

Cowra Shire Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2023



Cowra Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023



Cowra Shire Council

General Purpose Financial Statements

for the year ended 30 June 2023

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Overview

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

116 Kendal Street
Cowra NSW 2794

Council's guiding principles are detailed in Chapter 3 of the Local Government Act 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.cowracouncil.com.au

Cowra Shire Council

General Purpose Financial Statements

for the year ended 30 June 2023

Statement by Councillors and Management

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

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

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

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

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

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

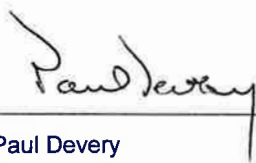
Signed in accordance with a resolution of Council made on 25 September 2023.



Cr RA Fagan
Mayor
25 September 2023



Cr PR Smith
Deputy Mayor
25 September 2023



Paul Devery
General Manager
25 September 2023



Michael Jones
Responsible Accounting Officer
25 September 2023

Cowra Shire Council

Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
	Income from continuing operations			
15,340	Rates and annual charges	B2-1	15,387	14,883
14,578	User charges and fees	B2-2	15,525	13,344
2,048	Other revenues	B2-3	2,421	2,151
5,925	Grants and contributions provided for operating purposes	B2-4	13,140	9,059
3,772	Grants and contributions provided for capital purposes	B2-4	6,356	13,519
741	Interest and investment income	B2-5	1,209	261
224	Other income	B2-6	209	206
146	Net gain from the disposal of assets	B4-1	419	617
42,774	Total income from continuing operations		54,666	54,040
	Expenses from continuing operations			
16,600	Employee benefits and on-costs	B3-1	17,081	15,265
12,930	Materials and services	B3-2	17,643	12,068
950	Borrowing costs	B3-3	974	1,052
7,470	Depreciation, amortisation and impairment of non-financial assets	B3-4	8,701	7,637
1,518	Other expenses	B3-5	1,333	1,287
39,468	Total expenses from continuing operations		45,732	37,309
3,306	Operating result from continuing operations		8,934	16,731
3,306	Net operating result for the year attributable to Council		8,934	16,731
(465)	Net operating result for the year before grants and contributions provided for capital purposes		2,578	3,212

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

Cowra Shire 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		8,934	16,731
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	46,397	78,387
Impairment (loss) reversal / (revaluation decrement) relating to infrastructure, property, plant and equipment	C1-7	(5,244)	–
Total items which will not be reclassified subsequently to the operating result		41,153	78,387
Total other comprehensive income for the year		41,153	78,387
Total comprehensive income for the year attributable to Council		50,087	95,118

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

Cowra Shire Council

Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	2022
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	15,333	10,491
Investments	C1-2	26,771	27,771
Receivables	C1-4	5,321	4,816
Inventories	C1-5	1,367	1,418
Contract assets and contract cost assets	C1-6	4,865	829
Other		39	42
Total current assets		53,696	45,367
Non-current assets			
Inventories	C1-5	149	148
Infrastructure, property, plant and equipment (IPPE)	C1-7	752,271	710,121
Other		174	174
Total non-current assets		752,594	710,443
Total assets		806,290	755,810
LIABILITIES			
Current liabilities			
Payables	C3-1	2,968	3,158
Contract liabilities	C3-2	6,963	5,277
Borrowings	C3-3	1,380	1,447
Employee benefit provisions	C3-4	5,257	5,038
Total current liabilities		16,568	14,920
Non-current liabilities			
Borrowings	C3-3	12,472	13,852
Employee benefit provisions	C3-4	242	146
Provisions	C3-5	516	487
Total non-current liabilities		13,230	14,485
Total liabilities		29,798	29,405
Net assets		776,492	726,405
EQUITY			
Accumulated surplus	C4-1	237,054	228,120
IPPE revaluation reserve	C4-1	539,438	498,285
Council equity interest		776,492	726,405
Total equity		776,492	726,405

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

Cowra Shire Council

Statement of Changes in Equity

for the year ended 30 June 2023

\$ '000	Notes	2023			2022		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		228,120	498,285	726,405	211,389	419,898	631,287
Net operating result for the year		8,934	–	8,934	16,731	–	16,731
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	46,397	46,397	–	78,387	78,387
Impairment (loss) reversal / (revaluation decrement) relating to infrastructure, property, plant and equipment	C1-7	–	(5,244)	(5,244)	–	–	–
Other comprehensive income		–	41,153	41,153	–	78,387	78,387
Total comprehensive income		8,934	41,153	50,087	16,731	78,387	95,118
Closing balance at 30 June		237,054	539,438	776,492	228,120	498,285	726,405

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

Cowra Shire 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				
<i>Receipts:</i>				
15,340	Rates and annual charges		15,567	14,825
14,578	User charges and fees		15,927	14,078
741	Interest received		920	236
9,696	Grants and contributions		16,830	24,160
–	Bonds, deposits and retentions received		241	334
2,272	Other		4,360	4,428
<i>Payments:</i>				
(16,094)	Payments to employees		(16,765)	(15,271)
(13,202)	Payments for materials and services		(20,027)	(14,337)
(950)	Borrowing costs		(950)	(1,029)
–	Bonds, deposits and retentions refunded		(48)	(215)
(1,518)	Other		(2,060)	(1,396)
10,863	Net cash flows from operating activities	G1-1	13,995	25,813
Cash flows from investing activities				
<i>Receipts:</i>				
–	Sale of investments		27,771	34,807
–	Sale of real estate assets		391	431
60	Proceeds from sale of IPPE		311	294
<i>Payments:</i>				
–	Purchase of investments		(27,771)	(34,807)
–	Acquisition of term deposits		1,000	(1,350)
(27,553)	Payments for IPPE		(9,408)	(19,386)
(27,493)	Net cash flows from investing activities		(7,706)	(20,011)
Cash flows from financing activities				
<i>Receipts:</i>				
14,043	Proceeds from borrowings		–	–
<i>Payments:</i>				
(1,447)	Repayment of borrowings		(1,447)	(1,384)
12,596	Net cash flows from financing activities		(1,447)	(1,384)
(4,034)	Net change in cash and cash equivalents		4,842	4,418
8,000	Cash and cash equivalents at beginning of year		10,491	6,073
3,966	Cash and cash equivalents at end of year	C1-1	15,333	10,491
30,000	plus: Investments on hand at end of year	C1-2	26,771	27,771
33,966	Total cash, cash equivalents and investments		42,104	38,262

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

Cowra Shire Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 28 October 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 consolidated financial statements are set out below.

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

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

Council is a not for-profit entity.

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

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-7
- (ii) estimated tip remediation provisions – refer Note C3-5
- (iii) employee benefit provisions – refer Note C3-4.

Significant judgements in applying the Council's accounting policies

- i. Impairment of receivables – refer Note C1-4.
- ii. Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-2 – B2-4.

Monies and other assets received by Council

The Consolidated Fund

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

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

- General purpose operations
- Water service
- Sewerage service
- Waste Fund

A1-1 Basis of preparation (continued)

The Trust Fund

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

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

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

Goods and Services Tax (GST)

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

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

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

Volunteer services

Council does not make use of volunteer services for its operations and therefore no income or expenses have been bought in.

