

Cootamundra-Gundagai Regional Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2024



Cootamundra-Gundagai Regional Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2024



Cootamundra-Gundagai Regional Council

General Purpose Financial Statements

for the year ended 30 June 2024

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Overview

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

81 Wallendoon St
Cootamundra NSW 2590

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.cgrc.nsw.gov.au.

Cootamundra-Gundagai Regional Council

General Purpose Financial Statements

for the year ended 30 June 2024

Statement by Councillors and Management

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 10 December 2024.



Abb McAlister

Mayor

10 December 2024



Rosalind Wight

Deputy Mayor

10 December 2024



Steve McGrath

Interim General Manager

10 December 2024



Zac Mahon

Responsible Accounting Officer

10 December 2024

Cootamundra-Gundagai Regional Council

Income Statement

for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Actual 2023
Income from continuing operations				
19,263	Rates and annual charges	B2-1	19,389	18,443
4,986	User charges and fees	B2-2	15,883	12,293
1,301	Other revenues	B2-3	850	919
12,298	Grants and contributions provided for operating purposes	B2-4	14,419	15,805
8,672	Grants and contributions provided for capital purposes	B2-4	5,507	7,357
1,245	Interest and investment income	B2-5	1,608	861
–	Other income	B2-6	512	271
47,765	Total income from continuing operations		58,168	55,949
Expenses from continuing operations				
14,709	Employee benefits and on-costs	B3-1	14,731	14,124
19,824	Materials and services	B3-2	27,363	24,189
146	Borrowing costs	B3-3	337	317
10,536	Depreciation, amortisation and impairment of non-financial assets	B3-4	12,391	12,149
1,572	Other expenses	B3-5	1,385	1,470
–	Net loss from the disposal of assets	B4-1	6,074	122
46,787	Total expenses from continuing operations		62,281	52,371
978	Operating result from continuing operations		(4,113)	3,578
978	Net operating result for the year attributable to Council		(4,113)	3,578
(7,694)	Net operating result for the year before grants and contributions provided for capital purposes		(9,620)	(3,779)

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

Cootamundra-Gundagai Regional Council

Statement of Comprehensive Income

for the year ended 30 June 2024

\$ '000	Notes	2024	2023
Net operating result for the year – from Income Statement		(4,113)	3,578
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	<u>(46,374)</u>	31,859
Total items which will not be reclassified subsequently to the operating result		(46,374)	31,859
Total other comprehensive income for the year		(46,374)	31,859
Total comprehensive income for the year attributable to Council		(50,487)	35,437

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

Cootamundra-Gundagai Regional Council

Statement of Financial Position

as at 30 June 2024

\$ '000	Notes	2024	2023
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	8,465	1,064
Investments	C1-2	25,000	28,006
Receivables	C1-4	4,782	6,521
Inventories	C1-5	477	477
Contract assets and contract cost assets	C1-6	2,691	2,709
Total current assets		41,415	38,777
Non-current assets			
Receivables	C1-4	–	25
Inventories	C1-5	824	824
Infrastructure, property, plant and equipment (IPPE)	C1-7	630,062	686,981
Intangible assets	C1-8	9	48
Total non-current assets		630,895	687,878
Total assets		672,310	726,655
LIABILITIES			
Current liabilities			
Payables	C3-1	1,889	1,814
Contract liabilities	C3-2	4,550	6,666
Borrowings	C3-3	1,145	1,167
Employee benefit provisions	C3-4	3,463	3,457
Total current liabilities		11,047	13,104
Non-current liabilities			
Borrowings	C3-3	4,397	5,828
Employee benefit provisions	C3-4	352	340
Provisions	C3-5	4,525	4,907
Total non-current liabilities		9,274	11,075
Total liabilities		20,321	24,179
Net assets		651,989	702,476
EQUITY			
Accumulated surplus		411,854	415,967
IPPE revaluation reserve		240,135	286,509
Council equity interest		651,989	702,476
Total equity		651,989	702,476

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

Cootamundra-Gundagai Regional Council

Statement of Changes in Equity

for the year ended 30 June 2024

\$ '000	Notes	2024			2023		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		415,967	286,509	702,476	412,389	254,650	667,039
Opening balance		415,967	286,509	702,476	412,389	254,650	667,039
Net operating result for the year		(4,113)	–	(4,113)	3,578	–	3,578
Net operating result for the period		(4,113)	–	(4,113)	3,578	–	3,578
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	(46,374)	(46,374)	–	31,859	31,859
Other comprehensive income		–	(46,374)	(46,374)	–	31,859	31,859
Total comprehensive income		(4,113)	(46,374)	(50,487)	3,578	31,859	35,437
Closing balance at 30 June		411,854	240,135	651,989	415,967	286,509	702,476

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

Cootamundra-Gundagai Regional Council

Statement of Cash Flows

for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Actual 2023
Cash flows from operating activities				
<i>Receipts:</i>				
19,263	Rates and annual charges		18,909	18,269
4,986	User charges and fees		19,230	10,806
1,245	Interest received		1,381	697
20,970	Grants and contributions		18,472	27,564
1,301	Other income		3,152	1,563
<i>Payments:</i>				
(14,709)	Payments to employees		(15,507)	(13,922)
(19,824)	Payments for materials and services		(29,760)	(25,956)
(146)	Borrowing costs		(143)	(184)
(1,572)	Other expenses		(2,036)	(903)
11,514	Net cash flows from operating activities	G1-1	13,698	17,934
Cash flows from investing activities				
<i>Receipts:</i>				
34,000	Redemption of term deposits		33,000	47,048
–	Proceeds from sale of IPPE		1,318	109
–	Deferred debtors receipts		31	33
<i>Payments:</i>				
(36,000)	Acquisition of term deposits		(29,994)	(61,006)
(21,383)	Payments for IPPE		(9,199)	(9,963)
–	Purchase of intangible assets		–	(1)
(23,383)	Net cash flows from/(used in) investing activities		(4,844)	(23,780)
Cash flows from financing activities				
<i>Payments:</i>				
(1,160)	Repayment of borrowings		(1,453)	(1,315)
(1,160)	Net cash flows from/(used in) financing activities		(1,453)	(1,315)
(13,029)	Net change in cash and cash equivalents		7,401	(7,161)
2,000	Cash and cash equivalents at beginning of year		1,064	8,225
(11,029)	Cash and cash equivalents at end of year	C1-1	8,465	1,064
28,000	plus: Investments on hand at end of year	C1-2	25,000	28,006
16,971	Total cash, cash equivalents and investments		33,465	29,070

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

Cootamundra-Gundagai Regional Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 22/10/2024. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

Historical cost convention

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

Significant accounting estimates and judgements

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

Critical accounting estimates and assumptions

NSW 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. fair values of infrastructure, property, plant and equipment – refer Note C1-7
- ii. asset remediation provisions – refer Note C3-5
- iii. employee benefit provisions – refer Note C3-4.

Significant judgements in applying the Council's accounting policies

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

Monies and other assets received by Council

The Consolidated Fund

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

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

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

- General purpose operations
- Water service
- Sewerage service

A1-1 Basis of preparation (continued)

The Trust Fund

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

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

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 have been published that are not mandatory for the 30 June 2024 reporting periods.

Council has not to applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2023.

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

New accounting standards adopted during the year

During the year Council adopted all standards which were mandatorily effective from the first time at 30 June 2023.

None of standards had a significant impact on 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	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Functions or activities										
Vibrant & supportive community	4,653	4,772	9,342	7,828	(4,689)	(3,056)	4,384	5,068	6,723	2,108
Prosperous & resilient economy	2,908	2,670	9,965	8,466	(7,057)	(5,796)	399	604	13,446	14,804
Sustainable natural & built environments	28,502	27,371	35,500	29,944	(6,998)	(2,573)	8,568	9,896	591,633	642,694
Good governance	22,105	21,136	7,474	6,133	14,631	15,003	6,575	7,594	40,339	42,836
Other	-	-	-	-	-	-	-	-	20,169	24,213
Total functions and activities	58,168	55,949	62,281	52,371	(4,113)	3,578	19,926	23,162	672,310	726,655

B1-2 Components of functions or activities

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

Vibrant & supportive community

1. Our community is inclusive and connected
2. Public spaces provide for a diversity of activity and strengthen our social connections
3. Our community members are healthy and safe

Prosperous & resilient economy

1. The local economy is strong and diverse
2. Strategic land-use planning is co-ordinated and needs based
3. Tourism opportunities are actively promoted
4. Our local workforce is skilled and workplace ready

Sustainable natural & built environments

1. The natural environment is valued and protected
2. Our built environments support and enhance liveability

Good governance

1. Decision making is based on collaborative, transparent and accountable leadership
2. Active participation and engagement in local decision making
3. Cootamundra-Gundagai Regional Council is a premier local government council

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2024	2023
Ordinary rates		
Residential	4,641	4,404
Farmland	5,418	5,166
Business	1,191	1,122
Less: pensioner rebates	(208)	(213)
Rates levied to ratepayers	11,042	10,479
Pensioner rate subsidies received	115	117
Total ordinary rates	11,157	10,596
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	2,311	2,147
Stormwater management services charge	128	127
Water supply services	2,292	2,206
Sewerage services	2,845	2,742
Waste management services (non-domestic)	731	683
Environmental	79	78
Less: pensioner rebates	(293)	(300)
Annual charges levied	8,093	7,683
Pensioner annual charges subsidies received:		
– Water	39	52
– Sewerage	38	50
– Domestic waste management	62	62
Total annual charges	8,232	7,847
Total rates and annual charges	19,389	18,443

