

Goldenfields Water County Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2023

*To be innovative leaders in the supply and distribution of
water through regional efficiency, technical excellence and
customer service.*



Goldenfields Water County Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023

*To be innovative leaders in the supply and distribution of
water through regional efficiency, technical excellence and
customer service.*



Goldenfields Water County Council

General Purpose Financial Statements

for the year ended 30 June 2023

Contents	Page
Statement by Councillors and Management	3
Primary Financial Statements:	
Income Statement	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Independent Auditor's Reports:	
On the Financial Statements (Sect 417 [2])	53
On the Financial Statements (Sect 417 [3])	56

Overview

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

84 Parkes Street
Temora NSW 2666

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.gwcc.nsw.gov.au.

Goldenfields Water County Council

General Purpose Financial Statements

for the year ended 30 June 2023

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

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

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

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

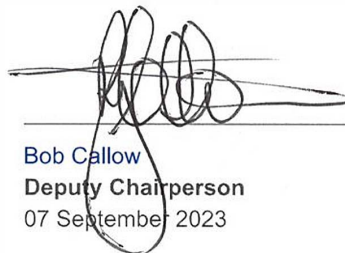
- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 07 September 2023.



Matthew Stadtmiller
Chairperson
07 September 2023



Bob Callow
Deputy Chairperson
07 September 2023



Aaron Drenvoski
General Manager
07 September 2023



Terri Bilske
Responsible Accounting Officer
07 September 2023

Goldenfields Water County Council

Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
	Income from continuing operations			
5,736	Rates and annual charges	B2-1	6,041	5,741
15,331	User charges	B2-2	14,980	14,381
121	Other revenues	B2-3	61	206
5,676	Grants and contributions provided for capital purposes	B2-4	4,649	1,540
700	Interest and investment income	B2-5	814	407
190	Other income	B2-6	191	156
–	Net gain from the disposal of assets	B4-1	168	204
27,754	Total income from continuing operations		26,904	22,635
	Expenses from continuing operations			
8,189	Employee benefits and on-costs	B3-1	8,078	7,456
8,585	Materials and services	B3-2	8,129	6,703
8,420	Depreciation, amortisation and impairment of non-financial assets	B3-3	8,271	8,580
163	Other expenses	B3-4	211	206
25,357	Total expenses from continuing operations		24,689	22,945
2,397	Operating result from continuing operations		2,215	(310)
2,397	Net operating result for the year attributable to Council		2,215	(310)
(1,738)	Net operating result for the year before grants and contributions provided for capital purposes		(2,434)	(1,850)

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

Goldenfields Water County Council

Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
Net operating result for the year – from Income Statement		2,215	(310)
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	19,170	7,946
Total items which will not be reclassified subsequently to the operating result		19,170	7,946
Total other comprehensive income for the year		19,170	7,946
Total comprehensive income for the year attributable to Council		21,385	7,636

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

Goldenfields Water County Council

Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	2022
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	5,748	3,126
Investments	C1-2	27,500	36,082
Receivables	C1-4	5,208	5,340
Inventories	C1-5	979	774
Total current assets		39,435	45,322
Non-current assets			
Investments	C1-2	–	5,000
Infrastructure, property, plant and equipment (IPPE)	C1-6	319,651	288,946
Total non-current assets		319,651	293,946
Total assets		359,086	339,268
LIABILITIES			
Current liabilities			
Payables	C3-1	1,603	2,132
Income received in advance	C3-1	–	1,125
Employee benefit provisions	C3-3	2,657	2,582
Total current liabilities		4,260	5,839
Non-current liabilities			
Payables	C3-1	12	9
Employee benefit provisions	C3-3	138	129
Total non-current liabilities		150	138
Total liabilities		4,410	5,977
Net assets		354,676	333,291
EQUITY			
Accumulated surplus	C4-1	97,081	94,866
IPPE revaluation reserve	C4-1	257,595	238,425
Council equity interest		354,676	333,291
Total equity		354,676	333,291

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

Goldenfields Water County Council

Statement of Changes in Equity

for the year ended 30 June 2023

\$ '000	Notes	2023			2022		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		94,866	238,425	333,291	95,176	230,479	325,655
Net operating result for the year		2,215	–	2,215	(310)	–	(310)
Net operating result for the period		2,215	–	2,215	(310)	–	(310)
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	19,170	19,170	–	7,946	7,946
Other comprehensive income		–	19,170	19,170	–	7,946	7,946
Total comprehensive income		2,215	19,170	21,385	(310)	7,946	7,636
Closing balance at 30 June		97,081	257,595	354,676	94,866	238,425	333,291

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

Goldenfields Water County Council

Statement of Cash Flows

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
Cash flows from operating activities				
Receipts:				
5,719	Annual charges		7,166	5,824
17,147	User charges and fees		12,624	15,520
496	Interest received		870	538
1,226	Grants and contributions		4,568	1,544
120	Other		394	5,726
Payments:				
(7,081)	Payments to employees		(7,943)	(7,422)
(8,465)	Payments for materials and services		(8,295)	(11,634)
(293)	Other		(706)	262
8,869	Net cash flows from operating activities	F1-1	8,678	10,358
Cash flows from investing activities				
Receipts:				
11,321	Redemption of term deposits		13,582	4,939
–	Proceeds from sale of IPPE		642	942
Payments:				
(20,190)	Payments for IPPE		(20,280)	(17,451)
(8,869)	Net cash flows from investing activities		(6,056)	(11,570)
–	Net change in cash and cash equivalents		2,622	(1,212)
500	Cash and cash equivalents at beginning of year		3,126	4,338
500	Cash and cash equivalents at end of year	C1-1	5,748	3,126
26,345	plus: Investments on hand at end of year	C1-2	27,500	41,082
26,845	Total cash, cash equivalents and investments		33,248	44,208

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

Goldenfields Water County Council

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

A About Council and these financial statements	11
A1-1 Basis of preparation	11
B Financial Performance	13
B1 Functions or activities	13
B1-1 Functions or activities – income, expenses and assets	13
B1-2 Components of functions or activities	14
B2 Sources of income	15
B2-1 Rates and annual charges	15
B2-2 User charges	16
B2-3 Other revenues	17
B2-4 Grants and contributions	18
B2-5 Interest and investment income	20
B2-6 Other income	20
B3 Costs of providing services	21
B3-1 Employee benefits and on-costs	21
B3-2 Materials and services	22
B3-3 Depreciation, amortisation and impairment of non-financial assets	23
B3-4 Other expenses	23
B4 Gains or losses	24
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	24
B5 Performance against budget	25
B5-1 Material budget variations	25
C Financial position	27
C1 Assets we manage	27
C1-1 Cash and cash equivalents	27
C1-2 Financial investments	27
C1-3 Restricted and allocated cash, cash equivalents and investments	28
C1-4 Receivables	29
C1-5 Inventories	30
C1-6 Infrastructure, property, plant and equipment	31
C2 Leasing activities	34
C2-1 Council as a lessee	34
C2-2 Council as a lessor	34
C3 Liabilities of Council	36
C3-1 Payables	36
C3-2 Borrowings	36
C3-3 Employee benefit provisions	37
C4 Reserves	37
C4-1 Nature and purpose of reserves	37
D Risks and accounting uncertainties	38
D1-1 Risks relating to financial instruments held	38

Goldenfields Water County Council

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

D2-1 Fair value measurement	41
D3-1 Contingencies	43
E People and relationships	46
E1 Related party disclosures	46
E1-1 Key management personnel (KMP)	46
E1-2 Councillor and Mayoral fees and associated expenses	47
E2 Other relationships	47
E2-1 Audit fees	47
F Other matters	48
F1-1 Statement of Cash Flows information	48
F2-1 Commitments	49
F3-1 Events occurring after the reporting date	49
F4 Statement of performance measures	50
F4-1 Statement of performance measures – consolidated results	50
G Additional Council disclosures (unaudited)	51
G1-1 Statement of performance measures – consolidated results (graphs)	51

A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 07 September 2023. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

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

Council is a not for-profit entity.

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

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-6
- (ii) employee benefit provisions – refer Note C3-3.

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 for Not-for-Profit Entities* - refer to Notes B2-2 - B2-3.