New accounting standards and interpretations issued but not yet effective

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

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

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

New accounting standards adopted during the year

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

None of those newly adopted standards had an impact on Council's reported financial position, financial performance and/or associated financial statement.

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										
Civic Activities	48	62	969	979	(921)	(917)	–	16	–	–
Administration	389	267	5,609	4,212	(5,220)	(3,945)	271	161	40,794	31,715
Public Order and Safety	1,277	4,300	1,203	1,210	74	3,090	1,159	4,199	7,740	9,671
Health	–	–	–	–	–	–	–	–	1,146	905
Environment	6,080	5,736	6,140	5,364	(60)	372	86	293	30,858	28,825
Community Services and Education	12	65	247	231	(235)	(166)	10	63	659	688
Housing and community amenities	1,224	1,321	3,243	2,650	(2,019)	(1,329)	172	267	2,996	2,796
Water Supplies	7,920	11,759	7,720	7,313	200	4,446	1,133	5,540	99,030	93,475
Sewerage services	4,007	3,853	3,856	3,549	151	304	7	22	56,369	54,452
Recreation and culture	1,339	964	4,710	4,058	(3,371)	(3,094)	711	578	51,384	40,959
Mining, manufacture and construction	–	–	72	70	(72)	(70)	–	–	424	494
Transport and communications	9,004	5,765	4,982	3,107	4,022	2,658	8,340	4,858	510,356	486,857
Economic affairs	7,370	5,964	6,981	4,566	389	1,398	118	–	4,534	4,973
General purpose income	15,996	13,984	–	–	15,996	13,984	7,489	6,581	–	–
Total functions and activities	54,666	54,040	45,732	37,309	8,934	16,731	19,496	22,578	806,290	755,810

B1-2 Components of functions or activities

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

Civic Activities

Includes costs relating to Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of Council and policy-making committees, public disclosure (e.g. GIPA), and legislative compliance.

Administration

Includes corporate support and other support services, engineering works, and any Council policy compliance.

Public Order and Safety

Fire and emergency services levy, fire protection, emergency services, enforcement of regulations and animal control.

Health

Inspection & food control.

Environment

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

Community Services and Education

Youth services; aged and disabled persons services.

Housing and community amenities

Public cemeteries; public conveniences; street lighting; town planning; housing and other community amenities.

Water Supplies

Sewerage services

Recreation and culture

Public libraries; art galleries; community centres and halls, sporting grounds and venues; swimming pools; parks; gardens; and cultural services.

Mining, manufacture and construction

Building control, quarries and pits.

Transport and communications

Urban local, urban regional, sealed and unsealed roads, bridges, footpaths, parking areas, bus shelters and aerodromes.

Economic affairs

Caravan parks; tourism and area promotion; industrial development promotion; sale yards; real estate development; and other business undertakings.

General purpose income

Includes rates and annual charges excluding water and sewer, non-capital general purpose grants, interest on overdue rates and charges, and interest on investments excluding externally restricted assets.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2023	2022
Ordinary rates		
Residential	2,768	2,683
Farmland	3,265	3,204
Mining	22	21
Business	1,471	1,406
Less: pensioner rebates (mandatory)	(176)	(183)
Rates levied to ratepayers	7,350	7,131
Pensioner rate subsidies received	97	101
Total ordinary rates	7,447	7,232
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	2,814	2,688
Water supply services	1,969	1,904
Sewerage services	3,047	2,963
Waste management services (non-domestic)	266	256
Less: pensioner rebates (mandatory)	(345)	(355)
Annual charges levied	7,751	7,456
Pensioner annual charges subsidies received:		
– Water	61	63
– Sewerage	40	42
– Domestic waste management	88	90
Total annual charges	7,940	7,651
Total rates and annual charges	15,387	14,883
Timing of revenue recognition for rates and annual charges		
Rates and annual charges recognised at a point in time	15,387	14,883
Total rates and annual charges	15,387	14,883

Council has used 2019 year valuations provided by the NSW Valuer General in calculating its rates.

Accounting policy

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

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area that are not subsidised by the NSW Government.

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

B2-2 User charges and fees

\$ '000	2023	2022
Specific user charges (per s502 - specific 'actual use' charges)		
Water supply services	4,628	4,140
Sewerage services	736	707
Total specific user charges	5,364	4,847
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s608)		
Planning and building regulation	407	399
Private works – section 67	61	53
Total fees and charges – statutory/regulatory	468	452
(ii) Fees and charges – other (incl. general user charges (per s608))		
Caravan park	449	597
Cemeteries	430	343
Community centres	179	195
Library and art gallery	6	4
Refuse and effluent disposal	153	149
Transport for NSW works (state roads not controlled by Council)	6,163	4,847
Saleyards	453	467
Sundry sales	94	75
Swimming centres	184	147
Waste disposal tipping fees	1,364	975
Water connection fees	181	184
Other	37	62
Total fees and charges – other	9,693	8,045
Total other user charges and fees	10,161	8,497
Total user charges and fees	15,525	13,344
Timing of revenue recognition for user charges and fees		
User charges and fees recognised at a point in time	15,525	13,344
Total user charges and fees	15,525	13,344

Accounting policy

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

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

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

B2-3 Other revenues

\$ '000	2023	2022
Fines	16	25
Diesel rebate	66	96
Insurance claims recoveries	447	–
Recycling income (non-domestic)	1,595	1,783
Cultural and community activities	26	27
Insurance rebate	55	49
Lease back contributions	126	117
Rural Fire Service reimbursement	90	54
Total other revenue	2,421	2,151
Timing of revenue recognition for other revenue		
Other revenue recognised at a point in time	2,421	2,151
Total other revenue	2,421	2,151

Accounting policy for other revenue

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

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

Fines are recognised when the penalty is paid.

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

B2-4 Grants and contributions

\$ '000	Operating 2023	Operating 2022	Capital 2023	Capital 2022
General purpose grants and non-developer contributions (untied)				
General purpose (untied)				
Current year allocation				
Financial assistance – general component	922	1,764	–	–
Financial assistance – local roads component	623	805	–	–
Payment in advance - future year allocation				
Financial assistance – general component	4,101	2,761	–	–
Financial assistance – local roads component	1,843	1,251	–	–
Amount recognised as income during current year	7,489	6,581	–	–
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Water supplies	71	44	1,035	5,438
Community care	10	63	–	–
Community centres	–	–	–	260
Employment and training programs	64	136	–	–
Environmental programs	117	99	–	80
Heritage and cultural	–	7	–	–
Library	99	98	9	–
LIRS subsidy	20	30	–	–
NSW rural fire services	–	–	803	2,725
Street lighting	66	157	–	–
Recreation and culture	288	37	522	467
Transport (other roads and bridges funding)	3,749	44	3,475	2,512
Transport (roads to recovery)	–	1,210	–	–
Community services	–	8	–	–
Other specific grants	8	–	–	–
Transport for NSW contributions (regional roads, block grant)	1,159	535	–	400
Tourism	–	10	–	–
Total special purpose grants and non-developer contributions – cash	5,651	2,478	5,844	11,882
Non-cash contributions				
Bushfire services	–	–	356	1,474
Total other contributions – non-cash	–	–	356	1,474
Total special purpose grants and non-developer contributions (tied)	5,651	2,478	6,200	13,356
Total grants and non-developer contributions	13,140	9,059	6,200	13,356
Comprising:				
– Commonwealth funding	7,489	7,826	2,701	1,033
– State funding	5,648	1,135	3,499	12,323
– Other funding	3	98	–	–
	13,140	9,059	6,200	13,356