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

Material accounting policy information

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

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

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

B2-2 User charges and fees

\$ '000	2024	2023
User charges		
Water supply services	3,097	2,750
Sewerage services	556	459
Total user charges	3,653	3,209
Fees		
Private works – s67	391	209
Planning and building - regulatory	260	243
Regulatory/ statutory fees	12	13
S10.7 certificates (EP&A Act)	47	32
S603 certificates	26	21
Transport for NSW works (state roads not controlled by Council)	9,915	7,415
Cemeteries	360	370
Aerodrome	35	29
Leaseback fees – Council vehicles	80	72
Refuse and effluent disposal	1	–
Library and art gallery	9	13
Saleyards	84	124
Tourism	49	3
Waste disposal tipping fees	812	404
Water connection fees	18	19
Sewer connection fees	12	17
Sporting facilities	14	44
Other	105	56
Total fees	12,230	9,084
Total user charges and fees	15,883	12,293
Timing of revenue recognition for user charges and fees		
User charges and fees recognised over time	3,653	3,233
User charges and fees recognised at a point in time	12,230	9,060
Total user charges and fees	15,883	12,293

Material accounting policy information

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

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

B2-3 Other revenues

\$ '000	2024	2023
Fines	17	20
Legal fees recovery	36	22
Commissions and agency fees	26	30
Diesel rebate	128	79
Insurance claims recoveries	8	–
RFS reimbursement	176	332
Sales – miscellaneous	51	93
Sales of Landfill metal scrap	118	24
Workers comp incentive payments	56	58
Insurance rebates	176	200
Other	58	61
Total other revenue	850	919

Timing of revenue recognition for other revenue

Other revenue recognised over time	–	–
Other revenue recognised at a point in time	850	919
Total other revenue	850	919

Material accounting policy information for other revenue

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

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

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

B2-4 Grants and contributions

\$ '000	Operating 2024	Operating 2023	Capital 2024	Capital 2023
General purpose grants and non-developer contributions (untied)				
Financial Assistance Grant ¹				
Relating to current year	259	1,679	-	-
Financial assistance – local roads component	86	-	-	-
Prepayment received in advance for subsequent year	5,991	6,596	-	-
Amount recognised as income during current year	6,336	8,275	-	-
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Sewerage services	-	-	611	-
Community care	81	-	-	891
Environmental programs	135	42	-	-
Employment and training programs	12	-	-	-
Recreation and culture	1,257	655	1,672	1,723
Storm/flood damage	44	1,403	-	-
Other roads and bridges	1,097	352	-	2,013
Roads to recovery	-	718	1,256	1,240
Stronger Country Communities Council projects	-	-	-	5
Other specific grants	-	-	2	-
Transport for NSW contributions (regional roads, block grant)	909	4,297	-	614
Transport (other roads and bridges funding)	4,234	-	1,685	205
NSW Rural fire services	283	63	-	-
Other grants	31	-	-	1
OLG grants	-	-	-	342
Total special purpose grants and non-developer contributions (tied)	8,083	7,530	5,226	7,034
Total grants and non-developer contributions	14,419	15,805	5,226	7,034
Comprising:				
– Commonwealth funding	6,472	8,992	2,200	1,240
– State funding	7,893	6,810	3,026	5,583
– Other funding	54	3	-	211
	14,419	15,805	5,226	7,034

(1) \$5,991 of 2024-2025 Financial Assistance Grant from Commonwealth Government was received by Council in June 2024 and hence is reported as 2023-2024 income although it relates to 2024-2025 financial year.

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):					
Cash Contributions	G4	-	-	273	317
S 64 – sewerage service contributions		-	-	8	6
Total developer contributions		-	-	281	323
Total grants and contributions		14,419	15,805	5,507	7,357
Timing of revenue recognition for grants and contributions					
Grants and contributions recognised over time		6,851	6,929	5,289	2,478
Grants and contributions recognised at a point in time		7,568	8,876	218	4,879
Total grants and contributions		14,419	15,805	5,507	7,357

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

\$ '000	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Unspent funds at 1 July	3,303	844	3,363	6,435
Add: Funds received and not recognised as revenue in the current year	236	2,837	470	1,516
Less: Funds received in prior year but revenue recognised and funds spent in current year	(1,812)	(378)	(1,010)	(4,588)
Unspent funds at 30 June ¹	1,727	3,303	2,823	3,363

(1) Unexpended grants relate mainly to Stronger Communities Fund, Fixing Local Roads Grants, Local Roads and Community Infrastructure Grants and NSW Department of Planning Grants income. These amounts are expected to be spent during the next financial year.

B2-4 Grants and contributions (continued)

Material accounting policy information

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

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

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

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

Capital grants

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

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

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

Developer contributions

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

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

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

Other grants and contributions

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

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

B2-5 Interest and investment income

\$ '000	2024	2023
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges	142	86
– Cash and investments	1,466	775
Total interest and investment income (losses)	1,608	861

Material accounting policy information

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

B2-6 Other income

\$ '000	Notes	2024	2023
Rental income			
Commercial rental		475	220
Residential rental		22	24
Agistment		15	27
Total rental income	C2-1	512	271
Total other income		512	271

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2024	2023
Salaries and wages	11,419	11,801
Employee leave entitlements	1,175	1,075
Superannuation	1,309	1,192
Workers' compensation insurance	983	582
FBT	87	100
Training costs	197	126
Other	89	86
Less: capitalised costs	(528)	(838)
Total employee costs expensed	14,731	14,124

Material accounting policy information

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

All employees of 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	2024	2023
Raw materials and consumables		11,349	11,639
Contractor costs		11,604	9,586
Audit Fees	F2-1	119	147
Councillor and Mayoral fees and associated expenses	F1-2	180	192
Advertising		36	32
Bank charges		53	52
Computer software charges		380	342
Electricity and heating		657	385
Insurance		2,230	1,027
Postage		157	70
Printing and stationery		24	99
Street lighting		42	153
Subscriptions and publications		238	156
Telephone and communications		110	85
Tourism expenses		-	77
Valuation fees		59	55
Legal expenses		125	91
Other		-	1
Total materials and services		27,363	24,189

Material accounting policy information

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

B3-3 Borrowing costs

\$ '000	Notes	2024	2023
Interest on loans		141	173
Discount adjustments relating to movements in Remediation liabilities	C3-5	196	144
Total borrowing costs expensed		337	317

Material accounting policy information

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

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

\$ '000	Notes	2024	2023
Depreciation and amortisation			
Infrastructure, property, plant and equipment	C1-7	12,352	12,109
Intangible assets	C1-8	39	40
Total depreciation and amortisation costs		12,391	12,149
Total depreciation, amortisation and impairment for non-financial assets		12,391	12,149

Material accounting policy information

Depreciation and amortisation

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

Impairment of non-financial assets

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

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

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

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

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

B3-5 Other expenses

\$ '000	2024	2023
Donations, contributions and assistance to other organisations (Section 356)	32	238
Contributions/levies to other levels of government	40	40
– Emergency services levy (includes FRNSW, SES, and RFS levies)	731	697
– Waste levy	297	290
– REROC Contributions	39	49
Other contributions/levies	3	40
Contribution regional library service	243	116
Total other expenses	1,385	1,470

Material accounting policy information

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

Impairment expenses are recognised when identified.

B4 Gains or losses

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

\$ '000	Notes	2024	2023
Gain (or loss) on disposal of property (excl. investment property)			
Proceeds from disposal – property		1,015	–
Less: carrying amount of property assets sold/written off		(247)	(169)
Gain (or loss) on disposal		768	(169)
Gain (or loss) on disposal of plant and equipment			
	C1-7		
Proceeds from disposal		303	109
Less: carrying amount of assets sold		(72)	–
Gain (or loss) on disposal		231	109
Gain (or loss) on disposal of infrastructure			
	C1-7		
Less: carrying amount of infrastructure assets sold/written off		(7,073)	(62)
Gain (or loss) on disposal		(7,073)	(62)
Gain (or loss) on disposal of term deposits			
	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		33,000	47,048
Less: carrying amount of term deposits sold/redeemed/matured		(33,000)	(47,048)
Gain (or loss) on disposal		–	–
Net gain (or loss) from disposal of assets		(6,074)	(122)

Material accounting policy information

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

\$16.5m worth of assets was capitalised in 2024, with \$7.145m directly relating to the derecognition of infrastructure assets that were being replaced with new assets. Combined with profit/loss on sales and disposals of other asset classes the total loss on disposal, replacement and de-recognition of assets was \$6m.

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 27 June 2023 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----		
Revenues					
Rates and annual charges	19,263	19,389	126	1%	F
User charges and fees	4,986	15,883	10,897	219%	F
Some user charges and fee income treated as grant in original budget, a quarterly budget review was adopted to correct this error, there was also more contract work undertaken that originally budgeted for.					
Other revenues	1,301	850	(451)	(35)%	U
Discrepancy between Other Revenues & Other Income, Review to be completed to ensure consistency between the budget and the financial statements.					
Operating grants and contributions	12,298	14,419	2,121	17%	F
Capital grants and contributions	8,672	5,507	(3,165)	(36)%	U
Estimated capital grant funds spent of grand funded projects was well below estimate, meaning that this income couldnt be recognised as per AASB 1058. Council is working on a works schedule to ensure timely delivery of capital projects.					
Interest and investment revenue	1,245	1,608	363	29%	F
In the 2024 financial year the interest rates rose in comparison to the conservative budget estimate, there was also additional funds from the capital projects not being expended as per the original budget.					
Other income	-	512	512	∞	F
Discrepancy between Other Revenues & Other Income, Review to be completed to ensure consistency between the budget and the financial statements.					
Expenses					
Employee benefits and on-costs	14,709	14,731	(22)	0%	U
Materials and services	19,824	27,363	(7,539)	(38)%	U
Council had more contract and operationally grant funded projects than budgeted for, which lead to the need to engage contractors and purchase additional materials to deliver these projects.					
Borrowing costs	146	337	(191)	(131)%	U
A loan for a grader was paid out early by Council to save money on future interest costs					
Depreciation, amortisation and impairment of non-financial assets	10,536	12,391	(1,855)	(18)%	U
Depreciation was understated in the original budget, but amended during the quarterly review process.					
Other expenses	1,572	1,385	187	12%	F

B5-1 Material budget variations (continued)

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
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Council had more contract and operationally grant funded projects than budgeted for, which lead to the need for additional purchases to deliver these projects.