Monies and other assets received by Council

The Consolidated Fund

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

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

General Purpose Operations (Water Services)

A1-1 Basis of preparation (continued)

Goods and Services Tax (GST)

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

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

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

New accounting standards and interpretations issued but not yet effective

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

Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2022.

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 for the first time at 30 June 2023.

B Financial Performance

B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Functions or activities										
Water supplies	26,904	22,635	24,689	22,945	2,215	(310)	4,649	1,540	359,086	339,268
Total functions and activities	26,904	22,635	24,689	22,945	2,215	(310)	4,649	1,540	359,086	339,268

B1-2 Components of functions or activities

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

Water supplies

Council is responsible for water supply functions within the Local Government areas of Bland, Coolamon, Junee, Temora and parts of Cootamundra-Gundagai and Narrandera.

Council also supplies bulk water to Hilltops and other parts of Cootamundra-Gundagai.

Council does not undertake any other functions.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2023	2022
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
– Residential	1,771	1,706
– Non-residential	1,056	1,022
– Rural	1,592	1,531
– Bulk supplies to councils	1,608	1,548
Less: pensioner rebates	(66)	(146)
Annual charges levied	5,961	5,661
Pensioner annual charges subsidies received:		
– Water	80	80
Total annual charges	6,041	5,741
Total rates and annual charges	6,041	5,741

Accounting policy

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

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

Pensioner 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

\$ '000	Timing	2023	2022
User charges			
Residential	2	4,192	3,923
Non residential	2	2,915	2,946
Rural	2	3,256	2,881
Bulk supplies to councils	2	4,436	4,079
Inspection services	2	8	2
Private works	2	–	235
Section 603 certificates	2	48	67
Tapping fees	2	72	192
Connection application fees	2	53	52
Special meter reading fee	2	–	4
Total user charges		14,980	14,381
Timing of revenue recognition for user charges and fees			
User charges and fees recognised at a point in time (2)		14,980	14,381
Total user charges and fees		14,980	14,381

Accounting policy

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

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service. There is no material obligation for Council in relation to refunds or returns.

B2-3 Other revenues

\$ '000	Timing	2023	2022
Rental income – investment property	2	1	–
Diesel rebate	2	7	9
Employment / training incentives	2	9	43
Data network access charges	2	–	37
Insurance rebates	2	23	16
Workers compensation rebate	2	14	83
Other	2	7	3
Water filling station commissions	2	–	15
Total other revenue		61	206

Timing of revenue recognition for other revenue

Other revenue recognised at a point in time (2)	61	206
Total other revenue	61	206

Accounting policy for other revenue

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

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

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

B2-4 Grants and contributions

\$ '000	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Water supplies	2	—	—	3,799	96
Total special purpose grants and non-developer contributions		—	—	3,799	96
Comprising:					
– Other funding		—	—	3,799	96
		—	—	3,799	96

Developer contributions

Developer contributions:
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):

G5

Cash contributions

S 64 – water supply contributions	2	—	—	850	1,444
Total developer contributions		—	—	850	1,444
Total grants and contributions		—	—	4,649	1,540

Timing of revenue recognition for grants and contributions

Grants and contributions recognised at a point in time
(2)

Total grants and contributions		—	—	4,649	1,540
---------------------------------------	--	----------	----------	--------------	--------------

Accounting policy

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

Council was in receipt of a Capital Grant for the West Wyalong Water System Augmentation - supply and reticulation construction.

B2-4 Grants and contributions (continued)

Other grants and contributions

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

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

B2-5 Interest and investment income

\$ '000	2023	2022
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	37	35
– Cash and investments	777	372
Total interest and investment income (losses)	814	407

Interest and investment income is attributable to:

Unrestricted investments/financial assets:

Overdue rates and annual charges (general fund)	37	35
General Council cash and investments	777	372
Total interest and investment income	814	407

Accounting policy

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

B2-6 Other income

\$ '000	Notes	2023	2022
Rental income			
Rental properties			
Lease income (excluding variable lease payments not dependent on an index or rate)		56	53
Lease income relating to variable lease payments not dependent on an index or a rate		27	–
Total Rental properties		83	53
Other lease income			
Leaseback fees - council vehicles		108	103
Total other lease income		108	103
Total other income	C2-2	191	156
Total other income		191	156

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2023	2022
Salaries and wages	5,734	5,739
Employee termination costs (where material – other than vested leave paid)	–	154
Employee leave entitlements (ELE)	1,390	985
Superannuation	1,019	1,020
Workers' compensation insurance	175	146
Fringe benefit tax (FBT)	101	168
Payroll tax	365	308
Training costs (other than salaries and wages)	160	112
Protective clothing	84	68
Recruitment costs	28	44
Other	61	54
Total employee costs	9,117	8,798
Less: capitalised costs	(1,039)	(1,342)
Total employee costs expensed	8,078	7,456

Accounting policy

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

Retirement benefit obligations

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

Superannuation plans

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

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note D3-1 for more information.

B3-2 Materials and services

\$ '000	Notes	2023	2022
Advertising		17	6
Audit Fees	E2-1	50	60
Bank charges		7	13
Cleaning		35	24
Collection agencies		70	66
Computer software charges		207	176
Contractor costs		14,791	11,641
Council land rates		94	85
Councillor and Mayoral fees and associated expenses	E1-2	120	103
Electricity and heating		2,655	2,193
Insurance		271	234
Other expenses		50	42
Printing, postage and stationery		86	100
Raw materials and consumables		8,072	8,575
Subscriptions and publications		377	230
Telephone and communications		244	318
Legal expenses		79	105
– Legal expenses: debt recovery		8	–
Expenses from leases of low value assets	C2-1	70	101
Purchase of water		128	121
Total materials and services		27,431	24,193
Less: capitalised costs		(19,302)	(17,490)
Total materials and services		8,129	6,703

Accounting policy

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

B3-3 Depreciation, amortisation and impairment of non-financial assets

\$ '000	2023	2022
Depreciation and amortisation		
Plant and equipment	993	1,037
Office equipment	286	343
Furniture and fittings	11	11
Infrastructure:		
– Buildings – non-specialised	227	199
– Water mains	4,501	4,448
– Reservoirs	1,123	1,178
– Pumping stations and bores	516	627
– Treatment plants	546	687
– Microwave Network	68	50
Total gross depreciation and amortisation costs	8,271	8,580
Total depreciation and amortisation costs	8,271	8,580
Total depreciation, amortisation and impairment for non-financial assets	8,271	8,580

Accounting policy

Depreciation and amortisation

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

Impairment of non-financial assets

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

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.

B3-4 Other expenses

\$ '000	2023	2022
Other		
Donations, contributions and assistance to other organisations (Section 356)	211	206
Total other	211	206
Total other expenses	211	206

Accounting policy

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

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

\$ '000	Notes	2023	2022
Gain (or loss) on disposal of plant and equipment	C1-6		
Proceeds from disposal – plant and equipment		642	942
Less: carrying amount of plant and equipment assets sold/written off		(474)	(738)
Gain (or loss) on disposal		168	204
Water mains			
Proceeds from disposal – Other (enter details...)		–	–
Less: carrying amount of Other (enter details...) assets sold/written off		–	–
Gain (or loss) on disposal		–	–
Pumping stations and bores			
Proceeds from disposal – Other (enter details...)		–	–
Less: carrying amount of Other (enter details...) assets sold/written off		–	–
Gain (or loss) on disposal		–	–
Treatment plants			
Proceeds from disposal – Other (enter details...)		–	–
Less: carrying amount of Other (enter details...) assets sold/written off		–	–
Gain (or loss) on disposal		–	–
Net gain (or loss) from disposal of assets		168	204

Accounting policy

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

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 22 June 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	2023 Budget	2023 Actual	2023 ----- Variance -----	
Revenues				
Rates and annual charges	5,736	6,041	305	5% F
User charges and fees	15,331	14,980	(351)	(2)% U
Other revenues	121	61	(60)	(50)% U
Variance due to a change of category for Workers Compensation reimbursements.				
Capital grants and contributions	5,676	4,649	(1,027)	(18)% U
Council received a Capital Grant for the West Wyalong Reliability Project. Variance is due to a portion of the grant receipted in the 2021/22 financial year and less Developer Contributions received in 2022/23 than estimated in the original budget.				
Interest and investment revenue	700	814	114	16% F
Variance due to greater than expected interest rates on investments.				
Net gains from disposal of assets	—	168	168	∞ F
Variance due to greater than expected trade-in values on Council vehicles resulting in gain on sale of assets. There was no original budget.				
Other income	190	191	1	1% F

B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----		
Expenses					
Employee benefits and on-costs	8,189	8,078	111	1%	F
Materials and services	8,585	8,129	456	5%	F
Depreciation, amortisation and impairment of non-financial assets	8,420	8,271	149	2%	F
Other expenses	163	211	(48)	(29)%	U
Other Expenses relate to donations and contributions made by Council and are \$48k over the original budget.					