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):	G3				
Cash contributions					
S 7.11 – contributions towards amenities/services		–	–	24	44
S 7.12 – fixed development consent levies		–	–	118	69
S 64 – water supply contributions		–	–	7	28
S 64 – sewerage service contributions		–	–	7	22
Total developer contributions – cash		–	–	156	163
Total developer contributions		–	–	156	163
Total contributions		–	–	156	163
Total grants and contributions		13,140	9,059	6,356	13,519
Timing of revenue recognition for grants and contributions					
Grants and contributions recognised over time		–	–	5,041	8,676
Grants and contributions recognised at a point in time		13,140	9,059	1,315	4,843
Total grants and contributions		13,140	9,059	6,356	13,519

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

\$ '000	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Unspent grants and contributions (non-developer)				
Unspent funds at 1 July	492	617	5,269	2,536
Add: operating grants recognised as income in the current period but not yet spent	2,622	415	–	–
Add: Funds received and not recognised as revenue in the current year	–	–	3,757	5,071
Less: capital grants recognised in a previous reporting period now spent	(286)	(489)	–	–
Less: Funds received in prior year but revenue recognised and funds spent in current year	(24)	(51)	(2,047)	(2,338)
Unspent funds at 30 June	2,804	492	6,979	5,269
Contributions (developer)				
Unspent funds at 1 July	–	–	163	184
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	133	163
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	(78)	(184)
Unspent contributions at 30 June	–	–	218	163

Accounting policy

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

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

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

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

Capital grants

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

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

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

B2-4 Grants and contributions (continued)

Developer contributions

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

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

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

Other grants and contributions

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

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

B2-5 Interest and investment income

\$ '000	2023	2022
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	142	117
– Cash and investments	1,067	144
Total interest and investment income	1,209	261
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	51	42
General Council cash and investments	1,005	129
Restricted investments/funds – external:		
Development contributions		
– Section 7.11 & 7.12	5	1
– Section 64	4	–
Water fund operations	41	36
Sewerage fund operations	81	36
Domestic waste management operations	22	17
Total interest and investment income	1,209	261

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			
Other lease income			
Aerodrome land		33	32
Fire Control Centre		–	4
Treatment Works land		12	12
Visitors Centre & Cafe		46	44
Other Council properties		118	114
Total other lease income		209	206
Total rental income	C2-2	209	206
Total other income		209	206

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2023	2022
Salaries and wages	12,695	12,149
Employee leave entitlements (ELE)	2,960	2,309
Superannuation – defined contribution plans	1,364	1,248
Superannuation – defined benefit plans	221	248
Workers' compensation insurance	615	502
Fringe benefit tax (FBT)	18	22
Total employee costs	17,873	16,478
Less: capitalised costs	(792)	(1,213)
Total employee costs expensed	17,081	15,265
Number of 'full-time equivalent' employees (FTE) at year end	185	182
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)	197	194

Accounting policy

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

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

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

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

B3-2 Materials and services

\$ '000	Notes	2023	2022
Raw materials and consumables		6,190	4,558
Contractor costs		8,186	4,637
Audit Fees	F2-1	67	64
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	192	179
Advertising		186	225
Bank charges		52	43
Electricity and heating		1,010	1,091
Insurance		769	469
Office expenses (including computer expenses)		123	50
Postage		51	17
Printing and stationery		39	45
Repairs and maintenance		19	–
Street lighting		243	143
Telephone and communications		186	229
Valuation fees		62	59
Travel expenses		73	46
Training costs (other than salaries and wages)		125	116
Legal expenses:			
– Legal expenses: planning and development		1	13
– Legal expenses: other		51	34
Expenses from leases of low value assets		18	50
Total materials and services		17,643	12,068
Total materials and services		17,643	12,068

Accounting policy

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

B3-3 Borrowing costs

\$ '000	Notes	2023	2022
(i) Interest bearing liability costs			
Interest on loans		945	1,025
Total interest bearing liability costs		945	1,025
Total interest bearing liability costs expensed		945	1,025
(ii) Other borrowing costs			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	C3-5	29	27
Total other borrowing costs		29	27
Total borrowing costs expensed		974	1,052

Accounting policy

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

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

\$ '000	Notes	2023	2022
Depreciation and amortisation			
Plant and equipment		1,382	1,305
Office equipment		100	55
Furniture and fittings		4	4
Infrastructure:	C1-7		
– Buildings		997	726
– Roads		1,662	1,424
– Bridges		159	144
– Footpaths		142	127
– Other road assets		59	51
– Stormwater drainage		297	277
– Water supply network		2,225	1,972
– Sewerage network		966	885
– Swimming pools		133	122
– Other open space/recreational assets		192	174
– Aerodrome		57	50
Other assets:			
– Other		321	316
Reinstatement, rehabilitation and restoration assets:			
– Quarry asset	C3-5,C1-7	5	5
Total gross depreciation and amortisation costs		8,701	7,637
Total depreciation and amortisation costs		8,701	7,637
Impairment / revaluation decrement of IPPE			
Infrastructure:	C1-7		
– Roads		4,834	–
Other assets		410	–
Total gross IPPE impairment / revaluation decrement costs		5,244	–
Amounts taken through revaluation reserve	C1-7	(5,244)	–
Total IPPE impairment / revaluation decrement costs charged to Income Statement		–	–
Total depreciation, amortisation and impairment for non-financial assets		8,701	7,637

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. Useful lives are included in Note C1-7 for IPPE assets.