Net losses from disposal of assets	-	6,074	(6,074)	∞	U
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Council did not budget for a net loss on disposal of assets, going forward this will be factored into the budget.

Statement of cash flows

Cash flows from operating activities	11,514	13,698	2,184	19%	F
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Estimated capital spent on grant funded projects was well below estimate

Cash flows from investing activities	(23,383)	(4,844)	18,539	(79)%	F
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Council received the 2025 financial assistance grant in advance on 28 June 2024 and didnt have time to invest this money before the end of the financial year leading to a large difference in cash at bank when comparing 2024 to 2023.

Cash flows from financing activities	(1,160)	(1,453)	(293)	25%	U
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Loan for grader was paid out early to save money on future interest costs.

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2024	2023
Cash assets		
Cash at bank and on hand	7,572	667
Deposits at call	893	397
Total cash and cash equivalents	8,465	1,064

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	8,465	1,064
Balance as per the Statement of Cash Flows	8,465	1,064

Material accounting policy information

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

C1-2 Financial investments

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
Debt securities at amortised cost				
Term deposits	25,000	–	28,006	–
Total	25,000	–	28,006	–
Total financial investments	25,000	–	28,006	–
Total cash assets, cash equivalents and investments	33,465	–	29,070	–

Material accounting policy information

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

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

Financial assets

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

Classification

On initial recognition, Council classifies its financial assets at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

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

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

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

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

\$ '000	2024	2023
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	33,465	29,070
Less: Externally restricted cash, cash equivalents and investments	<u>(21,664)</u>	<u>(21,638)</u>
Cash, cash equivalents and investments not subject to external restrictions	11,801	7,432
External restrictions		
Specific purpose unexpended grants – general fund	5,628	6,666
Developer contributions – general	1,311	1,038
Water fund	7,827	7,462
Sewer fund	5,173	5,403
Stormwater management	390	262
Domestic waste management	1,335	807
Total external restrictions	21,664	21,638

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

\$ '000	2024	2023
(b) Internal allocations		
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Plant and vehicle replacement	3,721	3,027
Employees leave entitlement	1,798	1,775
Aerodrome bitumen resurfacing	166	166
Bradman's birthplace	94	94
Cootamundra caravan park	213	172
Development	1,767	1,183
Heritage centre	28	27
Quarries and pit restoration	476	570
Southern Phone Proceeds	586	586
Cemetery	134	103
Waste Management	500	500
Saleyards	–	–
Bangus Landfill	330	–
Total internal allocations	9,813	8,203

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

\$ '000	2024	2023
(c) Unrestricted and unallocated		
Unrestricted and unallocated cash, cash equivalents and investments	1,988	(771)

C1-4 Receivables

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
Rates and annual charges	869	–	495	–
Interest and extra charges	208	–	157	–
User charges and fees	1,703	–	5,074	–
Private works	132	–	108	–
Interest on investments	365	–	189	–
Deferred debtors	15	–	21	25
Government grants and subsidies	1,100	–	145	–
Net GST receivable	397	–	337	–
Other debtors	1	–	3	–
Total	4,790	–	6,529	25
Less: provision for impairment				
User charges and fees	(8)	–	(8)	–
Total provision for impairment – receivables	(8)	–	(8)	–
Total net receivables	4,782	–	6,521	25

Material accounting policy information

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

Impairment

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

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

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

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

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

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

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

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

C1-5 Inventories

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
At cost:				
Real estate (refer to [i] below)	–	824	–	824
Stores, materials and trading stock	477	–	477	–
Total inventories	477	824	477	824

(i) Real estate development

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Residential	–	824	–	824
Total real estate for resale	–	824	–	824
Movements:				
Real estate assets at beginning of the year	–	824	–	824
Total real estate held for sale	–	824	–	824

Material accounting policy information

Raw materials and stores, work in progress and finished goods

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

Land held for resale

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

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

C1-6 Contract assets and Contract cost assets

Contract assets

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Work relating to grants	2,691	–	2,709	–
Total contract assets	2,691	–	2,709	–

Material accounting policy information

Contract assets

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

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

C1-6 Contract assets and Contract cost assets (continued)

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

C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2023			Asset movements during the reporting period								At 30 June 2024		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000														
Capital WIP	11,385	–	11,385	3,432	174	–	–	(9,319)	(5)	–	–	5,667	–	5,667
Plant, equipment, furniture and fittings	21,481	(12,508)	8,973	1,465	–	(72)	(1,554)	–	(179)	–	–	22,288	(13,655)	8,633
Land	19,788	–	19,788	–	–	–	–	–	(176)	–	436	20,030	–	20,030
Land improvements	10	(1)	9	–	–	–	–	–	–	–	–	10	(1)	9
Infrastructure:														
Buildings and other structures	69,392	(36,557)	32,835	85	11	(168)	(1,285)	544	(7,999)	–	3,403	64,164	(36,720)	27,444
- Roads, bridges and footpaths	447,317	(168,304)	279,013	4,504	157	(5,394)	(5,679)	4,277	(428)	(33,226)	–	387,366	(144,142)	243,224
- Other road assets (incl bulk earthworks)	227,503	(64)	227,439	–	–	(1,104)	(65)	–	(200)	(21,947)	–	204,359	(236)	204,123
- Stormwater drainage	28,758	(10,336)	18,422	–	–	–	(354)	–	3	–	903	30,840	(11,866)	18,974
- Water supply network	41,955	(21,094)	20,861	–	–	(1)	(571)	59	421	–	1,052	45,712	(23,891)	21,821
- Sewerage network	77,161	(26,426)	50,735	1,037	–	(626)	(1,088)	2,000	568	–	2,591	85,606	(30,389)	55,217
- Open space/recreational assets	27,141	(12,634)	14,507	163	10	(27)	(1,030)	2,439	6,156	–	992	38,205	(14,995)	23,210
Other assets:														
- Other Assets	40	(35)	5	–	–	–	(5)	–	–	–	–	–	–	–
- Tip assets	4,738	(1,729)	3,009	–	–	–	(721)	–	–	(578)	–	4,160	(2,450)	1,710
Total infrastructure, property, plant and equipment	976,669	(289,688)	686,981	10,686	352	(7,392)	(12,352)	–	(1,839)	(55,751)	9,377	908,407	(278,345)	630,062

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

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

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period						At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000												
Capital WIP	5,448	–	5,448	6,521	451	–	–	(1,035)	–	11,385	–	11,385
Plant, equipment, furniture and fittings	21,023	(11,142)	9,881	5	698	(1)	(1,609)	–	–	21,481	(12,508)	8,973
Land	14,736	–	14,736	–	–	(168)	–	–	4,932	19,788	–	19,788
Land improvements	693	(263)	430	–	–	–	(11)	–	–	10	(1)	9
Infrastructure:												
– Buildings	63,847	(34,592)	29,255	108	66	(1)	(1,970)	83	5,171	69,392	(36,557)	32,835
- Roads, bridges and footpaths	429,873	(162,652)	267,221	1,401	90	(61)	(5,652)	501	15,513	447,317	(168,304)	279,013
– Other road assets incl bulk earthworks	227,503	–	227,503	–	–	–	(64)	–	–	227,503	(64)	227,439
– Stormwater drainage	27,730	(9,996)	17,734	–	–	–	(340)	–	1,028	28,758	(10,336)	18,422
– Water supply network	40,418	(20,526)	19,892	–	–	–	(568)	–	1,537	41,955	(21,094)	20,861
– Sewerage network	73,483	(25,376)	48,107	–	–	–	(1,050)	–	3,678	77,161	(26,426)	50,735
– Open space/recreational assets	26,572	(12,368)	14,204	77	41	–	(266)	451	–	27,141	(12,634)	14,507
Other assets	40	(23)	17	–	–	–	(12)	–	–	40	(35)	5
– Tip assets	4,233	(1,162)	3,071	505	–	–	(567)	–	–	4,738	(1,729)	3,009
Total infrastructure, property, plant and equipment	935,599	(278,100)	657,499	8,617	1,346	(231)	(12,109)	–	31,859	976,669	(289,688)	686,981

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

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

Material accounting policy information

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

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

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

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

Useful lives of IPPE

Land is not depreciated. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Council will obtain ownership at the end of the lease term. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 20	Playground equipment	5 to 15
Office furniture	5 to 30	Benches, seats etc.	10 to 20
Computer equipment	4 to 10		
Vehicles	5 to 20	Buildings	
Heavy plant/road making equipment	5 to 20	Buildings: masonry	50 to 100
Other plant and equipment	5 to 20	Buildings: other	20 to 40
Water and sewer assets		Stormwater assets	
Reservoirs	80 to 100	Drains	70 to 200
Treatment Works	30 to 150	Culverts	100
Reticulation pipes: PVC	70 to 80	Flood control structures	100 to 200
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 20		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	15 to 40	Bulk earthworks	infinite
Sealed roads: structure	75 to 330	Swimming pools	60 to 100
Unsealed roads	20	Other open space/recreational assets	5 to 60
Bridge: concrete	80 to 130	Other land improvement assets	20 to 100
Bridge: other	70 to 100		
Road pavements	100		
Kerb, gutter and footpaths	30 to 60		

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

Revaluation model

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

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

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.

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

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 Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated. Where the Crown reserves are under a lease arrangement they are accounted for under AASB 16 Leases, refer to Note C2-1.

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

Rural Fire Service assets

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

Until such time as discussions on this matter have concluded and the legislation changed, Council will not recognise rural fire service assets including buildings, plant and vehicles.

C1-8 Intangible assets

\$ '000	2024	2023
Software		
Opening values at 1 July		
Gross book value	420	420
Accumulated amortisation	(372)	(333)
Net book value – opening balance	48	87
Movements for the year		
Other movements	–	1
Amortisation charges	(39)	(40)
Closing values at 30 June		
Gross book value	420	420
Accumulated amortisation	(411)	(372)
Total software – net book value	9	48
Total intangible assets – net book value	9	48

Material accounting policy information

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

C2 Leasing activities

C2-1 Council as a lessor

Operating leases

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

Council provides operating leases on Council land and buildings for the purposes of agistment, staff housing, health and community services.