Statement of cash flows

Cash flows from operating activities	8,869	8,678	(191)	(2)%	U
Cash Flows from operating activities are within 2% of the original budget.					
Cash flows from investing activities	(8,869)	(6,056)	2,813	(32)%	F
Cash flows from investing activities resulted in a favourable position of \$2,812m compared to the original budget due to an increase in term deposit redemptions as a result of capital works projects progressing quicker than anticipated.					

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2023	2022 ^{PY}
Cash assets		
Cash at bank and on hand	2,044	599
Cash equivalent assets		
– Deposits at call	3,704	2,527
Total cash and cash equivalents	5,748	3,126

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	5,748	3,126
Balance as per the Statement of Cash Flows	5,748	3,126

Accounting policy

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

C1-2 Financial investments

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Debt securities at amortised cost				
Long term deposits	27,500	–	36,082	5,000
Total	27,500	–	36,082	5,000
Total financial investments	27,500	–	36,082	5,000

Accounting policy

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

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

C1-2 Financial investments (continued)

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

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

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

Financial assets through profit or loss

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

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

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

\$ '000	2023	2022
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	33,248	44,208
Less: Externally restricted cash, cash equivalents and investments	(1)	—
Cash, cash equivalents and investments not subject to external restrictions	33,247	44,208

Water fund	1	—
------------	---	---

\$ '000	2023	2022
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	33,247	44,208
Less: Internally restricted cash, cash equivalents and investments	(26,474)	(20,611)
Unrestricted and unallocated cash, cash equivalents and investments	6,773	23,597

Internal allocations

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

Plant and vehicle replacement	3,463	2,148
Infrastructure replacement	20,459	15,971
Employees leave entitlement	2,552	2,492
Total internal allocations	26,474	20,611

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

\$ '000	2023	2022
(c) Unrestricted and unallocated		
Unrestricted and unallocated cash, cash equivalents and investments	6,773	23,597

C1-4 Receivables

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Availability (access) charges	276	–	1,522	–
Interest and extra charges	78	–	70	–
User charges and fees	4,085	–	2,854	–
Accrued revenues				
– Interest on investments	93	–	157	–
Deferred developer contributions	309	–	287	–
Government grants and subsidies	161	–	80	–
Net GST receivable	178	–	208	–
Other debtors	28	–	162	–
Total	5,208	–	5,340	–
Total net receivables	5,208	–	5,340	–

Accounting policy

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

Impairment

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

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

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

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

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

Council writes off a receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

Council's provision for impairment of receivables at 30 June 2023 is \$nil (2022: \$nil)

C1-5 Inventories

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
(i) Inventories at cost				
Stores and materials	979	–	774	–
Total inventories at cost	979	–	774	–
Total inventories	979	–	774	–

Accounting policy

Raw materials and stores, work in progress and finished goods

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

C1-6 Infrastructure, property, plant and equipment

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 / (decrements) to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000												
Capital work in progress	12,783	–	12,783	7,476	7,878	–	–	(11,192)	(15)	16,930	–	16,930
Plant and equipment	9,419	(4,525)	4,894	–	1,222	(474)	(993)	–	–	9,760	(5,109)	4,651
Office equipment	1,764	(1,438)	326	–	9	–	(286)	–	–	1,773	(1,724)	49
Furniture and fittings	110	(73)	37	–	–	–	(11)	–	–	110	(84)	26
Land:												
– Operational land	3,751	–	3,751	–	–	–	–	–	–	3,751	–	3,751
Infrastructure:												
– Buildings – non-specialised	7,821	(2,666)	5,155	–	–	–	(227)	–	–	7,821	(2,893)	4,928
– Water mains	353,962	(178,139)	175,823	1,127	220	–	(4,501)	1,915	14,170	381,213	(192,459)	188,754
– Reservoirs	88,719	(39,667)	49,052	414	48	–	(1,123)	477	3,696	95,753	(43,190)	52,563
– Pumping stations and bores	31,645	(15,873)	15,772	653	–	–	(516)	465	4,931	38,824	(17,519)	21,305
– Treatment plants	39,487	(19,320)	20,167	1,101	130	–	(546)	8,335	(3,668)	45,591	(20,071)	25,520
– Microwave Network	1,190	(4)	1,186	–	–	–	(68)	–	56	1,282	(108)	1,174
Total infrastructure, property, plant and equipment	550,651	(261,705)	288,946	10,771	9,507	(474)	(8,271)	–	19,170	602,808	(283,157)	319,651

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

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

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period						At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation increments / (decrements) to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000												
Capital work in progress	14,650	–	14,650	10,037	598	–	–	(12,502)	–	12,783	–	12,783
Plant and equipment	9,172	(3,922)	5,250	–	1,420	(738)	(1,037)	–	–	9,419	(4,525)	4,894
Office equipment	1,765	(1,095)	670	–	–	–	(343)	–	–	1,764	(1,438)	326
Furniture and fittings	110	(62)	48	–	–	–	(11)	–	–	110	(73)	37
Land:												
– Operational land	3,338	–	3,338	–	34	–	–	–	379	3,751	–	3,751
Infrastructure:												
– Buildings – non-specialised	7,241	(2,467)	4,774	–	63	–	(199)	–	518	7,821	(2,666)	5,155
– Water supply network	331,049	(166,650)	164,399	3,029	74	–	(4,448)	6,659	6,110	353,962	(178,139)	175,823
– Reservoirs	83,966	(36,109)	47,857	–	–	–	(1,178)	–	2,373	88,719	(39,667)	49,052
– Pumping stations and bores	26,927	(12,305)	14,622	811	–	–	(627)	2,573	(1,607)	31,645	(15,873)	15,772
– Treatment plants	33,567	(16,308)	17,259	506	–	–	(687)	2,951	138	39,487	(19,320)	20,167
– Microwave Network	–	–	–	–	881	–	(50)	319	35	1,190	(4)	1,186
Total infrastructure, property, plant and equipment	511,785	(238,918)	272,867	14,383	3,070	(738)	(8,580)	–	7,946	550,651	(261,705)	288,946

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

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

Accounting policy

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

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

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

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

Useful lives of IPPE

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

Plant and equipment	Years	Buildings	Years
Office equipment	5 to 10	Buildings: masonry	50 to 60
Office furniture	10 to 20	Buildings: other	25 to 40
Computer equipment	5		
Vehicles	6.25		
Heavy plant	8 to 20		
Other plant and equipment	5 to 15		
Water assets			
Reservoirs	40 to 90		
Bores	30 to 80		
Reticulation pipes: PVC	50 to 80		
Reticulation pipes: other	50 to 90		
Pumps and telemetry	10 to 40		

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

Revaluation model

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

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

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

C2 Leasing activities

C2-1 Council as a lessee

Income Statement

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

\$ '000	2023	2022
Expenses relating to low-value leases	70	101
	70	101

Accounting policy

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

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

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

Exceptions to lease accounting

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

C2-2 Council as a lessor

Operating leases

Council leases out a number of residential properties to staff as well as access to Council owned sites to other utilities and leaseback vehicles to staff; these leases have been classified as operating leases for financial reporting purposes and the assets are included as IPP&E in the Statement of Financial Position.

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

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

(i) Assets held as rental property

Lease income (excluding variable lease payments not dependent on an index or rate)	56	53
Lease income relating to variable lease payments not dependent on an index or a rate	27	–
Total income relating to operating leases for rental property assets	83	53

(ii) Repairs and maintenance: property

Other	–	20
Total repairs and maintenance: property	–	20

(ii) Assets held as property, plant and equipment

Lease income (excluding variable lease payments not dependent on an index or rate)	108	103
Total income relating to operating leases for Council assets	108	103

C2-2 Council as a lessor (continued)

Accounting policy

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

If the lease contains lease and non-lease components then 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.