Impairment of non-financial assets

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

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

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

B3-5 Other expenses

\$ '000	2023	2022
Other		
Contributions/levies to other levels of government	947	930
Emergency services levy (includes FRNSW, SES, and RFS levies)	386	357
Total other	1,333	1,287
Total other expenses	1,333	1,287

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	C1-7		
Proceeds from disposal – plant and equipment		311	294
Less: carrying amount of plant and equipment assets sold/written off		(176)	(8)
Gain (or loss) on disposal		135	286
Gain (or loss) on disposal of real estate assets held for sale	C1-5		
Proceeds from disposal – real estate assets		391	431
Less: carrying amount of real estate assets sold/written off		(107)	(100)
Gain (or loss) on disposal		284	331
Gain (or loss) on disposal of investments	C1-2		
Proceeds from disposal/redemptions/maturities – investments		27,771	34,807
Less: carrying amount of investments sold/redeemed/matured		(27,771)	(34,807)
Gain (or loss) on disposal		-	-
Net gain (or loss) from disposal of assets		419	617

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

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

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

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

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Revenues				
Other revenues	2,048	2,421	373	18% F
Income from other revenues was higher due to \$447,000 received for insurance claims following the flooding in November 2022.				
Operating grants and contributions	5,925	13,140	7,215	122% F
Grants of \$4.4 million were received for road repairs following the November flood and an additional \$3.00 million in financial assistance grant due to 100% of the 2023/24 allocation being paid in advance prior to 30 June.				
Capital grants and contributions	3,772	6,356	2,584	69% F
Grants that were originally unbudgeted were received for water supply drought management, \$1 million, Rural Fire Service new headquarters, \$200,000 and Local Roads and Community Infrastructure \$1.5 million.				
Interest and investment revenue	741	1,209	468	63% F
Interest and investment revenue was significantly higher due to the increase in interest rates.				
Net gains from disposal of assets	146	419	273	187% F
Council sold more blocks of land in the airport industrial estate than originally budgeted.				
Expenses				
Materials and services	12,930	17,643	(4,713)	(36)% U
Materials and services costs were significantly higher due to expenditure on road repairs following the November 2022 flooding. The works were funded through additional grants.				
Depreciation, amortisation and impairment of non-financial assets	7,470	8,701	(1,231)	(16)% U
Depreciation expenses were higher as council was required to index all asset classes as at 30 June 2022 due to the higher inflation rates.				
Other expenses	1,518	1,333	185	12% F
Councils contribution to Emergency Services (RFS, SES & FRNSW) was less than original budget due to the NSW Government pausing the proposed increase.				

B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Statement of cash flows				
Cash flows from operating activities	10,863	13,995	3,132	29% F
Cash flow from operating activities was higher due to the additional grants received.				
Cash flows from investing activities	(27,493)	(7,706)	19,787	(72)% F
A number of capital projects including West Cowra Sewerage were delayed or not commenced.				
Cash flows from financing activities	12,596	(1,447)	(14,043)	(111)% U
Council did not borrow the \$14 million proposed as projects were delayed.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2023	2022
Cash assets		
Cash on hand and at bank	833	4,491
Cash equivalent assets		
– Deposits at call	13,000	4,500
– Short-term deposits	1,500	1,500
Total cash and cash equivalents	15,333	10,491

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	15,333	10,491
Balance as per the Statement of Cash Flows	15,333	10,491

Accounting policy

For Statement of Cash Flow presentation purposes, cash and cash equivalents includes 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.

C1-2 Financial investments

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
Debt securities at amortised cost				
Long term deposits	26,771	–	27,771	–
Total	26,771	–	27,771	–
Total financial investments	26,771	–	27,771	–
Total cash assets, cash equivalents and investments	42,104	–	38,262	–

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

Council classifies all its financial assets as loans and receivable.

Amortised cost

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

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

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

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

\$ '000	2023	2022
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	42,104	38,262
Cash, cash equivalents and investments not subject to external restrictions	15,232	14,975
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	3,664	2,226
Specific purpose unexpended grants – water fund	3,300	3,051
External restrictions – included in liabilities	6,964	5,277
External restrictions		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	127	82
Developer contributions – sewer fund	92	81
Specific purpose unexpended grants – general fund	2,819	484
Water fund	5,017	6,281
Sewer fund	9,384	8,442
Sewerage services – Wyangala Sewerage Treatment Plant	1,305	1,491
Domestic waste management	1,164	1,149
External restrictions – other	19,908	18,010
Total external restrictions	26,872	23,287

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

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

\$ '000	2023	2022
(b) Internal allocations		
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Plant and vehicle replacement	2,642	2,684
Infrastructure (Built Asset) replacement	1,883	1,249
Employees leave entitlement	961	1,022
Carry over works	391	411
Deposits, retentions and bonds	804	611
Art Gallery	3	3
Aquatics centre capital renewal	1,253	–
Bad debts	74	67
Business assistance	77	77
Caravan Park	883	965
Depot redevelopment	59	80
Election	77	42
Financial assistance advance payment	2,069	4,012
Gravel rehabilitation	429	399
Lachlan River precinct	141	141
Pedestrian and cycle plan	50	50
Saleyards	24	25
RMS Warranty	250	250
Waste	977	–
Waste Long Service Leave	142	113
Statewide	123	116
Statecover	129	160
Civic Centre	22	11
Peace Precinct	8	8
Total internal allocations	13,471	12,496

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

C1-4 Receivables

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Rates and annual charges	2,409	–	2,558	–
User charges and fees	2,327	–	1,813	–
Private works	11	–	13	–
Accrued revenues				
– Interest on investments	357	–	68	–
Deferred debtors	6	–	6	–
Government grants and subsidies	114	–	154	–
Net GST receivable	110	–	217	–
Total	5,334	–	4,829	–
Less: provision for impairment				
User charges and fees	(13)	–	(13)	–
Total provision for impairment – receivables	(13)	–	(13)	–
Total net receivables	5,321	–	4,816	–

Accounting policy

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

Impairment

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

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

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

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

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

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

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

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

C1-5 Inventories

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
(i) Inventories at cost				
Real estate for resale	231	149	449	148
Stores and materials	1,136	–	969	–
Total inventories at cost	1,367	149	1,418	148
Total inventories	1,367	149	1,418	148

(i) Other disclosures

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
(a) Details for real estate development				
Residential	–	149	–	148
Industrial/commercial	231	–	449	–
Total real estate for resale	231	149	449	148
– Transfers in from (out to) Note C1-7	(110)	–	–	–
Accounting policy				

Raw materials and stores, work in progress and finished goods

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

Land held for resale

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

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

C1-6 Contract assets and Contract cost assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Contract assets	4,865	-	829	-
Total contract assets and contract cost assets	4,865	-	829	-

Contract assets

Other	4,865	-	829	-
Total contract assets	4,865	-	829	-

Significant changes in contract assets

There were numerous new grant funded programs that had not reached milestones and therefore not invoiced as at 30 June.