Lease income (excluding variable lease payments not dependent on an index or rate)	512	271
Total income relating to operating leases for Council assets	512	271

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

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

< 1 year	168	186
1–2 years	162	182
2–3 years	162	182
3–4 years	162	171
4–5 years	159	7
> 5 years	159	26
Total undiscounted lease payments to be received	972	754

Material accounting policy information

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

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

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

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

C3 Liabilities of Council

C3-1 Payables

\$ '000	2024		2023	
	Current	Non-current	Current	Non-current
Goods and services	1,688	–	1,509	–
Accrued expenses:				
– Borrowings	15	–	17	–
– Salaries and wages	70	–	119	–
Other	116	–	63	–
Prepaid rates	–	–	106	–
Total payables	1,889	–	1,814	–

Material accounting policy information

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

Payables

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

C3-2 Contract Liabilities

\$ '000	Notes	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Funds to construct Council controlled assets (i)	(i)	1,745	-	3,363	-
Funds received prior to performance obligation being satisfied (upfront payments) - AASB 15 (ii)	(ii)	2,805	-	3,303	-
Total contract liabilities		4,550	-	6,666	-

Notes

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

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

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

\$ '000	2024	2023
Funds to construct Council controlled assets	2,790	4,588
Funds received prior to performance obligation being satisfied (upfront payments) - AASB 15	-	378
Total revenue recognised that was included in the contract liability balance at the beginning of the period	2,790	4,966

Significant changes in contract liabilities

The value of contract liabilities has remained steady between 2023 and 2024 financial year. The Council is working hard to finalise projects and acquit grants.

Material accounting policy information

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

C3-3 Borrowings

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
Loans – secured	1,145	4,397	1,167	5,828
Total borrowings	1,145	4,397	1,167	5,828

(a) Changes in liabilities arising from financing activities

\$ '000	2023		2024
	Opening Balance	Drawdown/ Repayment of Principal	Closing balance
Loans – secured	6,995	(1,453)	5,542
Total liabilities from financing activities	6,995	(1,453)	5,542

\$ '000	2022		2023
	Opening Balance	Drawdown/ Repayment of Principal	Closing balance
Loans – secured	8,310	(1,315)	6,995
Total liabilities from financing activities	8,310	(1,315)	6,995

C3-3 Borrowings (continued)

(b) Financing arrangements

\$ '000	2024	2023
Total facilities		
Total financing facilities available to Council at the reporting date are:		
Credit cards/purchase cards	39	39
Total financing arrangements	39	39
Drawn facilities		
Financing facilities drawn down at the reporting date are:		
– Credit cards/purchase cards	26	18
Total drawn financing arrangements	26	18
Undrawn facilities		
Undrawn financing facilities available to Council at the reporting date are:		
– Credit cards/purchase cards	13	21
Total undrawn financing arrangements	13	21

Breaches and defaults

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

Security over loans

Loans secured over future cash flows.

Material accounting policy information

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

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

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

C3-4 Employee benefit provisions

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
Annual leave	1,046	–	1,151	–
Long service leave	2,417	352	2,306	340
Total employee benefit provisions	3,463	352	3,457	340

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

\$ '000	2024	2023
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	3,114	3,098
	3,114	3,098

Material accounting policy information

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

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

C3-5 Provisions

\$ '000	2024		2023	
	Current	Non-Current	Current	Non-Current
Asset remediation	–	4,525	–	4,907
Asset remediation	–	4,525	–	4,907

Movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
2024		
At beginning of year	4,907	4,907
Unwinding of discount	196	196
Derecognition of Provision	(578)	(578)
Total other provisions at end of year	4,525	4,525
2023		
At beginning of year	4,259	4,259
Unwinding of discount	144	144
Additional provisions	504	504
Total other provisions at end of year	4,907	4,907

Material accounting policy information

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

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

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

Asset remediation – tips

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

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

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

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

D Council structure

D1 Results by fund

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

D1-1 Income Statement by fund

\$ '000	General 2024	Water 2024	Sewer 2024
Income from continuing operations			
Rates and annual charges	14,175	2,331	2,883
User charges and fees	12,200	3,115	568
Other revenues	847	3	–
Grants and contributions provided for operating purposes	14,419	–	–
Grants and contributions provided for capital purposes	4,896	–	611
Interest and investment income	999	373	236
Other income	512	–	–
Total income from continuing operations	48,048	5,822	4,298
Expenses from continuing operations			
Employee benefits and on-costs	13,536	623	572
Materials and services	21,817	3,679	1,867
Borrowing costs	225	68	44
Depreciation, amortisation and impairment of non-financial assets	10,731	571	1,089
Other expenses	1,384	–	1
Net losses from the disposal of assets	5,447	1	626
Total expenses from continuing operations	53,140	4,942	4,199
Operating result from continuing operations	(5,092)	880	99
Net operating result for the year	(5,092)	880	99
Net operating result attributable to each council fund	(5,092)	880	99
Net operating result for the year before grants and contributions provided for capital purposes	(9,988)	880	(512)

D1-2 Statement of Financial Position by fund

\$ '000	General 2024	Water 2024	Sewer 2024
ASSETS			
Current assets			
Cash and cash equivalents	5,177	1,979	1,309
Investments	15,288	5,848	3,864
Receivables	3,845	536	401
Inventories	464	13	–
Contract assets and contract cost assets	2,691	–	–
Total current assets	27,465	8,376	5,574
Non-current assets			
Inventories	824	–	–
Infrastructure, property, plant and equipment	552,053	22,385	55,624
Intangible assets	9	–	–
Total non-current assets	552,886	22,385	55,624
Total assets	580,351	30,761	61,198
LIABILITIES			
Current liabilities			
Payables	1,889	–	–
Contract liabilities	4,550	–	–
Borrowings	357	394	394
Employee benefit provision	3,463	–	–
Total current liabilities	10,259	394	394
Non-current liabilities			
Borrowings	–	2,123	2,274
Employee benefit provision	352	–	–
Provisions	4,525	–	–
Total non-current liabilities	4,877	2,123	2,274
Total liabilities	15,136	2,517	2,668
Net assets	565,215	28,244	58,530
EQUITY			
Accumulated surplus	344,819	24,456	42,579
Revaluation reserves	220,396	3,788	15,951
Council equity interest	565,215	28,244	58,530
Total equity	565,215	28,244	58,530

D2 Interests in other entities

D2-1 Subsidiaries

Council has no interest in any controlled entities (subsidiaries).

D2-2 Interests in joint arrangements

Net carrying amounts – Council's share

\$ '000	Place of business	Nature of relationship	Interest in ownership		2024	2023
			2024	2023		
Riverina Regional Library	Riverina	Joint Venture	8.0%	8.0%	396	396
Total carrying amounts – material joint ventures					396	396

Riverina Regional Library

Cootamundra - Gundagai Regional Council is a member of the Riverina Regional Library. The Riverina Regional Library is a dynamic and responsive service which is a community focal point for the delivery of lifelong education, recreation and information needs. Other member Councils include Bland, Coolamon, Federation, Greater Hume, Junee, Lockhart, Leeton, Snowy Valleys and Temora shires.

Material joint ventures

The following information is provided for joint ventures that are individually material to the Council. Included are the total amounts as per the joint venture financial statements, adjusted for fair-value adjustments at acquisition date and differences in accounting policies, rather than the Council's share.

Details

	Principal activity	Measurement method
Riverina Regional Library	Provision of library services	Equity Method

Relevant interests and fair values

	Interest in outputs		Proportion of voting power	
	2024	2023	2024	2023
Riverina Regional Library	8.0%	8.0%	8.0%	8.0%

Summarised financial information for joint ventures

\$ '000	Riverina Regional Library	
	2024	2023
Statement of financial position		
Current assets		
Cash and cash equivalents	3,450	3,450
Other current assets	21	21
Non-current assets	2,555	2,555
Current liabilities		
Other current liabilities	1,071	1,071
Non-current liabilities		
Non-current financial liabilities (excluding trade and other payables and provisions)	7	7
Net assets	4,948	4,948

D2-2 Interests in joint arrangements (continued)

\$ '000	Riverina Regional Library	
	2024	2023
Statement of comprehensive income		
Council's share of net assets (%)	8.0%	8.0%
Council's share of net assets (\$)	396	396

(1) The information provided above is for FY 2022 as this is the latest information available at the time of Council preparing the Financial Statements

D2-3 Subsidiaries, joint arrangements and associates not recognised

Council has not recognised the following:

Section 355 Committees

Six committees operate under Councils section 355 policy and provide a valuable service through the stewardship and management of council assets. The committees provide council with timely financial statements and Council monitors their financial wellbeing and provides support to maintain their operations. The section 355 committees net assets haven't been recognised in the financial statements as the dollar value is minor and considered immaterial.

Goldenfields Water County Council

Council is a member of the Goldenfields Water County Council, a body corporate established under the Local Government Act 1993 (NSW) responsible for the water supply functions within the Local Government Areas of Bland, Coolamon, Junee, Temora and parts of Cootamundra-Gundagai, Hilltops and Narrandera. Council does not have control or a significant influence over the County Council and accordingly the County Council has not been consolidated in the financial statements.

Riverina Joint Organisation

Council is a member of the Riverina Joint Organisation, established under the Local Government Act 1993 (NSW) together with the Bland Shire, Coolamon Shire, Greater Hume Shire, Junee Shire, Temora Shire, Lockhart Shire & Wagga Wagga City Councils. Council does not have control or a significant influence over the joint organisation and accordingly the joint organisation has not been consolidated in the financial statements. The board of RivJO has resolved that the organisation enter a period of hiatus and are actively petitioning the Minister for Local Government and the Office of Local Government (OLG) to dissolve the Joint Organisation under the Local Government Act 1993 (NSW).

Riverina Eastern Regional Organisation of Councils

Council is a member of the Riverina Eastern Regional Organisation of Councils, together with the Bland Shire, Coolamon Shire, Greater Hume Shire, Junee Shire, Temora Shire, Lockhart Shire and Goldenfields Water County Council. Council does not have control or a significant influence over the organisation and accordingly the organisation has not been consolidated in the financial statements.