C3 Liabilities of Council

C3-1 Payables

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Goods and services – operating expenditure	39	–	–	–
Prepaid rates and charges	563	–	684	–
Accrued expenses:				
- Salaries and wages	162	–	111	–
- Employee expense on-costs	283	12	185	9
- Other expenditure accruals	465	–	1,086	–
Other	91	–	66	–
Payments received in advance	–	–	1,125	–
Total payables	1,603	12	3,257	9

Accounting policy

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

The financial liabilities of the Council comprise trade payables.

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 Borrowings

Financing arrangements

\$ '000	2023	2022
Total facilities		
Bank overdraft facilities ¹	500	500
Credit cards/purchase cards	100	65
Total financing arrangements	600	565
Undrawn facilities		
– Bank overdraft facilities	500	500
– Credit cards/purchase cards	94	33
Total undrawn financing arrangements	594	533

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

Accounting policy

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

C3-3 Employee benefit provisions

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Annual leave	698	–	814	–
Long service leave	1,917	138	1,716	129
Accrued leave	42	–	52	–
Total employee benefit provisions	2,657	138	2,582	129

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

\$ '000	2023	2022
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	1,587	2,132
	1,587	2,132

Accounting policy

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

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

D Risks and accounting uncertainties

D1-1 Risks relating to financial instruments held

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

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

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

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

A comparison by category of the carrying amounts and fair values of Council's financial assets and financial liabilities recognised in the financial statements is presented below.

\$ '000	Carrying value 2023	Carrying value 2022	Fair value 2023	Fair value 2022
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	5,748	3,126	5,758	3,126
Receivables	5,208	5,340	5,208	5,420
Investments				
– Debt securities at amortised cost	27,500	41,082	27,500	41,082
Total financial assets	38,456	49,548	38,466	49,628
Financial liabilities				
Payables	1,615	2,141	1,615	2,141
Total financial liabilities	1,615	2,141	1,615	2,141

Fair value is determined as follows:

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

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

Council's finance area manages the cash and investments portfolio.

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

The risks associated with the instruments held are:

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

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

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

(a) Market risk – interest rate and price risk

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

The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.

Impact of a 1% movement in interest rates

– Equity / Income Statement	320	441
-----------------------------	-----	-----

(b) Credit risk

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

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

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

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

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	overdue rates and annual charges			Total
	Not yet due	< 5 years	≥ 5 years	
2023				
Gross carrying amount	–	256	20	276
2022				
Gross carrying amount	1,273	229	20	1,522

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2023						
Gross carrying amount	–	4,692	23	10	207	4,932
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	–	–	–	–	–	–
2022						
Gross carrying amount	3,178	21	149	1	469	3,818
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	–	–	–	–	–	–

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

(c) Liquidity risk

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

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

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

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 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
2023							
Payables	0.00%	–	1,615	–	–	1,615	1,615
Total financial liabilities		–	1,615	–	–	1,615	1,615
2022							
Payables	0.00%	–	2,141	–	–	2,141	2,141
Total financial liabilities		–	2,141	–	–	2,141	2,141

D2-1 Fair value measurement

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

– Infrastructure, property, plant and equipment

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

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

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

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

Level 3: Inputs for the asset or liability.

Fair value measurement hierarchy									
\$ '000	Notes	Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022	2023	2022	2023	2022
Recurring fair value measurements									
Infrastructure, property, plant and equipment	C1-6								
Plant and Equipment		30/06/23	30/06/21	–	–	4,651	4,894	4,651	4,894
Office Equipment		30/06/23	30/06/21	–	–	49	326	49	326
Furniture and Fittings		30/06/23	30/06/21	–	–	26	37	26	37
Operational Land		30/06/18	30/06/22	3,751	3,751	–	–	3,751	3,751
Buildings – Non Specialised		30/06/18	30/06/22	4,928	5,155	–	–	4,928	5,155
Water Mains		30/06/22	30/06/22	–	–	188,754	175,823	188,754	175,823
Reservoirs		30/06/22	30/06/22	–	–	52,563	49,052	52,563	49,052
Pumping Stations and Bores		30/06/22	30/06/22	–	–	21,305	15,772	21,305	15,772
Treatment Plants		30/06/22	30/06/22	–	–	25,520	20,167	25,520	20,167
Microwave Network		30/06/22	30/06/22	–	–	1,174	1,186	1,174	1,186
Total infrastructure, property, plant and equipment				8,679	8,906	294,042	267,257	302,721	276,163

Valuation techniques

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

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

Infrastructure, property, plant and equipment (IPPE)

Plant and Equipment, Office Equipment and Furniture and Fittings

Plant and Equipment, Office Equipment and Furniture and Fittings are valued at depreciated historical cost.

The carrying amount of these assets approximates fair value due to the nature of the items. Council values Plant and Equipment, Office Equipment and Furniture and Fittings using unobservable level 3 inputs including gross historical cost, estimated useful life of the asset and residual value.

Land - Operational

This asset class comprises of all of Council's land classified as Operational Land under the NSW Local Government Act 1993. Land was revalued as at 30 June 2018 by Asset Val Pty Ltd.

Fair value is based on sales of land in the locality and principles of the direct comparison method for individual parcels. Where there is a lack of comparable sales, closest comparable sales of properties with similar characteristics is used.

D2-1 Fair value measurement (continued)

Direct comparison method is considered a level 2 input, involves the analysis of sales evidence and comparisons of the subject land, taking into account matters such as area, location and other general site characteristics. The valuation techniques used maximise the use of observable data where it is available.

Buildings - Non Specialised

Buildings were valued at 30 June 2018 by Asset Val Pty Ltd.

Fair value is determined using a sales based market value approach. A market approach is based on available sales evidence using either the direct comparison, summation or income approaches. Where a market value approach is not suitable, an alternative replacement cost approach is used. The cost approach may not be suitable for assets of a specialised nature where there is a lack of market evidence.

Market approach valuation is deemed to be a level 2 input. The valuation techniques used maximise the use of observable data where it is available.

Water Infrastructure

This comprises of water mains, reservoirs, bores, pumping stations and treatment plants.

These asset classes were indexed as at 30 June 2023 by the NSW Water Supply & Sewerage Construction Cost Index from the NSW Reference Rates Manual.

Replacement costs are based on the use of relevant unit rates based on component design, specification and material used, further adjusted for any location, geographical or other adjustments. All assets are split into the components used for asset management planning purposes.

Physical inspections were undertaken during 2019/20 on above ground infrastructure to confirm condition. Some assets such as underground pipes are not able to be inspected due to their nature. For these assets, reliance is placed on asset management and GIS system data based from day-to-day operations to manage these assets.

This approach is deemed to be a level 3 input due to the use of data that is unobservable in the market.

Fair value measurements using significant unobservable inputs (level 3)

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

\$ '000	2023	2022
Balance at 1 July	267,257	250,105
Total gains or losses for the period		
Recognised in other comprehensive income – revaluation surplus	19,170	7,049
Other movements		
Purchases (GBV)	16,360	19,421
Disposals (WDV)	(474)	(738)
Depreciation and impairment	(8,271)	(8,580)
Balance at 30 June	294,042	267,257

Highest and best use

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

D3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

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

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

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

* For 180 Point Members, Employers are required to contribute 8% of salaries for the year ending 30 June 2023 (increasing to 8.5% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$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 2022. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

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

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

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

D3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ended 30 June 2023 was \$67,652.00. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2022.

The amount of additional contributions included in the total employer contribution advised above is \$39,523.41. Council's expected contribution to the plan for the next annual reporting period is \$48,800.52.

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

Employer reserves only *	\$millions	Asset Coverage
Assets	2290.9	
Past Service Liabilities	2236.1	102.4
Vested Benefits	2253.6	101.7

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

The share of this deficit that is broadly attributed to Council is estimated to be in the order of 21% as at 30 June 2023.

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	6.00% per annum
Salary inflation *	3.5% per annum
Increase in CPI	6.00% per annum 22/23 and 2.5% thereafter.