Accounting policy

Contract assets

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

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

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

C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 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	Impairment loss / revaluation decrements (recognised in equity)	WIP transfers	Tfrs from/(to) real estate assets (Note C1-5)	Revaluation increments/ (decrements) to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000														
Capital work in progress	8,495	–	8,495	2,149	1,534	–	–	–	(628)	–	–	11,550	–	11,550
Plant and equipment	26,602	(17,978)	8,624	–	1,875	(137)	(1,382)	–	–	–	–	27,363	(18,383)	8,980
Office equipment	675	(125)	550	–	39	–	(100)	–	–	–	–	714	(225)	489
Furniture and fittings	55	(51)	4	–	–	–	(4)	–	–	–	–	55	(55)	–
Land:														
– Operational land	12,561	–	12,561	–	–	–	–	–	–	110	(1,911)	10,760	–	10,760
– Community land	22,248	–	22,248	–	–	–	–	–	–	–	10,659	32,907	–	32,907
Infrastructure:														
– Buildings	47,537	(21,890)	25,647	22	272	–	(997)	–	555	–	(1,241)	42,621	(18,363)	24,258
– Roads	157,454	(42,937)	114,517	2,089	–	–	(1,662)	(4,834)	–	–	6,670	168,848	(52,068)	116,780
– Bridges	29,509	(5,879)	23,630	–	–	–	(159)	–	–	–	1,386	31,252	(6,395)	24,857
– Footpaths	15,814	(3,227)	12,587	–	313	–	(142)	–	21	–	736	17,084	(3,569)	13,515
– Other road assets	2,978	(739)	2,239	114	–	–	(59)	–	–	–	–	3,091	(797)	2,294
– Bulk earthworks (non-depreciable)	319,951	–	319,951	–	–	–	–	–	–	–	18,909	338,860	–	338,860
– Stormwater drainage	39,502	(12,052)	27,450	46	–	–	(297)	–	–	–	2,094	42,594	(13,301)	29,293
– Water supply network	145,777	(69,991)	75,786	491	159	–	(2,225)	–	–	–	5,672	157,666	(77,783)	79,883
– Sewerage network	63,372	(22,423)	40,949	99	15	–	(966)	–	–	–	3,083	68,372	(25,192)	43,180
– Swimming pools	4,936	(3,095)	1,841	–	–	–	(133)	–	–	–	122	5,289	(3,459)	1,830
– Other open space/recreational assets	5,709	(2,156)	3,553	–	254	(39)	(192)	–	2	–	–	5,892	(2,314)	3,578
– Aerodrome	5,173	(1,426)	3,747	–	–	–	(57)	–	50	–	218	5,529	(1,571)	3,958
Other assets:														
– Other	9,204	(3,538)	5,666	23	270	–	(321)	(410)	–	–	–	9,497	(4,269)	5,228
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):														
– Quarry assets	174	(98)	76	–	–	–	(5)	–	–	–	–	174	(103)	71
Total infrastructure, property, plant and equipment	917,726	(207,605)	710,121	5,033	4,731	(176)	(8,701)	(5,244)	–	110	46,397	980,118	(227,847)	752,271

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

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

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period							At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	4,872	–	4,872	1,604	6,090	–	–	(4,071)	–	–	8,495	–	8,495
Plant and equipment	25,408	(17,320)	8,088	–	1,840	(8)	(1,305)	9	–	–	26,602	(17,978)	8,624
Office equipment	400	(70)	330	196	62	–	(55)	17	–	–	675	(125)	550
Furniture and fittings	55	(47)	8	–	–	–	(4)	–	–	–	55	(51)	4
Land:													
– Operational land	7,431	–	7,431	–	–	–	–	–	–	5,130	12,561	–	12,561
– Community land	16,413	–	16,413	–	–	–	–	–	–	5,835	22,248	–	22,248
Infrastructure:													
– Buildings	35,996	(18,083)	17,913	578	4,075	–	(726)	992	–	2,815	47,537	(21,890)	25,647
– Roads	137,449	(37,457)	99,992	4,181	406	–	(1,424)	1,081	–	10,281	157,454	(42,937)	114,517
– Bridges	26,722	(5,180)	21,542	–	–	–	(144)	–	–	2,232	29,509	(5,879)	23,630
– Footpaths	14,080	(2,795)	11,285	148	35	–	(127)	82	–	1,164	15,814	(3,227)	12,587
– Other road assets (including bulk earthworks)	2,506	(687)	1,819	21	–	–	(51)	450	–	–	2,978	(739)	2,239
– Bulk earthworks (non-depreciable)	289,732	–	289,732	–	–	–	–	–	–	30,219	319,951	–	319,951
– Stormwater drainage	36,922	(11,018)	25,904	10	–	–	(277)	96	–	1,717	39,502	(12,052)	27,450
– Water supply network	128,885	(65,370)	63,515	949	237	–	(1,972)	739	–	12,318	145,777	(69,991)	75,786
– Sewerage network	61,605	(26,137)	35,468	77	5	–	(885)	116	–	6,168	63,372	(22,423)	40,949
– Swimming pools	4,500	(2,700)	1,800	–	–	–	(122)	–	–	163	4,936	(3,095)	1,841
– Aerodrome	4,603	(1,242)	3,361	–	–	–	(50)	91	–	345	5,173	(1,426)	3,747
– Other open space/recreational assets	5,125	(1,981)	3,144	29	264	–	(174)	287	3	–	5,709	(2,156)	3,553
Other assets:													
– Other	9,043	(3,222)	5,821	30	23	–	(316)	111	(3)	–	9,204	(3,538)	5,666
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):													
– Quarry assets	174	(93)	81	–	–	–	(5)	–	–	–	174	(98)	76
Total infrastructure, property, plant and equipment	811,921	(193,402)	618,519	7,823	13,037	(8)	(7,637)	–	–	78,387	917,726	(207,605)	710,121

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

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

Accounting policy

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

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

When infrastructure, property, plant and equipment 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 carrying amount of the asset 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	Other equipment	Years
Office equipment	4	Playground equipment	5 to 15
Office furniture	20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 8	Buildings	
Heavy plant/road making equipment	5 to 20	Buildings: masonry	50
Other plant and equipment	5 to 30		
Water and sewer assets		Stormwater assets	
Dams and reservoirs	80 to 100	Drains	100
Bores	20 to 40	Culverts	50 to 75
Reticulation pipes: PVC	70 to 80	Flood control structures	80 to 100
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 20		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	62	Bulk earthworks	infinite
Sealed roads: structure	166	Swimming pools	50
Unsealed roads	55	Other open space/recreational assets	50 to 100
Bridge: concrete	75 to 250	Other infrastructure	5 to 100

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

Revaluation model

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

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

For the year ended 30 June 2023 the following other asset categories were also indexed back to the date of their most recent revaluations:

- Swimming pool (based on NSW Consumer Price Index for non-residential building construction)
- Roads, bridges, footpaths, and bulk earthworks (based on NSW Consumer Price Index for road and bridge construction)
- Stormwater drainage (based on the NSW Reference Rates Manual Water and Sewerage Construction Cost Indices)

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

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

profit or loss. Decreases that reverse previous increases of assets in the same class are first charged against IPPE revaluation reserve to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

Land under roads

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

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

Crown reserves

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

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

Rural Fire Service assets

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

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

Infrastructure, property, plant and equipment – current year impairments

\$ '000	2023	2022
(iii) Impairment losses recognised direct to equity (ARR):		
– On site cabins at caravan park damaged by flooding in November	410	–
– Unsealed roads damaged by flooding in November	1,164	–
– Sealed roads damaged by flooding in November	3,670	–
Total impairment losses	5,244	–
Impairment of assets – direct to equity (ARR)	5,244	–

C2 Leasing activities

C2-1 Council as a lessee

Council has leases over a range of assets including survey and IT equipment. Information relating to the leases in place and associated balances and transactions is provided below.

Terms and conditions of leases

Office and IT equipment

Leases for photocopiers and IT equipment are considered low value assets. The leases range from 4 to 5 years with no renewal option, the payments are fixed, however some of the leases include variable payments based on usage.