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

- market risk - 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 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	2024	2023
<p>The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.</p>		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	250	250

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

(b) Credit risk

Council's major receivables comprise rates, annual charges, user charges and fees.

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

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

There are no significant concentrations of credit risk other than Council has significant credit risk exposures in its local area given the nature of Council activities.

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

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

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

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
	overdue	< 5 years	≥ 5 years	
2024				
Gross carrying amount	235	541	93	869
2023				
Gross carrying amount	–	420	75	495

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2024						
Gross carrying amount	1,111	159	51	289	718	2,328
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	1.48%	0.46%
ECL provision	–	–	–	–	11	11
2023						
Gross carrying amount	1,942	65	146	72	146	2,371
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	1.48%	0.09%
ECL provision	–	–	–	–	2	2

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(i) 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: ≤ 1 Year	1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2024							
Payables	0.00%	–	2,693	–	–	2,693	1,889
Borrowings	2.11%	–	1,145	3,312	1,085	5,542	5,542
Total financial liabilities		–	3,838	3,312	1,085	8,235	7,431
2023							
Payables	0.00%	–	1,964	–	–	1,964	1,814
Borrowings	2.21%	–	1,161	3,794	2,040	6,995	6,995
Total financial liabilities		–	3,125	3,794	2,040	8,959	8,809

E2-1 Fair value measurement

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

– Infrastructure, property, plant and equipment

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

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

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

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

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

Recurring fair value measurements

\$ '000	Notes	Fair value measurement hierarchy							
		Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2024	2023	2024	2023	2024	2023	2024	2023
Recurring fair value measurements									
Financial assets									
Financial investments	C1-2								
At fair value through profit or loss – designated at fair value on initial recognition		30/06/2023		33,465	–	–	–	33,465	–
Total financial assets				33,465	–	–	–	33,465	–
Infrastructure, property, plant and equipment									
Operational Land	C1-7	30/06/2023	8,960	8,718	–	–	8,960	8,718	
Community Land		30/06/2023	–	–	11,079	11,079	11,079	11,079	
Buildings and other structures		30/06/2023	–	–	27,444	32,835	27,444	32,835	
Roads, bridges and footpaths		30/06/2024	–	–	243,224	279,013	243,224	279,013	
Other road assets incl bulk earthworks		30/06/2024	–	–	204,123	227,439	204,123	227,439	
Stormwater drainage		30/06/2024	–	–	18,974	18,422	18,974	18,422	
Water supply network		30/06/2022	–	–	21,821	20,861	21,821	20,861	
Sewerage network		30/06/2022	–	–	55,217	50,735	55,217	50,735	
Open space/recreational assets		30/06/2023	–	–	23,210	14,507	23,210	14,507	
Other assets		12/05/2016	–	–	–	5	–	5	
Tip restoration asset		30/06/2023	–	–	1,710	3,009	1,710	3,009	
Total infrastructure, property, plant and equipment			8,960	8,718	606,802	657,905	615,762	666,623	

Non-recurring fair value measurements

Transfers between level 1 and level 2 fair value hierarchies

During the year, there were no transfers between level 1 and level 2 fair value hierarchies for recurring fair value measurements.

E2-1 Fair value measurement (continued)

Valuation techniques

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

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

Infrastructure, property, plant and equipment (IPPE)

Level 2 Inputs

Office equipment & Furniture & fittings

There is a liquid second hand market for these type of assets, but the market is not liquid enough to qualify the assets as valued at level 1. These assets typically have very short useful lives, are held to the end of their economic life and have no residual value. The written down value reflects their value in use rather than their market value and are therefore valued at written down value and disclosed at fair value.

Operational land

There is an active liquid market for most of Council's operational land, however, the subjectivity of pricing has resulted in this land to be classified as level 2. Operational land has been valued as at 30 June 2023 by an external valuer, Australis, taking into consideration the land characteristics, location, zoning, proximity to services and comparable sales.

Level 3 Inputs

Plant & equipment

It is considered that there is a liquid second hand market for Council's plant & equipment, however, there is subjectivity of prices in this market dependant on the age and condition of the equipment being sold. Plant & equipment are valued at written down value and disclosed at fair value.

Community land

Community land has been valued as at 30 June 2023 by an external valuer, Australis, taking into consideration the land characteristics, location, zoning, and proximity to services.

Land under roads

Council has elected to only recognise land under roads which was acquired after 30 June 2008. There is no market for land that is currently used for road or road reserve purposes. The NSW Valuer General's valuations of neighbouring land was used to calculate the value of land under roads.

Land improvements

There is no active market for sale of land improvements, therefore land improvements are valued at written down value and disclosed at fair value.

Buildings & Other structures

Buildings and other structures were valued as at 30 June 2023 by external valuers, Australis. Non-specialised building are valued using a market based approach where an active market could be identified. Other buildings and structures are valued using depreciated replacement cost taking into account the useful lives and condition of the asset.

Roads, Bridges, Footpaths, Bulk earthworks & Stormwater drainage

Roads assets were valued using a combination of external valuers and internal professional Council staff. The assets were componentised and valued at the depreciated replacement cost method, taking into account unit rates, useful lives and asset condition.

Water supply network & Sewerage network

Council's water and sewer assets were valued by external valuers as at 30 June 2022. The value represents the depreciated replacement cost, taking into account the Department of Planning and Environment reference rates, useful lives, dimension, specification and asset condition. In between full valuations, these assets are indexed annually in accordance with the Rates Reference Manual issued by Department of Planning and Environment.

E2-1 Fair value measurement (continued)

Heritage collection

These assets include memorabilia and collectibles and are valued at written down value based upon cost and are disclosed at fair value.

There were no changes in valuation techniques from prior years.

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
Infrastructure, property, plant and equipment		
Community Land	Land values obtained by the NSW Valuer General	VG land value, land area, rate per sq metre
Land under Roads	Land values obtained by the NSW Valuer General	Adjoining land values based upon VG value, rate per sq metre
Land improvements	Depreciated replacement cost used to approximate fair value	Purchase price, useful life
Buildings & other structures	Combination of market value and depreciated replacement cost used to approximate fair value	Cost, unit rates, useful life, asset condition
Roads assets	Depreciated replacement cost used to approximate fair value	Unit rates, useful life, asset condition, replacement cost
Water & sewer	Depreciated replacement cost used to approximate fair value	Unit rates, useful life, asset condition, replacement cost
Heritage collection	Depreciated replacement cost used to approximate fair value	Cost, useful life

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

\$ '000	Total IPP&E	
	2024	2023
Opening balance	655,808	644,417
Total gains or losses for the period		
Recognised in other comprehensive income – revaluation surplus	(46,727)	29,393
Other movements		
Transfers from/(to) level 2 FV hierarchy	–	(7,174)
Purchases (GBV)	19,124	1,511
Disposals (WDV)	(9,051)	(230)
Depreciation and impairment	(12,352)	(12,109)
Closing balance	606,802	655,808

Highest and best use

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

E3-1 Contingencies

Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

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

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

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

* For 180 Point Members, Employers are required to contribute 8.5% of salaries for the year ending 30 June 2024 (increasing to 9% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$20.0 million per annum for 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2023. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities. It is estimated that there are \$14,745.22 past service contributions remaining.

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

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

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

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

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

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

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2024 was \$39,678.76. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2023.

Council's expected contribution to the plan for the next annual reporting period is \$20,552.50.

E3-1 Contingencies (continued)

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

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

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

The share of any funding surplus or deficit that can be attributed to Council is 0.15%

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

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

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

* Plus promotional increases

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

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

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

\$ '000	2024	2023
Compensation:		
Short-term benefits	914	902
Post-employment benefits	75	70
Other long-term benefits	18	18
Termination benefits	-	130
Total	1,007	1,120

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2024	2023
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	28	30
Councillors' fees	117	129
Councillors' (including Mayor) expenses	35	33
Total	180	192

F2 Other relationships

F2-1 Audit fees

\$ '000	2024	2023
Audit and other assurance services: Auditors of NSW Council - NSW Auditor General:		
Audit of financial statements	119	147
Total fees paid or payable to Auditor-General	119	147
Total audit fees	119	147

G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of Operating Result

\$ '000	2024	2023
Net operating result from Income Statement	(4,113)	3,578
Add / (less) non-cash items:		
Depreciation and amortisation	12,391	12,149
(Gain) / loss on disposal of assets	6,074	122
Unwinding of discount rates on reinstatement provisions	196	144
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	1,733	(1,033)
(Increase) / decrease of inventories	-	(31)
(Increase) / decrease of contract asset	18	2,850
Increase / (decrease) in payables	179	(1,736)
Increase / (decrease) in accrued interest payable	(2)	(11)
Increase / (decrease) in other accrued expenses payable	(49)	232
Increase / (decrease) in other liabilities	(53)	(501)
Increase / (decrease) in contract liabilities	(2,116)	1,697
Increase / (decrease) in employee benefit provision	18	(30)
Increase / (decrease) in other provisions	(578)	504
Net cash flows from operating activities	13,698	17,934

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2024	2023
Property, plant and equipment		
Sewerage and water infrastructure	1,174	6
Buildings	297	61
Plant and equipment	985	224
Road infrastructure	984	464
Other	65	161
Total commitments	3,505	916
Within the next year	3,505	916
Total payable	3,505	916

G3-1 Events occurring after the reporting date

Council is aware of the following 'non-adjusting events' that merit disclosure:

Cootamundra-Gundagai Regional Council Demerger

At the request of the State Government, CGRC provided a fresh demerger proposal to the Minister for Local Government in March 2024. The Minister subsequently formally referred the CGRC Demerger Proposal to the Local Government Boundaries Commission in June 2024 for review and recommendation, and to a Public Inquiry under s438U of the Local Government Act 1993. The first hearing of the Public Inquiry was held 30 August 2024. The demerger proposal, supported by a detailed implementation plan, will be reviewed by the Boundaries Commission and the Public Inquiry to ascertain whether the detailed implementation plan results in the creation of two new entities that are financially sustainable and viable. The Minister will then have the final determination as to the dissolving of CGRC and the formation of two new entities. This may result in a formal proclamation by the Governor of NSW, which among other things will set a date for the election of two new councils by their respective communities.