* Plus promotional increases

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

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

D3-1 Contingencies (continued)

(iv) Other guarantees

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

2. Other liabilities

(i) Third party claims

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

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

E People and relationships

E1 Related party disclosures

E1-1 Key management personnel (KMP)

Key management personnel (KMP) of the council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly. The aggregate amount of KMP compensation included in the Income Statement is:

\$ '000	2023	2022
Compensation:		
Short-term benefits	953	1,078
Post-employment benefits	129	140
Other long-term benefits	23	28
Total	1,105	1,246

Other transactions with KMP and their related parties

Nature of the transaction	Ref	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000						
2023						
Rental of Council Owned Properties	2	11	–		–	–
2022						
Supply and Service of Council vehicles	1	476	118		–	–
Rental of Council Owned Properties	2	17	–		–	–

1 Council purchased vehicles during the year from a company which has a member of Council's KMP as a director. The contract of supply of Council vehicles was awarded through a competitive tender process. Amounts were due payable under normal payment terms following procurement processes.

2 Council owned properties rented to KMP.

E1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2023	2022
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Members expenses – chairperson’s fee	17	17
Members expenses – members fees	82	77
Members expenses (incl. chairperson) – other (excluding fees above)	21	9
Total	120	103

E2 Other relationships

E2-1 Audit fees

\$ '000	2023	2022
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	17	31
Remuneration for audit and other assurance services	17	31
Total Auditor-General remuneration	17	31
Non NSW Auditor-General audit firms		
(i) Audit and other assurance services		
Internal Audit costs	33	29
Remuneration for audit and other assurance services	33	29
Total remuneration of non NSW Auditor-General audit firms	33	29
Total audit fees	50	60

F Other matters

F1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

\$ '000	2023	2022
Net operating result from Income Statement	2,215	(310)
Add/(less) for non-cash items:		
Depreciation and amortisation	8,271	8,580
(Gain) / loss on disposal of assets	(168)	(204)
Change in assets and liabilities:		
Movements in operating assets and liabilities		
(Increase) / decrease of receivables	132	480
(Increase) / decrease of inventories	(205)	(6)
Increase / (decrease) in payables	39	(3)
Increase / (decrease) in other accrued expenses payable	(570)	429
Increase / (decrease) in other liabilities	5	260
Increase / (decrease) in employee benefit provision	84	7
Increase / (decrease) in income received in advance	(1,125)	1,125
Net cash flows from operating activities	8,678	10,358

F2-1 Commitments

Capital commitments (exclusive of GST)

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

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Property, plant and equipment

Water infrastructure	3,705	6,609
Total commitments	3,705	6,609

These expenditures are payable as follows:

Within the next year	3,705	6,609
Total payable	3,705	6,609

Sources for funding of capital commitments:

Unrestricted general funds	3,705	6,609
Total sources of funding	3,705	6,609

Details of capital commitments

New Temora Depot Building \$50k
 Plant and Equipment \$359k
 Wyalong Reliability Project Investigation and Design \$10k
 Wyalong Reliability Project Construction \$767k
 Rosehill Pipeline \$463k
 Pump Station Lonsdale Control Panel \$14k
 Oura Pump Station Renewal \$44k
 Jugiong Raw Water Well Renewal \$8k
 Marina Pump 2 \$8k
 Jugiong CWPS1 P1 and 2 Inlet Manifold 2022 \$69k
 Matong Pump Station - 2022 \$13k
 Pump Station - Electrical Items SB etc. \$132k
 Switchboard Renewals \$14k
 Jugiong Compressor \$69k
 Jugiong WTP - Valve and Pneumatic Upgrade \$69k
 Bulk Customer Water Quality Panels - Harden Offtake \$66k
 West Wyalong Transfer Pump Station - 79k
 Microwave Link Sites for Scada \$868k
 West Wyalong Standpipes Res \$104k
 Oura Reservoirs and Aerator \$499k

F3-1 Events occurring after the reporting date

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

F4 Statement of performance measures

F4-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2023	Indicator 2023	Indicators 2022 2021		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(2,602)	(11.78)%	(9.83)%	(11.01)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	22,087				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	22,087	82.61%	93.13%	89.72%	> 60.00%
Total continuing operating revenue ¹	26,736				
3. Unrestricted current ratio					
Current assets less all external restrictions	39,434	14.75x	10.58x	23.68x	> 1.50x
Current liabilities less specific purpose liabilities	2,673				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	5,669	∞	∞	∞	> 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	354	4.62%	21.86%	21.27%	< 10.00%
Rates and annual charges collectable	7,670				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	33,248	23.55	28.23	36.29	> 3.00
Monthly payments from cash flow of operating and financing activities	1,412	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

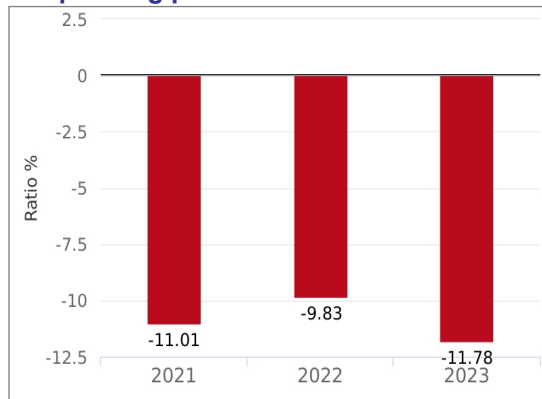
(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

End of the audited financial statements

G Additional Council disclosures (unaudited)

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

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2022/23 result

2022/23 ratio (11.78)%

Council is below an acceptable level in meeting the Operating Performance ratio of greater than 0% with an indicator of - 11.73% for the 2022/23 financial year.

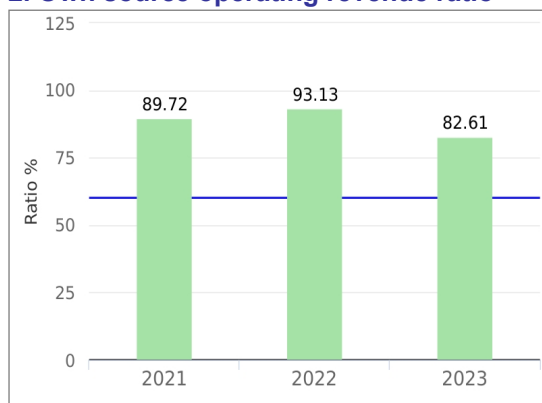
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2022/23 result

2022/23 ratio 82.61%

Council meets this indicator above the Benchmark of meeting operating expenses with Own Source revenue with the exclusion of grant funding.

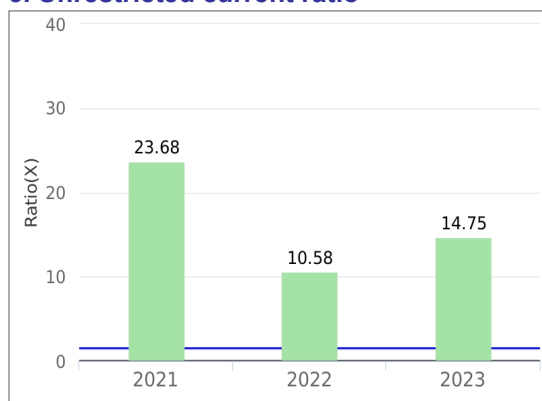
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2022/23 result

2022/23 ratio 14.75x

Council is well above the acceptable performance indicator of greater than 1.5 times with a result of 14.76 times.

