23.0%</b>	<b>9.0%</b>	<b>1.0%</b>
Stormwater drainage	Stormwater drainage	2,435	2,435	215	232	27,840	41,187	22.0%	60.0%	6.0%	1.0%	11.0%
	<b>Sub-total</b>	<b>2,435</b>	<b>2,435</b>	<b>215</b>	<b>232</b>	<b>27,840</b>	<b>41,187</b>	<b>22.0%</b>	<b>60.0%</b>	<b>6.0%</b>	<b>1.0%</b>	<b>11.0%</b>
Open space / recreational assets	Swimming pools	343	343	210	102	5,862	10,542	26.0%	45.0%	16.0%	13.0%	0.0%
	Other Open Space / Recreational Assets	377	377	285	318	30,057	63,527	59.0%	23.0%	15.0%	2.0%	1.0%
	<b>Sub-total</b>	<b>720</b>	<b>720</b>	<b>495</b>	<b>420</b>	<b>35,919</b>	<b>74,069</b>	<b>54.3%</b>	<b>26.1%</b>	<b>15.1%</b>	<b>3.6%</b>	<b>0.9%</b>
Other infrastructure assets	Other	–	–	–	–	(14,653)	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Parkes Airport Infrastructure	100	100	75	118	14,653	19,340	82.0%	0.0%	16.0%	1.0%	1.0%
	<b>Sub-total</b>	<b>100</b>	<b>100</b>	<b>75</b>	<b>118</b>	<b>–</b>	<b>19,340</b>	<b>82.0%</b>	<b>0.0%</b>	<b>16.0%</b>	<b>1.0%</b>	<b>1.0%</b>
<b>Total – all assets</b>		<b>15,390</b>	<b>15,390</b>	<b>5,071</b>	<b>5,900</b>	<b>809,085</b>	<b>1,159,433</b>	<b>46.9%</b>	<b>18.9%</b>	<b>26.3%</b>	<b>3.2%</b>	<b>4.7%</b>

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

## Infrastructure asset condition assessment 'key'

#	Condition	Integrated planning and reporting (IP&R) description
1	Excellent/very good	No work required (normal maintenance)

# Parkes Shire Council

## Report on infrastructure assets as at 30 June 2023 (continued)

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2	<b>Good</b>	Only minor maintenance work required
3	<b>Satisfactory</b>	Maintenance work required
4	<b>Poor</b>	Renewal required
5	<b>Very poor</b>	Urgent renewal/upgrading required

## Parkes Shire Council

### Report on infrastructure assets as at 30 June 2023

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

\$ '000	Amounts 2023	Indicator 2023	Indicator 2022	Benchmark
<b>Buildings and infrastructure renewals ratio</b>				
Asset renewals <sup>1</sup>	<u>16,918</u>	<b>107.64%</b>	81.87%	> 100.00%
Depreciation, amortisation and impairment	<u>15,717</u>			
<b>Infrastructure backlog ratio</b>				
Estimated cost to bring assets to a satisfactory standard	<u>15,390</u>	<b>1.85%</b>	1.98%	< 2.00%
Net carrying amount of infrastructure assets	<u>829,650</u>			
<b>Asset maintenance ratio</b>				
Actual asset maintenance	<u>5,900</u>	<b>116.35%</b>	149.83%	> 100.00%
Required asset maintenance	<u>5,071</u>			
<b>Cost to bring assets to agreed service level</b>				
Estimated cost to bring assets to an agreed service level set by Council	<u>15,390</u>	<b>1.33%</b>	1.43%	
Gross replacement cost	<u>1,159,433</u>			