The financial statements for the year ended 30 June 2024 have been prepared on a going concern basis.

G4 Statement of developer contributions

G4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2023	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
S7.12 levies – under a plan	854	273	–	–	–	–	1,127	–	
Total S7.11 and S7.12 revenue under plans	854	273	–	–	–	–	1,127	–	
S64 contributions	184	–	–	–	–	–	184	–	
Total contributions	1,038	273	–	–	–	–	1,311	–	

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 2023	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
CONTRIBUTION PLAN FOR OTHER DEVELOPMENTS									
Community facilities	854	273	–	–	–	–	1,127	–	
Total	854	273	–	–	–	–	1,127	–	

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2024	Indicator 2024	Indicators 2023 2022		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(3,546)	(6.73)%	(7.53)%	(4.98)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	52,661				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	38,242	65.74%	58.60%	57.68%	> 60.00%
Total continuing operating revenue ¹	58,168				
3. Unrestricted current ratio					
Current assets less all external restrictions	18,801	7.25x	6.40x	6.47x	> 1.50x
Current liabilities less specific purpose liabilities	2,595				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	9,182	5.13x	5.40x	6.21x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	1,790				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	1,077	5.33%	3.33%	5.77%	< 10.00%
Rates and annual charges collectable	20,219				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	33,465	8.21	8.25	8.50	> 3.00
Monthly payments from cash flow of operating and financing activities	4,075	months	months	months	months

(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, impairment losses on receivables, net loss on disposal of assets, and net less on share of interests in joint ventures and associates using the equity method

G5-2 Statement of performance measures by fund

\$ '000	General Indicators		Water Indicators		Sewer Indicators		Benchmark
	2024	2023	2024	2023	2024	2023	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(9.07)%	(10.26)%	15.12%	10.61%	(13.89)%	(1.43)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	59.80%	51.87%	100.00%	99.50%	85.78%	91.55%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	7.25x	6.40x	21.26x	20.49x	14.15x	14.67x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	4.20x	4.35x	22.34x	15.41x	14.11x	21.34x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	7.18%	4.43%	0.00%	0.00%	0.00%	0.00%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	7.41	8.12	∞	∞	∞	∞	> 3.00
Monthly payments from cash flow of operating and financing activities	months	months					months

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, impairment losses on receivables, net loss on disposal of assets, and net less on share of interests in joint ventures and associates using the equity method

End of the audited financial statements

H Additional Council disclosures (unaudited)

H1-1 Council information and contact details

Principal place of business:

81 Wallendoon Street
Cootamundra NSW 2590

Contact details

Mailing Address:

PO Box 420
Cootamundra NSW 2590

Telephone: 02 6940 2100

Facsimile: 02 6940 2127

Opening hours:

9am - 5:00pm
Monday to Friday

Internet: www.cgrc.nsw.gov.au

Email: mail@cgrc.nsw.gov.au

Officers

Interim General Manager

Steve McGrath

Responsible Accounting Officer

Zac Mahon

Elected members

Mayor

Abb McAlister

Councillors

Rosalind Wight (Deputy Mayor)

Logan Collins

Les Cooper

David Graham

Gil Kelly

Penny Nicholson

Ethan Ryan

Danyal Syed



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Cootamundra-Gundagai Regional Council

To the Councillors of Cootamundra-Gundagai Regional Council

Opinion

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

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been prepared, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2024, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

The Council's annual report for the year ended 30 June 2024 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'Min Lee', with a large, stylized initial 'M'.

Min Lee
Delegate of the Auditor-General for New South Wales

11 December 2024
SYDNEY



Abb McAlister
 Mayor
 Cootamundra-Gundagai Regional Council
 PO Box 420 COOTAMUNDRA NSW 2590

Contact: Min Lee
 Phone no: 02 9275 7151
 Our ref: R008-2124742775-9942

11 December 2024

Dear Mayor

Report on the Conduct of the Audit for the year ended 30 June 2024 Cootamundra-Gundagai Regional Council

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

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

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2024 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

INCOME STATEMENT

Operating result

	2024 \$m	2023* \$m	Variance %
Rates and annual charges revenue	19.4	18.4	↑ 5.4
Grants and contributions revenue	19.9	23.2	↓ 14.2
Operating result from continuing operations	(4.1)	3.6	↓ 213.9
Net operating result before capital grants and contributions	(9.6)	(3.8)	↑ 152.6

Rates and annual charges revenue (\$19.4 million) increased by \$0.9 million (5.1 per cent) in 2023–24 due to rate peg increase of 3.7 per cent.

Grants and contributions revenue (\$19.9 million) decreased by \$3.2 million (14.0 per cent) in 2023–24 due to:

- decrease of \$1.8 million of capital grants recognised during the year
- receiving 85 per cent of the financial assistance grants for 2024-25 in advance compared to 100 per cent in 2022-23.

Council's operating result from continuing operations (loss of \$4.1 million including depreciation, amortisation and impairment expense of \$12.4 million) was \$7.7 million lower than the 2022–23 result.

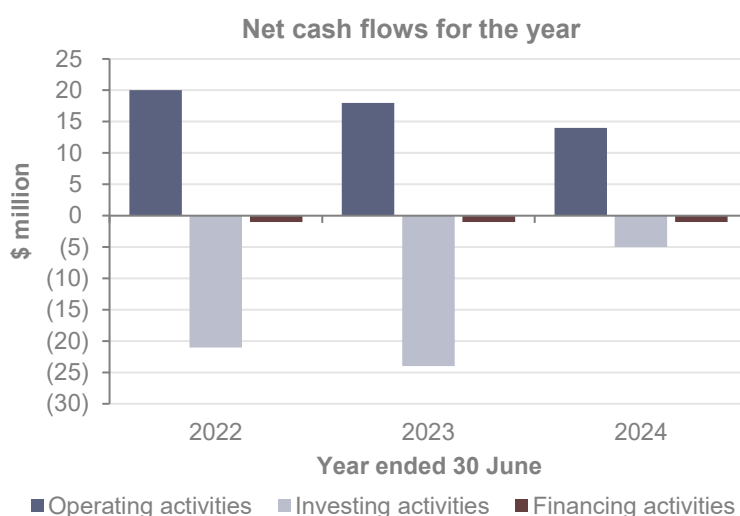
The net operating result before capital grants and contributions (loss of \$9.6 million) was \$5.8 million lower than the 2022–23 result.

STATEMENT OF CASH FLOWS

Cash inflows from operating activities decreased compared to 2022-23, largely due to decreased receipts from grants and contributions and increased payments for materials and services.

Cash outflows from investing activities decreased mainly due to decreased acquisition of term deposits.

Cash outflows from financing activities did not change from 2022-23 and mainly consisted of repayments of borrowings.



FINANCIAL POSITION

Cash and investments

Cash and investments	2024	2023	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	33.5	29.1	Externally restricted balances comprise mainly of 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	21.7	21.6	Unrestricted cash, cash equivalents and investments increased from negative \$0.8 million in 2022-23 to \$2.0 million in 2023-24.
• Internal allocations	9.8	8.2	

Debt

At 30 June 2024, Council had:

- \$5.5 million in secured loans (\$7.0 million in 2022-23)
- \$0.039 million in credit card facility with \$0.026 million used.

PERFORMANCE

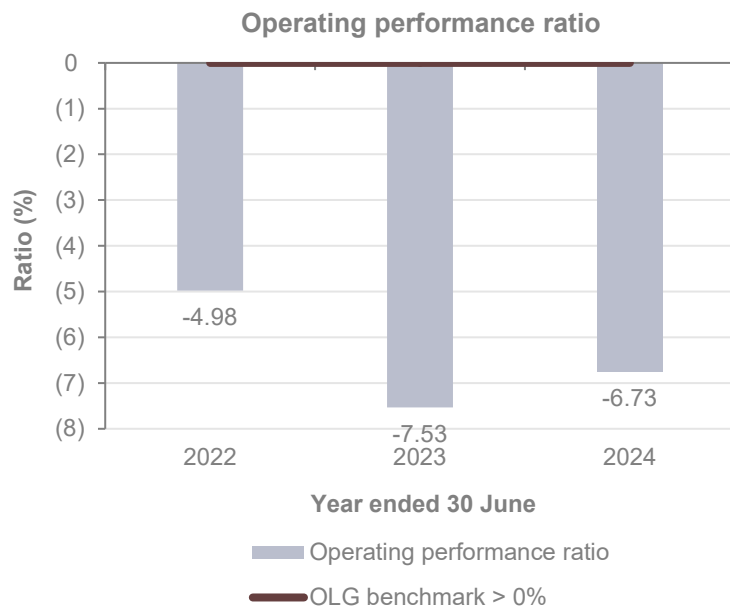
Performance measures

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

Operating performance ratio

Council did not meet the benchmark for the current reporting period. Council had increase in operating revenue in 2024. However, it was offset by increasing in operating expense.

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



Own source operating revenue ratio

Council exceed the benchmark for the current reporting period for the first time primarily due to increase in user charges and fees.

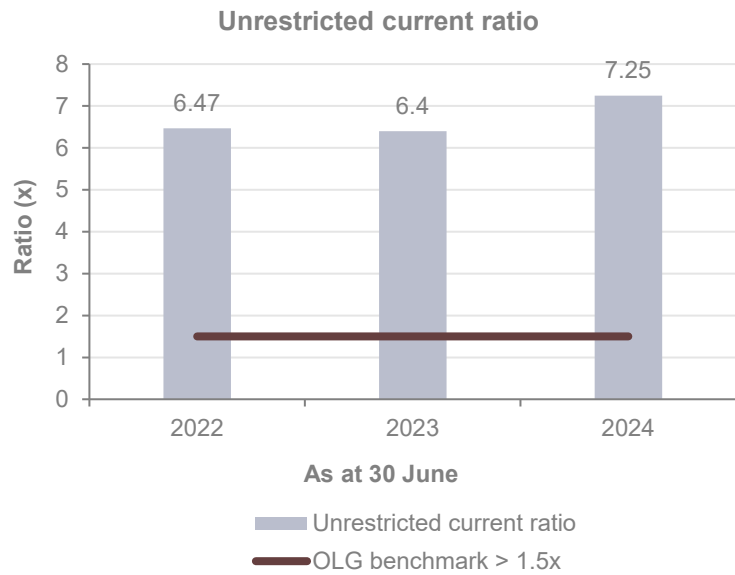
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

Council continued to exceed the benchmark for the current reporting period.