Benchmark: — > 1.50x

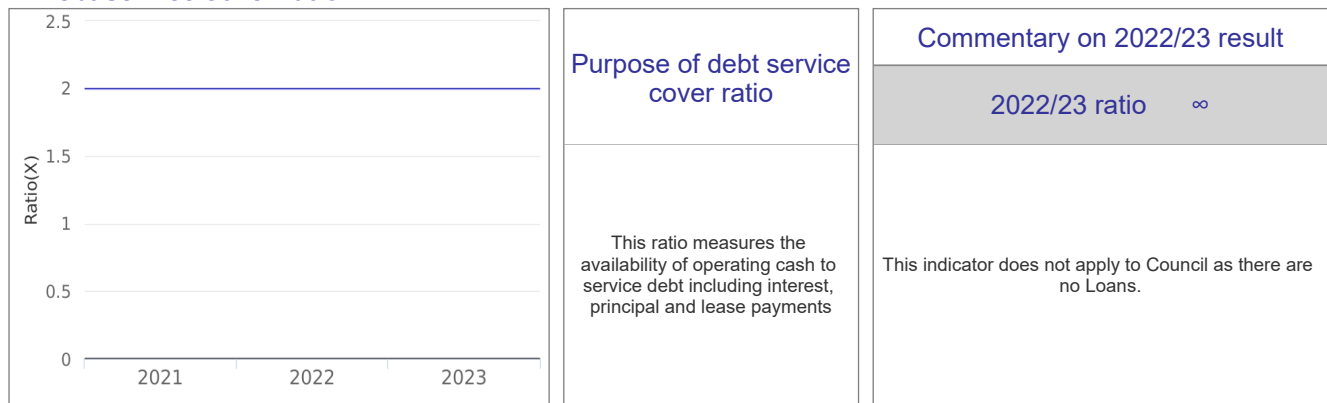
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

4. Debt service cover ratio



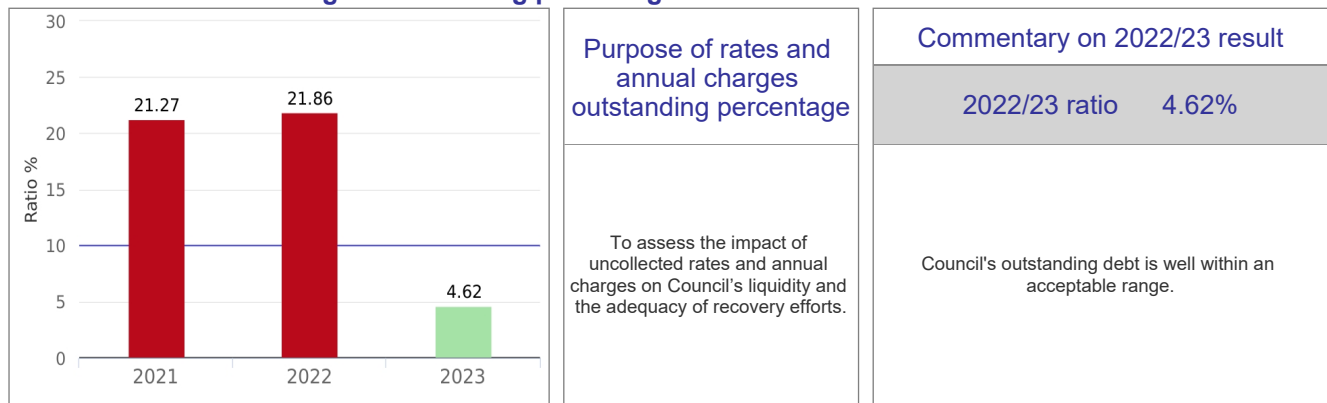
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



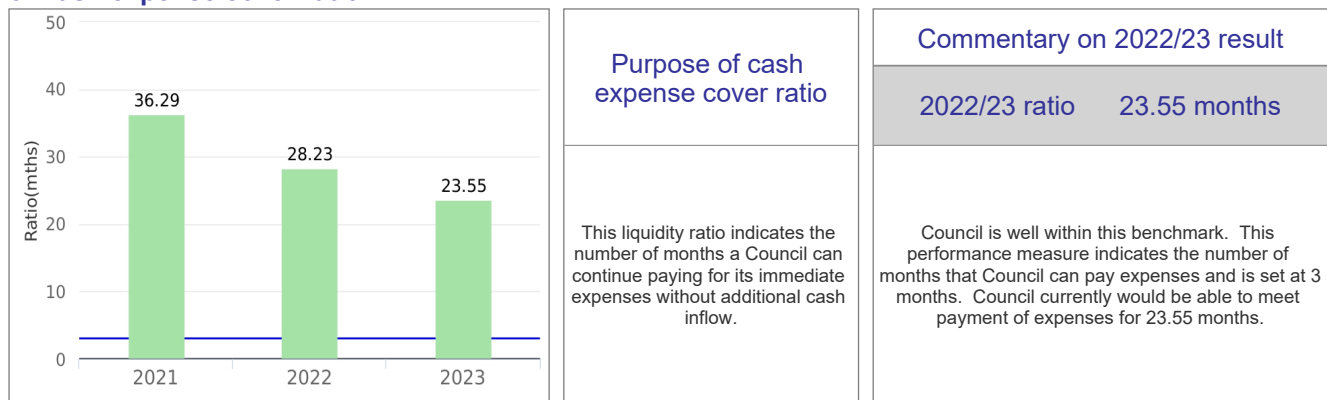
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Goldenfields Water County Council

To the Councillors of Goldenfields Water County Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

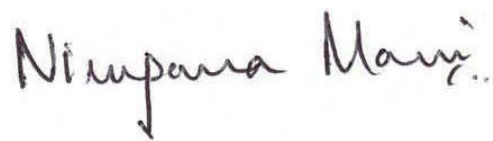
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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

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

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

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note B5-1 'Material budget variations
- 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.



Nirupama Mani
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

31 October 2023
SYDNEY



Cr Matthew Stadtmiller
Chairperson
Goldenfields Water County Council
PO Box 220
TEMORA NSW 2666

Contact: Nirupama Mani
Phone no: 02 9275 7111
Our ref: R008-16585809-46847

31 October 2023

Dear Cr Stadtmiller

**Report on the Conduct of the Audit
for the year ended 30 June 2023
Goldenfields Water County Council**





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

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

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

INCOME STATEMENT

Operating result

	2023 \$m	2022 \$m	Variance %
Rates and annual charges revenue	6.0	5.7	 5.3
Grants and contributions revenue	4.6	1.5	 206.7
Operating result from continuing operations	2.2	(0.3)	 (833)
Net operating result before capital grants and contributions	(2.4)	(1.9)	 26.3

The Council's operating result from continuing operations (\$2.2 million including depreciation and amortisation expense of \$8.3 million) was \$2.5 million higher than the 2021–22 result. The increase is mainly due to the increase in grants and contributions provided for capital purposes in the current year.

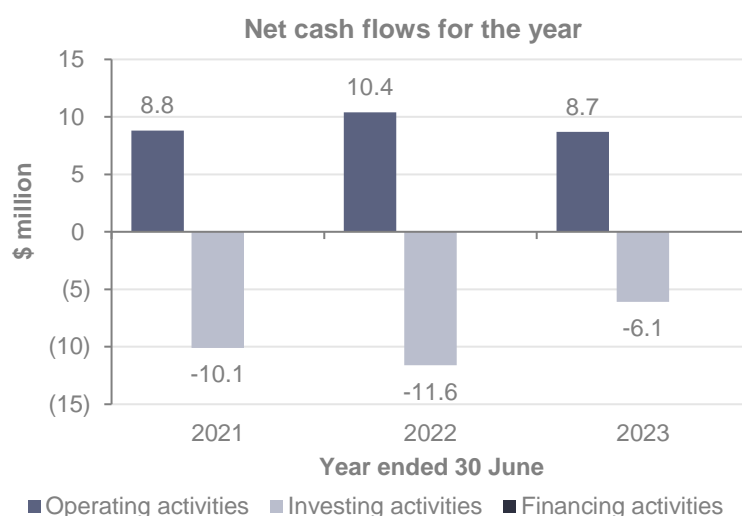
The net operating deficit before capital grants and contributions of (\$2.4 million) was \$0.5 million lower than the 2021–22 result. The decrease is mainly due to the increase in materials and services expenses which increased by \$1.4 million from 2021–22 to \$8.1 million in 2022–23.

Rates and annual charges revenue of \$6.0 million increased by \$0.3 million (5.3 per cent) in 2022–23 which was consistent with the average increase in fees and charges set by Council for period.

Grants and contributions revenue of \$4.6 million increased by \$3.1 million (206.7 per cent) in 2022–23 due to an increase in additional water supply contributions received for headworks compared to the prior year.

STATEMENT OF CASH FLOWS

- Council recorded a net increase in cash and cash equivalents of \$2.6 million at 30 June 2023.
- Net cash provided by operating activities amounted to \$8.7 million. Council recorded cash receipts from user fees and charges of \$12.6 million and grants and contributions of \$4.6 million. Council recorded cash payments for employee benefits and on-costs of \$7.9 million and materials and services of \$8.3 million.
- Net cash used in investing activities amounted to \$6.1 million. This is largely due to the net cash outflow of \$20.3 million for the purchase of infrastructure, property, plant and equipment during the year.