(a) 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	18	50
	18	50

(b) Statement of Cash Flows

Total cash outflow for leases	18	50
	18	50

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

Council has a lease at significantly below market for a parcel of land used as a carpark.

The lease fee is \$10 per annum. The use of the right-to-use asset is restricted by the lessors to specified for carparking which Council must provide, these services are detailed in the leases.

Council does not believe that the lease is material from a statement of financial position or performance perspective.

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.

Exceptions to lease accounting

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

Leases at significantly below market value / Concessionary leases

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

C2-2 Council as a lessor

Operating leases

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

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

\$ '000	2023	2022
(ii) Assets held as property, plant and equipment		
Council provides operating leases on Council buildings for the purpose of community groups and grazing licences, the table below relates to operating leases on assets disclosed in C1-7.		
Lease income (excluding variable lease payments not dependent on an index or rate)	209	206
Total income relating to operating leases for Council assets	209	206

Amount of IPPE leased out by Council under operating leases

Land	4,908	7,115
Buildings	2,201	4,479
Total amount of IPPE leased out by Council under operating leases	7,109	11,594

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

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

< 1 year	204	164
1–2 years	88	120
2–3 years	88	85
3–4 years	34	84
4–5 years	6	33
> 5 years	50	51
Total undiscounted lease payments to be received	470	537

Accounting policy

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

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

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

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

C3 Liabilities of Council

C3-1 Payables

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Goods and services – operating expenditure	1,038	–	1,491	–
Accrued expenses:				
– Borrowings	65	–	70	–
– Salaries and wages	183	–	120	–
– Other expenditure accruals	208	–	227	–
Security bonds, deposits and retentions	804	–	611	–
Prepaid rates	670	–	639	–
Total payables	2,968	–	3,158	–

Accounting policy

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

Payables

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

C3-2 Contract Liabilities

\$ '000	Notes	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	6,963	-	5,253	-
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	-	-	24	-
Total grants received in advance		6,963	-	5,277	-
Total contract liabilities		6,963	-	5,277	-

Notes

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

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

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

\$ '000	2023	2022
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	2,047	2,338
Operating grants (received prior to performance obligation being satisfied)	24	51
Total revenue recognised that was included in the contract liability balance at the beginning of the period	2,071	2,389

Significant changes in contract liabilities

Council received several large grants that could not be spent in the financial year including Fixing Local Roads, Public Open Spaces and Safe and Secure Water.

Accounting policy

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

C3-3 Borrowings

\$ '000	2023	2023	2022	2022
	Current	Non-current	Current	Non-current
Loans – secured ¹	1,380	12,472	1,447	13,852
Total borrowings	1,380	12,472	1,447	13,852

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

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note E2-1.

(a) Changes in liabilities arising from financing activities

\$ '000	2022		Non-cash movements				2023
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	15,299	(1,447)	–	–	–	–	13,852
Total liabilities from financing activities	15,299	(1,447)	–	–	–	–	13,852

\$ '000	2021		Non-cash movements				2022
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	16,683	(1,384)	–	–	–	–	15,299
Total liabilities from financing activities	16,683	(1,384)	–	–	–	–	15,299

(b) Financing arrangements

\$ '000	2023	2022
Total facilities		
Bank overdraft facilities ¹	500	500
Credit cards/purchase cards	60	60
Total financing arrangements	560	560
Drawn facilities		
– Credit cards/purchase cards	25	22
Total drawn financing arrangements	25	22
Undrawn facilities		
– Bank overdraft facilities	500	500
– Credit cards/purchase cards	35	38
Total undrawn financing arrangements	535	538

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

Accounting policy

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

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

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or

C3-3 Borrowings (continued)

transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or borrowing costs.

C3-4 Employee benefit provisions

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
Annual leave	1,702	–	1,676	–
Long service leave	3,530	242	3,319	146
Time in lieu	25	–	43	–
Total employee benefit provisions	5,257	242	5,038	146

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

\$ '000	2023	2022
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	3,899	3,744
	3,899	3,744

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 and workers compensation expenses which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

C3-5 Provisions

\$ '000	2023		2022	
	Current	Non-Current	Current	Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	516	–	487
Sub-total – asset remediation/restoration	–	516	–	487
Total provisions	–	516	–	487

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
2023		
At beginning of year	487	487
Unwinding of discount	29	29
Total other provisions at end of year	516	516
2022		
At beginning of year	460	460
Unwinding of discount	27	27
Total other provisions at end of year	487	487

Nature and purpose of provisions

Asset remediation

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

Accounting policy

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

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

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

Asset remediation – tips and quarries

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

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

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

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

D Council structure

D1 Results by fund

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

D1-1 Income Statement by fund

\$ '000	General 2023	Water 2023	Sewer 2023
Income from continuing operations			
Rates and annual charges	10,455	1,918	3,014
User charges and fees	9,813	4,823	889
Interest and investment revenue	1,083	41	85
Other revenues	2,404	5	12
Grants and contributions provided for operating purposes	13,049	91	–
Grants and contributions provided for capital purposes	5,307	1,042	7
Net gains from disposal of assets	419	–	–
Other income	209	–	–
Total income from continuing operations	42,739	7,920	4,007
Expenses from continuing operations			
Employee benefits and on-costs	15,441	1,184	456
Materials and services	11,688	4,023	1,932
Borrowing costs	243	241	490
Depreciation, amortisation and impairment of non-financial assets	5,472	2,252	977
Other expenses	1,313	19	1
Total expenses from continuing operations	34,157	7,719	3,856
Operating result from continuing operations	8,582	201	151
Net operating result for the year	8,582	201	151
Net operating result attributable to each council fund	8,582	201	151
Net operating result for the year before grants and contributions provided for capital purposes	3,275	(841)	144

D1-2 Statement of Financial Position by fund

\$ '000	General 2023	Water 2023	Sewer 2023
ASSETS			
Current assets			
Cash and cash equivalents	9,456	2,817	3,060
Investments	13,550	5,500	7,721
Receivables	2,677	1,956	688
Inventories	1,367	–	–
Contract assets and contract cost assets	4,844	21	–
Other	39	–	–
Total current assets	31,933	10,294	11,469
Non-current assets			
Inventories	149	–	–
Infrastructure, property, plant and equipment	619,635	87,736	44,900
Other	174	–	–
Total non-current assets	619,958	87,736	44,900
Total assets	651,891	98,030	56,369
LIABILITIES			
Current liabilities			
Payables	2,876	54	38
Contract liabilities	4,663	2,300	–
Borrowings	543	668	169
Employee benefit provision	4,862	338	57
Total current liabilities	12,944	3,360	264
Non-current liabilities			
Borrowings	3,857	2,843	5,772
Employee benefit provision	197	34	11
Provisions	516	–	–
Total non-current liabilities	4,570	2,877	5,783
Total liabilities	17,514	6,237	6,047
Net assets	634,377	91,793	50,322
EQUITY			
Accumulated surplus	184,742	22,418	29,894
Revaluation reserves	449,635	69,375	20,428
Council equity interest	634,377	91,793	50,322
Total equity	634,377	91,793	50,322

D2 Interests in other entities

D2-1 Unconsolidated structured entities

Council did not consolidate the following structured entities:

\$ '000	2023	2022
Cowra Tourism		
Council contributes to the operation of Cowra Tourism and has an agreement to provide financial support. The agreement expired on 30 June 2023.		
Nature of risks relating to the Unconsolidated Structured Entity		
Council currently contributes \$360,836 to the operation of the organisation including part funding of an Events Management Officer, and donation of 71.6% of rent.		
Council has no obligation to meet any costs other than the contribution amount.		
Losses (or expenses) incurred by Council relating to the Structured Entity	361	352

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

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

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

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

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

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 before Council on a monthly basis setting out the portfolio breakup and its performance as required by Local Government regulations.