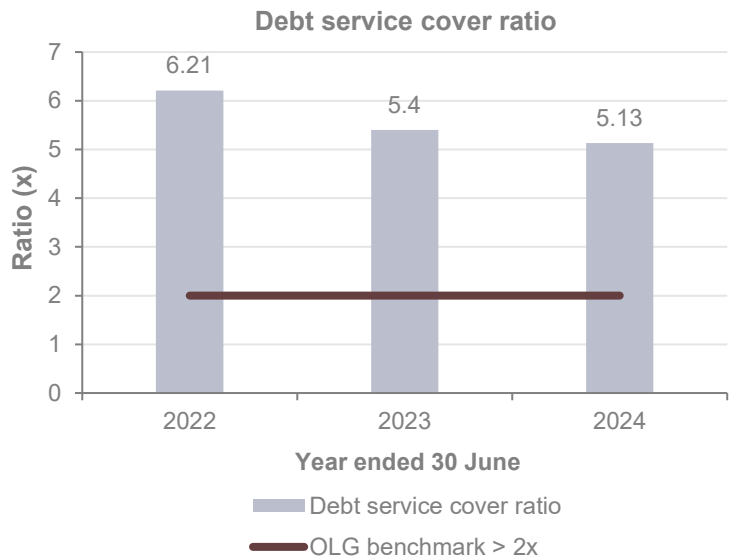
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

Council continued to exceed the benchmark for the current reporting period.

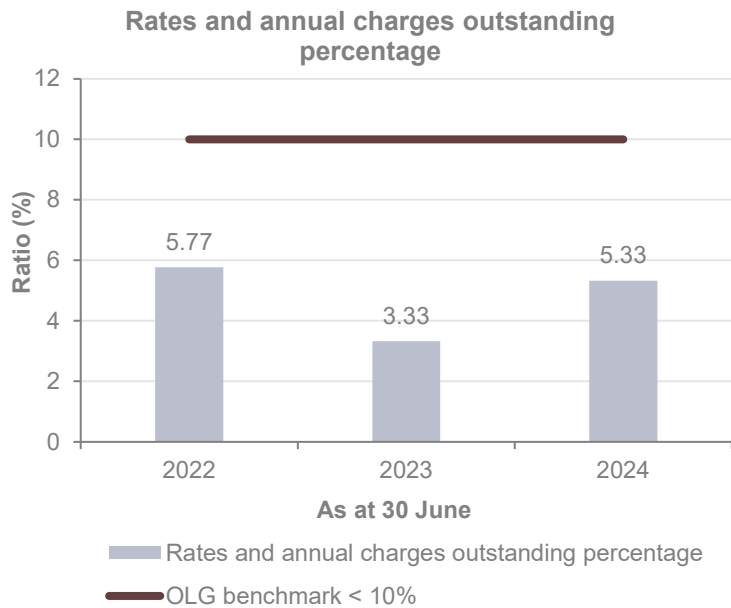
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

Council continued to meet the benchmark for the current reporting period.

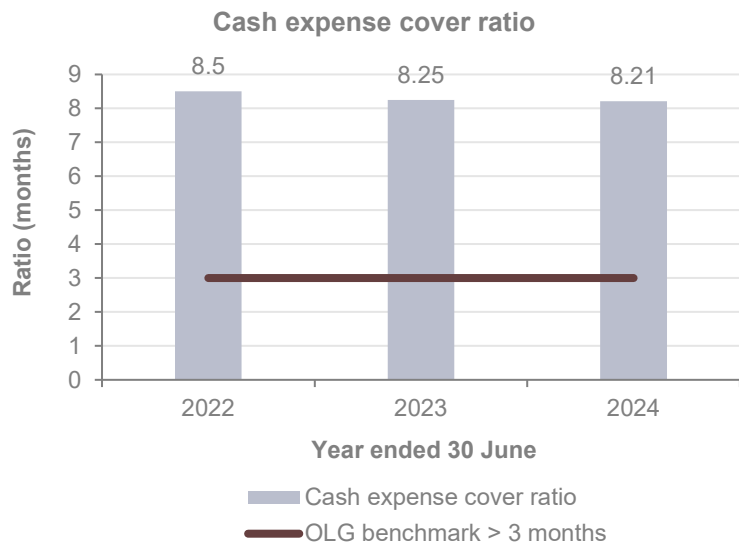
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



Cash expense cover ratio

Council met 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 \$10.7 million of infrastructure, property, plant and equipment during the 2023-24 financial year. A further \$0.4 million was spent on new assets equipment during the 2023-24 financial year. This was mainly spent on capital projects, plant and equipment, roads, water and sewer networks.

OTHER MATTERS

Legislative compliance

My audit procedures did not identify any instances of material non-compliance with the financial reporting requirements in Chapter 13, Part 3, Division 2 of the LG Act and the associated regulation or a material deficiency in the Council's accounting records or financial statements. The Council's:

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

The Council's:

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

A handwritten signature in black ink, appearing to read 'Min Lee', with a stylized, cursive script.

Min Lee
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

Cootamundra-Gundagai Regional Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2024



Cootamundra-Gundagai Regional Council

Special Purpose Financial Statements

for the year ended 30 June 2024

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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).

Cootamundra-Gundagai Regional Council

Special Purpose Financial Statements

for the year ended 30 June 2024

Statement by Councillors and Management

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

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

- NSW Government Policy Statement, *Application of National Competition Policy to Local Government*
- Division of Local Government Guidelines, *Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality*
- The Local Government Code of Accounting Practice and Financial Reporting
- Sections 3 and 4 of the NSW Department of Climate Change, Energy, the Environment and Water's (DCCEE) *Regulatory and assurance framework for local water utilities, July 2022*

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

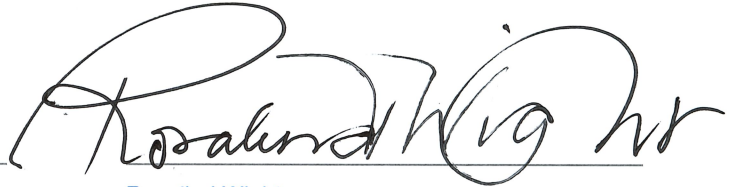
- present fairly the operating result and financial position for each of Council's declared business activities for the year,
- accord with Council's accounting and other records; and
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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 10 December 2024.



Abb McAlister
Mayor
10 December 2024



Rosalind Wight
Deputy Mayor
10 December 2024



Steve McGrath
Interim General Manager
10 December 2024



Zac Mahon
Responsible Accounting Officer
10 December 2024

Cootamundra-Gundagai Regional Council

Income Statement of water supply business activity

for the year ended 30 June 2024

\$ '000	2024	2023
Income from continuing operations		
Access charges	2,331	2,156
User charges	3,097	2,757
Fees	18	27
Interest and investment income	373	30
Grants and contributions provided for operating purposes	–	25
Other income	3	9
Total income from continuing operations	5,822	5,004
Expenses from continuing operations		
Employee benefits and on-costs	623	427
Borrowing costs	68	78
Materials and services	1,666	1,704
Depreciation, amortisation and impairment	571	593
Water purchase charges	2,013	1,670
Net loss from the disposal of assets	1	–
Other expenses	–	1
Total expenses from continuing operations	4,942	4,473
Surplus (deficit) from continuing operations before capital amounts	880	531
Surplus (deficit) from continuing operations after capital amounts	880	531
Surplus (deficit) from all operations before tax	880	531
Less: corporate taxation equivalent (25%) [based on result before capital]	(220)	(133)
Surplus (deficit) after tax	660	398
Plus accumulated surplus	23,709	22,961
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	220	266
Less:		
Closing accumulated surplus	24,589	23,625
Return on capital %	4.2%	2.8%
Subsidy from Council	15	250
Calculation of dividend payable:		
Surplus (deficit) after tax	660	398
Surplus for dividend calculation purposes	660	398
Potential dividend calculated from surplus	330	199

Cootamundra-Gundagai Regional Council

Income Statement of sewerage business activity

for the year ended 30 June 2024

\$ '000	2024	2023
Income from continuing operations		
Access charges	2,883	2,697
User charges	556	460
Fees	12	18
Interest and investment income	236	12
Grants and contributions provided for operating purposes	–	25
Total income from continuing operations	3,687	3,212
Expenses from continuing operations		
Employee benefits and on-costs	572	558
Borrowing costs	44	50
Materials and services	1,867	1,586
Depreciation, amortisation and impairment	1,089	1,063
Net loss from the disposal of assets	626	–
Other expenses	1	1
Total expenses from continuing operations	4,199	3,258
Surplus (deficit) from continuing operations before capital amounts	(512)	(46)
Grants and contributions provided for capital purposes	611	269
Surplus (deficit) from continuing operations after capital amounts	99	223
Surplus (deficit) from all operations before tax	99	223
Surplus (deficit) after tax	99	223
Plus accumulated surplus	42,480	42,347
Plus adjustments for amounts unpaid:		
Less:		
Closing accumulated surplus	42,579	42,570
Return on capital %	(0.8)%	0.0%
Subsidy from Council	2,860	2,142
Calculation of dividend payable:		
Surplus (deficit) after tax	99	223
Less: capital grants and contributions (excluding developer contributions)	(611)	(269)
Surplus for dividend calculation purposes	–	–
Potential dividend calculated from surplus	–	–