FINANCIAL POSITION

Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	33.3	44.2	<ul style="list-style-type: none"> • Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect identified programs of works and any forward plans identified by Council. The movement in the internally allocated cash balance is predominately due to a decrease in infrastructure replacement restrictions. • Unrestricted cash has decreased due to the increase in internal allocations from the prior year. Council has decreased the internal allocations for infrastructure replacement.
Restricted cash and investments:			
• External restrictions	-	-	
• Internal allocations	26.5	20.6	

Debt

Council's approved overdraft facility for Commonwealth Bank Australia (CBA) is \$0.5 million. This remains unused at the end of the financial year.

PERFORMANCE

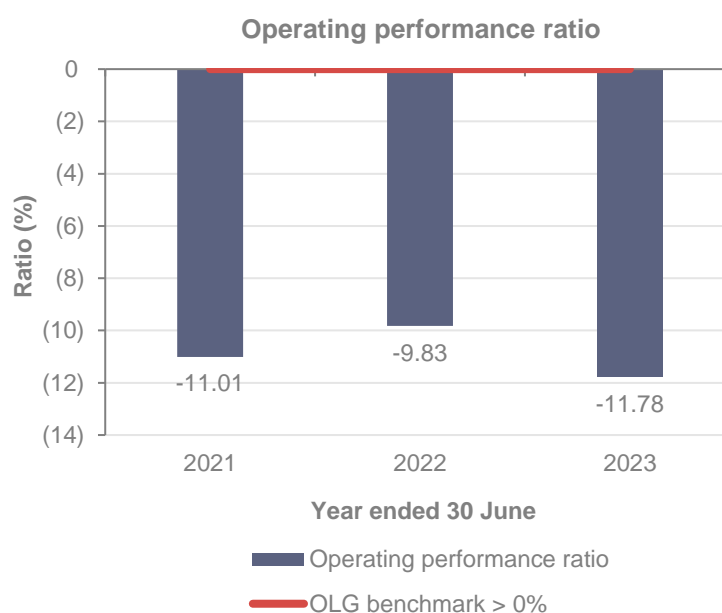
Performance measures

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, Industry and Environment.

Operating performance ratio

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

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

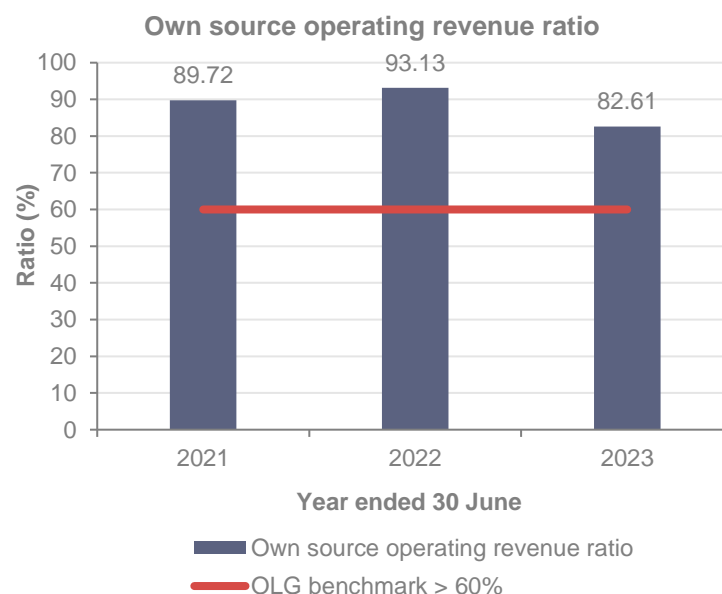


Own source operating revenue ratio

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

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

The Council's own source operating revenue ratio of 82.61 per cent is above the industry benchmark of 60 per cent. Council has met this benchmark as its main source of income is from water sales, rather than reliance on operating grants and contributions.

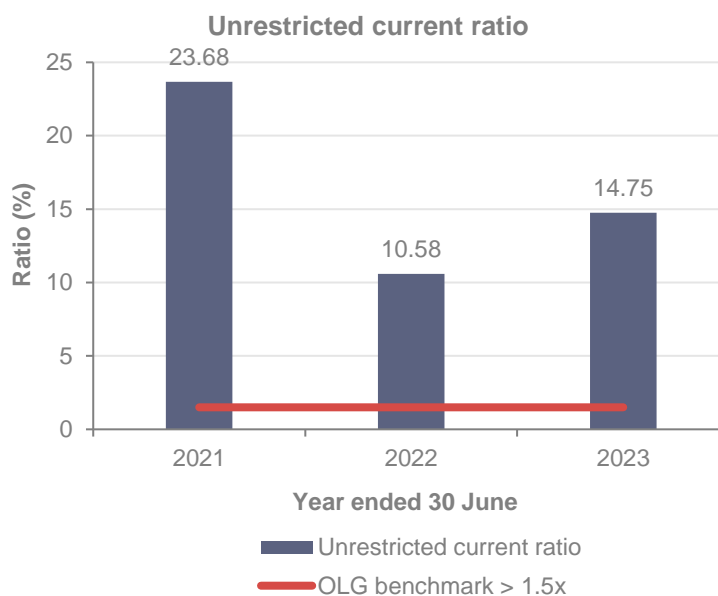


Unrestricted current ratio

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

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

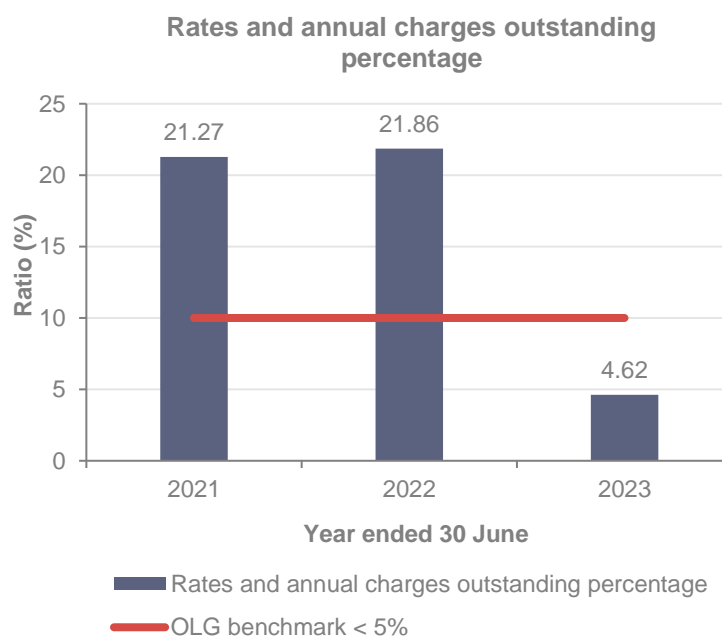
The Council's unrestricted current ratio of 14.75 times is higher than the industry benchmark minimum of greater than 1.5 times. This indicates that the Council have sufficient liquidity to meet its current liabilities as and when they fall due.



Rates and annual charges outstanding percentage

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

The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 5 per cent for metropolitan councils.

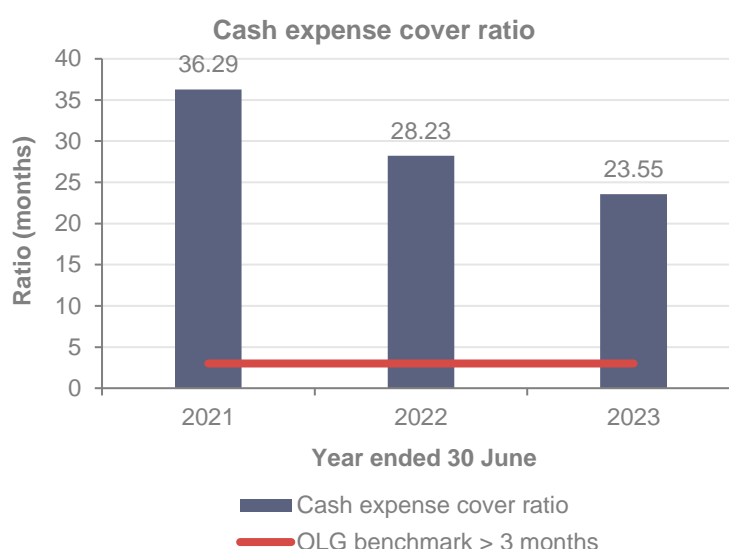


Cash expense cover ratio

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

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

The Council's cash expense cover ratio was 23.55 months, which is above the industry benchmark of greater than 3 months. This indicates that Council has the capacity to cover 23.55 months of cash expenditure without additional cash inflows at 30 June 2023.