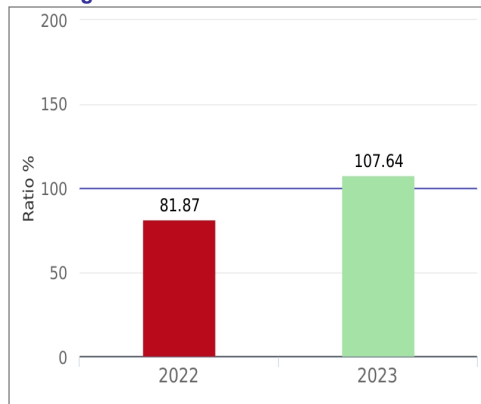
(\*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

# Parkes Shire Council

## Report on infrastructure assets as at 30 June 2023

### Buildings and infrastructure renewals ratio



**Buildings and infrastructure renewals ratio**

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

**Commentary on result**

22/23 ratio 107.64%

The Building & Infrastructure renewals ratio achieved the required benchmark for 2022/23. Council is committed to prioritising the renewal of existing assets before constructing new community assets.

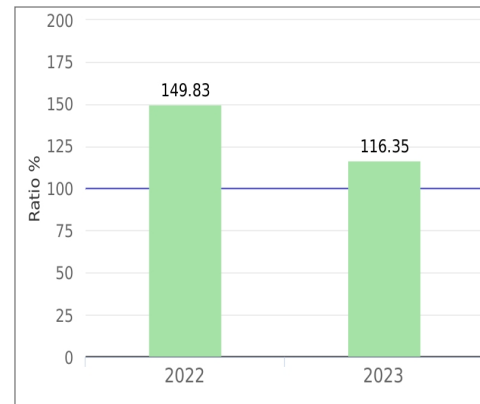
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

### Asset maintenance ratio



**Asset maintenance ratio**

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

**Commentary on result**

22/23 ratio 116.35%

In 2022/23, council has maintained the amount of maintenance required to be spent on Council's Infrastructure. This continues to ensure that the backlog can be maintained and not increasing at unsustainable levels at would impact financial sustainability objectives.

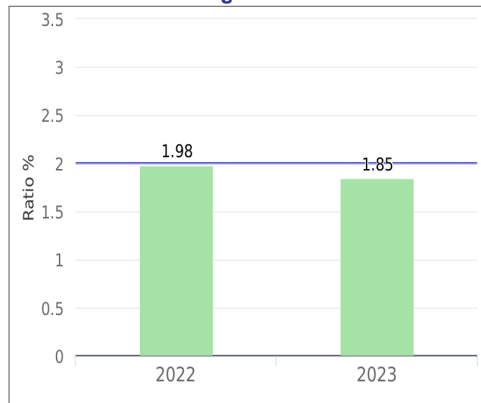
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

### Infrastructure backlog ratio



**Infrastructure backlog ratio**

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

**Commentary on result**

22/23 ratio 1.85%

Council's Infrastructure Backlog Ratio is currently inside the desired level. Council continues to place a strong focus on reducing infrastructure backlogs across the shire.

Benchmark: — < 2.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

### Cost to bring assets to agreed service level



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

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

**Commentary on result**

22/23 ratio 1.33%

Council continues to place importance around community consultation of its delivery program. This assists council in determining the level of service which is anticipated from council's available funding sources.

## Parkes 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	
<b>Buildings and infrastructure renewals ratio</b>							
Asset renewals <sup>1</sup>							
Depreciation, amortisation and impairment	<b>162.01%</b>	135.90%	<b>0.28%</b>	0.00%	<b>0.00%</b>	0.61%	> 100.00%
<b>Infrastructure backlog ratio</b>							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	<b>1.66%</b>	1.91%	<b>1.75%</b>	1.53%	<b>3.94%</b>	3.89%	< 2.00%
<b>Asset maintenance ratio</b>							
Actual asset maintenance							
Required asset maintenance	<b>112.41%</b>	174.38%	<b>120.44%</b>	115.56%	<b>132.19%</b>	63.14%	> 100.00%
<b>Cost to bring assets to agreed service level</b>							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	<b>1.24%</b>	1.45%	<b>1.10%</b>	0.96%	<b>2.74%</b>	2.74%	

(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.