Cootamundra-Gundagai Regional Council

Statement of Financial Position of water supply business activity

as at 30 June 2024

\$ '000	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents ¹	1,979	273
Investments	5,848	7,189
Receivables	536	396
Inventories	13	12
Total current assets	8,376	7,870
Non-current assets		
Infrastructure, property, plant and equipment	22,385	21,369
Total non-current assets	22,385	21,369
Total assets	30,761	29,239
LIABILITIES		
Current liabilities		
Borrowings	394	384
Total current liabilities	394	384
Non-current liabilities		
Borrowings	2,123	2,517
Total non-current liabilities	2,123	2,517
Total liabilities	2,517	2,901
Net assets	28,244	26,338
EQUITY		
Accumulated surplus	24,456	23,492
Revaluation reserves	3,788	2,846
Total equity	28,244	26,338

(1) 2023 cash & cash equivalents restated to split between cash and investments

Cootamundra-Gundagai Regional Council

Statement of Financial Position of sewerage business activity

as at 30 June 2024

\$ '000	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents ¹	1,309	198
Investments	3,864	5,205
Receivables	401	302
Total current assets	5,574	5,705
Non-current assets		
Infrastructure, property, plant and equipment	55,624	53,383
Total non-current assets	55,624	53,383
Total assets	61,198	59,088
LIABILITIES		
Current liabilities		
Payables	-	1
Borrowings	394	388
Total current liabilities	394	389
Non-current liabilities		
Borrowings	2,274	2,668
Total non-current liabilities	2,274	2,668
Total liabilities	2,668	3,057
Net assets	58,530	56,031
EQUITY		
Accumulated surplus	42,579	42,570
Revaluation reserves	15,951	13,461
Total equity	58,530	56,031

(1) 2023 cash & cash equivalents restated to split between cash and investments

Note – Material accounting policy information

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

These financial statements are SPFS prepared for use by Council and the Office of Local Government. For the purposes of these statements, 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.

Councils are to provide details of any changes in accounting policies, errors or changes in accounting estimates during the year - the disclosures in G4 of Section 1 of the code or the relevant disclosures from AASB 1060 (paragraphs 106-108 for changes in accounting policy, paragraph 109 for changes in accounting estimates or paragraph 110 for errors), can be used by the council where these changes have occurred.

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 accrual 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. Water Supplies

The supply of potable water to the residents of Cootamundra and Gundagai townships.

b. Sewerage Treatment

The provision of sewerage facilities and services to the residents of the Cootamundra and Gundagai townships.

Category 2

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

Council has no category 2 business activities.

Taxation equivalent charges

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

Note – Material accounting policy information (continued)

Notional rate applied (%)

Corporate income tax rate – 25% (LY 25%)

Land tax – the first \$1,075,000 of combined land values attracts 0%. For the combined land values in excess of \$1,075,000 up to \$6,571,000 the rate is \$100 + 1.6%. For the remaining combined land value that exceeds \$6,571,000 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 DCCEEW's regulatory and assurance framework, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

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

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

Income tax

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

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

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

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

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

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

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

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

The rate of return is calculated as follows:

Note – Material accounting policy information (continued)

Operating result before capital income + interest expense

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

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

(iii) Dividends

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

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 DCCEEW's regulatory and assurance framework and must not exceed 50% of the relevant surplus in any one year, or the number of water supply or sewerage assessments at 30 June 2024 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Cootamundra-Gundagai Regional Council

To the Councillors of Cootamundra-Gundagai Regional Council

Opinion

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

The Declared Business Activities of the Council are:

- water supply business activity
- sewerage business activity

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

The Council's annual report for the year ended 30 June 2024 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, appearing to be 'Min Lee', written in a cursive style.

Min Lee
Delegate of the Auditor-General for New South Wales

11 December 2024
SYDNEY

Cootamundra-Gundagai Regional Council

SPECIAL SCHEDULES
for the year ended 30 June 2024



Cootamundra-Gundagai Regional Council

Special Schedules

for the year ended 30 June 2024

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Cootamundra-Gundagai Regional Council

Permissible income for general rates

\$ '000	Notes	Calculation 2023/24	Calculation 2024/25
Notional general income calculation ¹			
Last year notional general income yield	a	10,697	11,242
Plus or minus adjustments ²	b	9	(1)
Notional general income	c = a + b	10,706	11,241
Permissible income calculation			
Percentage increase	d	5.00%	5.00%
Less expiring special variation amount	e	-	(566)
Plus percentage increase amount ³	f = d x (c + e)	535	534
Sub-total	g = (c + e + f)	11,241	11,209
Plus (or minus) last year's carry forward total	h	2	1
Sub-total	j = (h + i)	2	1
Total permissible income	k = g + j	11,243	11,210
Less notional general income yield	l	11,242	11,208
Catch-up or (excess) result	m = k - l	1	2
Carry forward to next year ⁶	p = m + n + o	1	2

Notes

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



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Cootamundra-Gundagai Regional Council

To the Councillors of Cootamundra-Gundagai Regional Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to the special purpose framework used to prepare the Schedule. The Schedule has been prepared for the purpose of fulfilling the Council's reporting obligations under the LG Code. As a result, the Schedule may not be suitable for another purpose.

Other Information

The Council's annual report for the year ended 30 June 2024 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, special purpose financial statements and Special Schedule 'Report on infrastructure assets as at 30 June 2024.

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

A description of my responsibilities for the audit of the Schedule is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar8.pdf. 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.



Min Lee
Delegate of the Auditor-General for New South Wales

11 December 2024
SYDNEY

Cootamundra-Gundagai Regional Council

Report on infrastructure assets as at 30 June 2024

Asset Class	Asset Category	Estimated cost				Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost						
		Estimated cost to bring assets to satisfactory standard	to bring assets agreed level of service set by Council	2023/24 Required maintenance ^a	2023/24 Actual maintenance			1	2	3	4	5		
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000							
Buildings	Buildings - non-specialised	621	621	–	47	1,187	2,705	1.0%	7.0%	10.0%	50.0%	32.0%		
	Buildings - specialised	461	461	–	489	20,543	50,668	5.0%	12.0%	23.0%	43.0%	17.0%		
	Other structures	19	19	–	358	5,714	10,789	26.0%	16.0%	31.0%	20.0%	7.0%		
	Sub-total	1,101	1,101	–	894	27,444	64,162	8.4%	12.5%	23.8%	39.4%	15.9%		
Roads	Sealed roads	109	109	–	7,972	16,847	253,842	54.0%	27.0%	17.0%	1.0%	1.0%		
	Unsealed roads	632	632	–	1,573	11,548	13,032	82.0%	9.0%	5.0%	3.0%	1.0%		
	Bridges	1,851	1,851	–	90	45,569	82,230	29.0%	37.0%	25.0%	7.0%	2.0%		
	Footpaths	44	44	–	179	5,997	9,905	40.0%	40.0%	15.0%	3.0%	2.0%		
	Kerb & gutter	808	808	–	51	14,997	28,356	33.0%	36.0%	21.0%	9.0%	1.0%		
	Other road assets (incl. bulk earth works)	–	–	–	–	204,123	204,359	100.0%	0.0%	0.0%	0.0%	0.0%		
	Sub-total	3,444	3,444	–	9,865	447,347	591,724	65.8%	19.3%	12.1%	1.9%	0.9%		
Water supply network	Water supply network	9,688	9,688	–	874	21,821	45,712	23.0%	13.0%	28.0%	15.0%	21.0%		
	Sub-total	9,688	9,688	–	874	21,821	45,712	23.0%	13.0%	28.0%	15.0%	21.0%		
Sewerage network	Sewerage network	7,519	7,519	–	881	55,217	85,606	39.0%	15.0%	37.0%	4.0%	5.0%		
	Sub-total	7,519	7,519	–	881	55,217	85,606	39.0%	15.0%	37.0%	4.0%	5.0%		
Stormwater drainage	Stormwater drainage	–	–	–	–	18,974	30,840	30.0%	18.0%	51.0%	0.0%	1.0%		
	Sub-total	–	–	–	–	18,974	30,840	30.0%	18.0%	51.0%	0.0%	1.0%		
Open space / recreational assets	Other	13	13	–	592	23,209	38,207	14.0%	19.0%	47.0%	19.0%	1.0%		
	Swimming Pools	–	–	–	137	–	–	31.0%	30.0%	18.0%	21.0%	0.0%		
	Sub-total	13	13	–	729	23,210	38,207	14.0%	19.0%	47.0%	19.0%	1.0%		
Total – all assets		21,765	21,765	–	13,243	594,013	856,251	52.9%	18.0%	19.3%	6.4%	3.4%		

(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)

Cootamundra-Gundagai Regional Council

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

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

Cootamundra-Gundagai Regional Council

Report on infrastructure assets as at 30 June 2024

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2024	Indicator 2024	Indicators		Benchmark
			2023	2022	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	—	∞	98.79%	340.36%	> 100.00%
Depreciation, amortisation and impairment	—				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	21,765	3.66%	3.32%	3.49%	< 2.00%
Net carrying amount of infrastructure assets	594,013				
Asset maintenance ratio					
Actual asset maintenance	13,243	∞	∞	∞	> 100.00%
Required asset maintenance	—				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	21,765	2.54%	2.45%	2.45%	
Gross replacement cost	856,251				

(*) 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.

Cootamundra-Gundagai Regional Council

Report on infrastructure assets as at 30 June 2024

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2024	2023	2024	2023	2024	2023	
Buildings and infrastructure renewals ratio							
Asset renewals ¹	∞	∞	∞	∞	∞	∞	> 100.00%
Depreciation, amortisation and impairment							
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard	0.88%	0.78%	44.40%	46.44%	13.62%	14.82%	< 2.00%
Net carrying amount of infrastructure assets							
Asset maintenance ratio							
Actual asset maintenance	∞	∞	∞	∞	∞	∞	> 100.00%
Required asset maintenance							
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council	0.63%	0.59%	21.19%	23.97%	8.78%	10.23%	
Gross replacement cost							

(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.