Infrastructure, property, plant and equipment renewals

The Council has renewed \$10.8 million of assets in the 2022–23 financial year, compared to \$14.4 million of assets in the 2021–22 financial year. Council have a large capital works program which is contributing to the high amount of renewals, including renewing \$3.3 million of infrastructure assets during the year.

A further \$9.5 million was spent on new assets including:

- \$7.8 million carried as work in progress;
- \$1.2 million on plant and equipment; and
- \$398,000 on construction of infrastructure assets.

OTHER MATTERS

Legislative compliance

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

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

Nirupama Mani
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

cc: Mr Aaron Drenovski, General Manager
Mr Peter McLean, Chair of the Audit, Risk and Improvement Committee
Ms Kiersten Fishburn, Secretary of the Department of Planning and Environment

Goldenfields Water County Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023

*To be innovative leaders in the supply and distribution of
water through regional efficiency, technical excellence and
customer service.*



Goldenfields Water County Council

Special Purpose Financial Statements

for the year ended 30 June 2023

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

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).

Goldenfields Water County Council

Special Purpose Financial Statements

for the year ended 30 June 2023

Statement by Councillors and Management

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 07 September 2023.



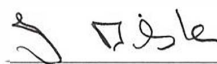
Matthew Stadtmiller
Chairperson
07 September 2023



Bob Callow
Deputy Chairperson
07 September 2023



Aaron Drenvoski
General Manager
07 September 2023



Terri Bilske
Responsible Accounting Officer
07 September 2023

Goldenfields Water County Council

Income Statement of water supply business activity

for the year ended 30 June 2023

\$ '000	2023	2022
Income from continuing operations		
Access charges	6,041	5,741
User charges	14,980	14,381
Fees	61	206
Interest and investment income	814	407
Net gain from the disposal of assets	168	204
Other income	191	156
Total income from continuing operations	22,255	21,095
Expenses from continuing operations		
Employee benefits and on-costs	8,078	7,456
Materials and services	8,001	6,582
Depreciation, amortisation and impairment	8,271	8,580
Water purchase charges	128	121
Calculated taxation equivalents	–	47
Other expenses	211	206
Total expenses from continuing operations	24,689	22,992
Surplus (deficit) from continuing operations before capital amounts	(2,434)	(1,897)
Grants and contributions provided for capital purposes	4,649	1,540
Surplus (deficit) from continuing operations after capital amounts	2,215	(357)
Surplus (deficit) from all operations before tax	2,215	(357)
Less: corporate taxation equivalent (25%) [based on result before capital]	–	–
Surplus (deficit) after tax	2,215	(357)
Plus accumulated surplus	94,866	95,176
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	–	47
Closing accumulated surplus	97,081	94,866
Return on capital %	(0.8)%	(0.7)%
Subsidy from Council	15,284	12,472
Calculation of dividend payable:		
Surplus (deficit) after tax	2,215	(357)
Less: capital grants and contributions (excluding developer contributions)	(4,649)	(1,540)
Surplus for dividend calculation purposes	–	–
Potential dividend calculated from surplus	–	–

Goldenfields Water County Council

Statement of Financial Position of water supply business activity

as at 30 June 2023

\$ '000	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	5,748	3,126
Investments	27,500	36,082
Receivables	5,208	5,340
Inventories	979	774
Total current assets	39,435	45,322
Non-current assets		
Investments	–	5,000
Infrastructure, property, plant and equipment	319,651	288,946
Total non-current assets	319,651	293,946
Total assets	359,086	339,268
LIABILITIES		
Current liabilities		
Payables	1,603	2,132
Income received in advance	–	1,125
Employee benefit provisions	2,657	2,582
Total current liabilities	4,260	5,839
Non-current liabilities		
Payables	12	9
Employee benefit provisions	138	129
Total non-current liabilities	150	138
Total liabilities	4,410	5,977
Net assets	354,676	333,291
EQUITY		
Accumulated surplus	97,081	90,187
Revaluation reserves	257,595	243,104
Total equity	354,676	333,291

Note – Significant Accounting Policies

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

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

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

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

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1

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

Goldenfields Water County Council (whole of Council operation)

Water supply within the Local Government areas of Bland, Coolamon, Junee, Temora and parts of Cootamundra-Gundagai, Hilltops and Narrandera. Bulk water is supplied to Hilltops and Cootamundra-Gundagai Councils.

Taxation equivalent charges

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

Notional rate applied (%)

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

Land tax – the first \$969,000 of combined land values attracts **0%**. For the combined land values in excess of \$969,000 up to \$5,925,000 the rate is **\$100 + 1.6%**. For the remaining combined land value that exceeds \$4,616,000 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.

Note – Significant Accounting Policies (continued)

Income tax

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

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

Accordingly, there is no need for disclosure of internal charges in the SPFS.

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.758% at 30/6/2023.

(iii) Dividends

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

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

Each dividend must be calculated and approved in accordance with Section 4 of the Department of Planning and Environment - Water's regulatory and assurance framework.

- 50% of this surplus in any one year, or
- the number of water supply assessments at 30/06/2023 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with Section 4 of the Department of Planning and Environment - Water's regulatory and assurance framework, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to DPIE - Water.



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Goldenfields Water County Council

To the Councillors of Goldenfields Water County Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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

A handwritten signature in dark ink, reading "Nirupama Mani". The signature is written in a cursive style with a small flourish at the end.

Nirupama Mani
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

31 October 2023
SYDNEY

Goldenfields Water County Council

SPECIAL SCHEDULES
for the year ended 30 June 2023

*To be innovative leaders in the supply and distribution of
water through regional efficiency, technical excellence and
customer service.*



Goldenfields Water County Council

Special Schedules

for the year ended 30 June 2023

Contents	Page
Special Schedules:	
Report on infrastructure assets as at 30 June 2023	3

Goldenfields Water County Council

Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2022/23 Required maintenance ^a	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Council Office	110	110	110	136	1,475	2,058	0.0%	0.0%	0.0%	0.0%	100.0%
	Council Works Depots	251	251	251	223	2,040	2,882	0.0%	0.0%	0.0%	0.0%	100.0%
	Council Houses	30	30	30	38	1,412	2,880	0.0%	0.0%	0.0%	0.0%	100.0%
	Sub-total	391	391	391	397	4,928	7,820	0.0%	0.0%	0.0%	0.0%	100.0%
Water supply network	Mains	57,394	57,394	2,021	2,392	188,754	381,213	27.0%	28.0%	2.0%	25.0%	18.0%
	Pumping Stations & Bores	4,492	4,492	2,535	2,819	21,305	38,824	33.0%	29.0%	18.0%	4.0%	16.0%
	Reservoirs	3,303	3,303	653	478	52,563	95,753	9.0%	39.0%	42.0%	6.0%	4.0%
	Treatment	2,948	2,948	1,888	2,106	25,520	45,591	31.0%	15.0%	32.0%	15.0%	7.0%
	Microwave Network	–	–	63	108	1,174	1,282	100.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	68,137	68,137	7,160	7,903	188,754	562,663	24.8%	28.8%	12.3%	19.5%	14.6%
Total – all assets		68,528	68,528	7,551	8,300	193,682	570,483	24.5%	28.4%	12.2%	19.2%	15.7%

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

Infrastructure asset condition assessment 'key'

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

Goldenfields Water County Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2023	Indicator 2023	Indicators 2022 2021		Benchmark
Buildings and infrastructure renewals ratio					
Asset renewals ¹	20,776	297.61%	309.51%	6.32%	> 100.00%
Depreciation, amortisation and impairment	6,981				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	68,528	22.02%	34.78%	8.57%	< 2.00%
Net carrying amount of infrastructure assets	311,174				
Asset maintenance ratio					
Actual asset maintenance	8,300	109.92%	92.08%	102.08%	> 100.00%
Required asset maintenance	7,551				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	68,528	12.01%	14.58%	7.83%	
Gross replacement cost	570,482				

(*) 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.