The risks associated with the instruments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether 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.

(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	421	383

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

(b) Credit risk

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

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

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.

Council makes suitable provision for doubtful receivables as required.

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

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue rates and annual charges			Total
	Not yet overdue	< 5 years	≥ 5 years	
2023				
Gross carrying amount	602	1,713	94	2,409
2022				
Gross carrying amount	594	1,841	123	2,558

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	6,436	402	410	440	102	7,790
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	13.00%	0.17%
ECL provision	–	–	–	–	13	13
2022						
Gross carrying amount	2,941	130	2	2	25	3,100
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	72.00%	0.58%
ECL provision	–	–	–	–	18	18

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

(c) Liquidity risk

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

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

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

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

The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	payable in: ≤ 1 Year	1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2023							
Payables	0.00%	804	2,164	–	–	2,968	2,968
Borrowings	6.36%	–	2,249	6,309	12,892	21,450	13,852
Total financial liabilities		804	4,413	6,309	12,892	24,418	16,820
2022							
Payables	0.00%	611	2,547	–	–	3,158	3,158
Borrowings	6.36%	–	2,391	7,013	14,437	23,841	15,299
Total financial liabilities		611	4,938	7,013	14,437	26,999	18,457

E2-1 Fair value measurement

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

– Infrastructure, property, plant and equipment

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

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

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

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

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

\$ '000	Notes	Fair value measurement hierarchy					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022	2023	2022
Recurring fair value measurements							
Infrastructure, property, plant and equipment	C1-7						
Plant and equipment		–	–	8,980	8,624	8,980	8,624
Office furniture		–	–	489	550	489	550
Furniture and fittings		–	–	–	4	–	4
Operational land		2,435	2,817	8,325	9,744	10,760	12,561
Community land		–	–	32,907	22,248	32,907	22,248
Buildings		646	642	23,612	25,005	24,258	25,647
Roads		–	–	116,780	114,517	116,780	114,517
Bridges		–	–	24,857	23,629	24,857	23,629
Footpaths		–	–	13,515	12,587	13,515	12,587
Other Road Assets		–	–	2,294	2,240	2,294	2,240
Bulk earthworks		–	–	338,860	319,951	338,860	319,951
Stormwater drainage		–	–	29,293	27,450	29,293	27,450
Water supply		–	–	79,883	75,786	79,883	75,786
Sewerage network		–	–	43,180	40,948	43,180	40,948
Swimming pools		–	–	1,830	1,841	1,830	1,841
Other recreational assets		–	–	3,578	3,553	3,578	3,553
Other assets		–	–	5,228	5,667	5,228	5,667
Quarry assets		–	–	71	76	71	76
Aerodrome		–	–	3,958	3,747	3,958	3,747
Work in Progress		–	–	11,550	8,495	11,550	8,495
Total infrastructure, property, plant and equipment		3,081	3,459	749,190	706,662	752,271	710,121

E2-1 Fair value measurement (continued)

Valuation techniques

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

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

Infrastructure, property, plant and equipment (IPPE)

Plant and Equipment – Major plant (graders, loaders trucks etc.), fleet vehicles (cars, utes etc.) and minor plant (chainsaws, mowers etc.)

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Purchase price, useful lives (current replacement cost)

Plant and Equipment are valued at cost but are disclosed at fair value.

Office Equipment – Computers, servers

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Purchase price, useful lives (current replacement cost)

Office Equipment is valued at cost but is disclosed at fair value.

Furniture and Fittings – Desks, chairs, air conditioners, cupboards

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Purchase price, useful lives (current replacement cost)

Furniture and Fittings are valued at cost but are disclosed at fair value.

Operational Land – Industrial land, quarries, aerodrome, depot.

Valuation Techniques: 'Market approach'

Inputs Used (Levels 2 and 3): Land area and characteristics, rate per square metre, zoning restrictions, geographical location, sales of comparable land, proximity to services.

Asset Val were engaged, to inspect, analyse, compare the operational land assets and to provide a comprehensive valuation in accordance with AASB and OLG as at 30 June 2023.

Under the NSW Legislation we have considered the subject land and the surrounding land to determine the form of valuation, taking into account the land characteristics, location, zoning, proximity to services. Market Value of Land as stated as per the Australian Property Institute in accordance with the guidelines "... the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion." "Asset includes property." Council has identified the subject property by a copy of the location map and the plans provided by Cowra Council and based upon our visual inspection.

Community Land – Parkland, sporting grounds, reserves, land under public buildings (halls & community centres)

Valuation Techniques: 'Market approach' adjusted for restrictions

Inputs Used (Level 3): The NSW Valuer General's valuations (as at 1 July 2022)

Council's community land is land intended for public access and use, or where other restrictions applying to the land create some obligation to maintain public access (such as a trust deed, or dedication under section 94 of the Environmental Planning and Assessment Act 1979). This gives rise to the restrictions in the Act, intended to preserve the qualities of the land.

Community Land:

- Cannot be sold;
- Cannot be leased, licensed, or any other estate granted over the land for more than 21 years; and

E2-1 Fair value measurement (continued)

- Must have a plan of management for it.

Buildings – Community halls, toilet blocks, council offices, library, civic centre, works depot

Valuation Techniques: 'Cost approach'

Inputs Used (Levels 2 and 3): Unit rates, useful life, asset condition, use of site, zoning and other restrictions.

Council's Buildings were valued by Asset Val as at 30 June 2023. Asset Val provided a valuation for each building based on applying a unit rate to a structure or a square metre rate to a building, based on its current replacement cost, which is the lowest cost of replacing the economic benefits of the existing asset using modern technology.

Asset Val estimated the Total Life and Residual Life of each building/structure and, where the building is considered a complex asset, for each component, as they have useful lives different from those of the non-current assets to which they relate. In regard to componentisation, Paragraph 43 of AASB116 requires each part of the asset with a cost that is significant in relation to the asset be depreciated separately (structure, internal finishes, electrical services, mechanical services, fire/security and roof).

Roads – Road surface, pavement, formation, major earthworks

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Replacement cost, split between short-life and long-life part, valuation profile and consumption score

Council's road infrastructure assets were last valued on 30 June 2020 by APV Valuers & Asset Management. As per Paragraph 43 of AASB116, Council's roads infrastructure assets were segmented and componentised into the following categories (each representing a significant part of the overall asset):

- Road Surface
- Pavement
- Formation & Major Earthworks
- Kerb and Gutter
- Culverts

Roads – Sealed and Unsealed, Culverts and Kerb Gutter

Valuations were performed by APV Valuers & Asset Management using the assets data in Council's Asset Management System.

At 30 June 2023, Council undertook a fair value assessment to index this asset class using relevant, publicly available indices, to ensure that the carrying value approximates fair value.

Bridges – (excluding culverts under 6 metres in length)

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Replacement cost, split between short-life and long-life part, valuation profile and consumption score

Council's bridge infrastructure assets were last valued on 30 June 2020 by APV Valuers & Asset Management.

At 30 June 2023, Council undertook a fair value assessment to index this asset class using relevant, publicly available indices, to ensure that the carrying value approximates fair value.

Footpaths – Footways including cycleways

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Replacement cost, split between short-life and long-life part, valuation profile and consumption score

Council's bridge infrastructure assets were last valued on 30 June 2020 by APV Valuers & Asset Management.

At 30 June 2023, Council undertook a fair value assessment to index this asset class using relevant, publicly available indices, to ensure that the carrying value approximates fair value.

Stormwater Drainage – includes pits, drains

Valuation Techniques: 'Cost approach'

E2-1 Fair value measurement (continued)

Inputs Used (Level 3): Replacement cost, split between short-life and long-life part, valuation profile and consumption score

Council's bridge infrastructure assets were last valued on 30 June 2020 by APV Valuers & Asset Management

At 30 June 2023, Council undertook a fair value assessment to index this asset class using relevant, publicly available indices, to ensure that the carrying value approximates fair value.

Water Supply – water mains, pump stations, treatment plant, reservoirs, meters

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition, dimensions and specifications

Council's water supply assets were valued by Australis Asset Advisory Group as at 30 June 2022. The assets were indexed as at 30 June 2023 based on the Department of Planning and Environment - Water (DPE) - Reference Rates Manual.

The asset register was compiled in 2012 using Council GIS data with modifications made to achieve the correct level of componentisation and to collect additional details regarding material and capacities of the assets.

Unit rates were applied across the network. Condition data was then applied to each individual asset to provide a written down value.

Sewerage Network – Sewer pipes, pump stations, treatment plant, telemetry system, manholes

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition, dimensions and specifications

Council's sewerage network assets were valued by Australis Asset Advisory Group as at 30 June 2022. The assets were indexed as at 30 June 2023 based on the Department of Planning and Environment - Water (DPE) Reference Rates Manual.

The asset register was compiled in 2012 using Council GIS data with modifications made to achieve the correct level of componentisation and to collect additional details regarding material and capacities of the assets.

Unit rates were applied across the network. Condition data was then applied to each individual asset to provide a written down value.

Swimming Pool Council's swimming pool was last valued as at 30 June 2021 based on pool upgrade feasibility reports produced by a consultant.

At 30 June 2023, Council undertook a fair value assessment to index this asset class using relevant, publicly available indices, to ensure that the carrying value approximates fair value.

Other Assets – Structures, Skate Park, Netball Courts, Cricket Nets, Basketball Courts, Caravan Park Cabins, Play Units, Memorials and Sheds

Council's other assets have been revalued in house by council staff as at 30 June 2021.

By using a combination of market information, unit rates and an expert knowledge in that area. The fair value was assessed by identifying individual assets, location and its services to the public.

Structures and shelters were valued by an independent valuer (Scott Fullarton Valuations Pty Ltd). The process included inspection, analysis and comparison with related assets and to provide a comprehensive valuation in accordance with AASB and OLG. The Gross Replacement Value is determined as at the date of valuation to allow for replacement with similar improvements in a condition equal to, but not better nor more extensive than, its condition when new. An additional allowance is made for professional costs such as architect, surveyor and consulting engineer fees. If the date of valuation differs significantly from the policy commencement date, then an adjustment to the value may be necessary.

BBQs - Market price based on quotation.

Balance of the assets in this class are based on internal knowledge of Manager – Cowra Services and Manager – Assets.

Quarry Assets – Reinstatement, rehabilitation and restoration

Valuation Techniques: 'Cost approach'

Inputs Used (Level 3): Unit rates, useful life, asset condition, dimensions and specifications

E2-1 Fair value measurement (continued)

It has been recognised that there will be significant costs associated with the closure and post closure management of the landfill and quarry sites. Closure of the landfill and quarry sites will involve a wide range of activities including final capping of the landfill waste and site re-vegetation, monitoring of landfill gas, revision of the surface water management system and leachate management infrastructure to suit post-closure operation.

Valuations are based on actual timing of costs and future environmental management requirement.

E2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

c. The valuation process for level 3 fair value measurements

The valuation processes have been described above.

Management determines who will undertake the valuations.

The level 3 valuations are reviewed by councils assets and finance staff post valuation.

Valuations are undertaken in house with the exception of Operational Land, Buildings, Roads including bridges, footpaths and bulk earthworks, stormwater drainage, water and sewer assets treatment plants which were valued by external valuers appointed by council.

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

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

	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment		
Plant and equipment	Cost used to approximate fair value	Gross replacement cost, residual value, remaining useful life
Office furniture	Cost used to approximate fair value	Gross replacement cost, residual value, remaining useful life
Furniture and fittings	Cost used to approximate fair value	Gross replacement cost, residual value, remaining useful life
Operational land	Market Value	Price per sq metre
Community land	Land values obtained from NSW Valuer General	Land value, land area
Buildings	Cost used to approximate fair value	Unit rates, asset condition, remaining useful life
Roads	Cost used to approximate fair value	Unit rates, asset condition, remaining useful life
Bridges	Cost used to approximate fair value	Unit rates, asset condition, remaining useful life
Footpaths	Cost used to approximate fair value	Unit rates, asset condition, remaining useful life
Other Road Assets	Cost used to approximate fair value	Unit rates, asset condition, remaining useful life
Bulk earthworks	Cost used to approximate fair value	Unit rates, asset condition, remaining useful life
Stormwater drainage	Cost used to approximate fair value	Unit rates, asset condition, remaining useful life
Water supply	NSW Reference Rates Manual	Unit rates, asset condition, remaining useful life
Sewerage network	NSW Reference Rates Manual	Unit rates, asset condition, remaining useful life
Swimming pools	Cost used to approximate fair value	Gross replacement cost, asset condition, remaining useful life
Other recreational assets	Cost used to approximate fair value	Gross replacement cost, asset condition, remaining useful life
Aerodrome	Cost used to approximate fair value	Gross replacement cost, residual value, remaining useful life
Other assets	Cost used to approximate fair value	Gross replacement cost, asset condition, remaining useful life
Quarry assets	Cost used to approximate fair value	Discounted Future Cash Flow, remaining life, remediation cost estimates
Work in Progress	Cost used to approximate fair value	Gross replacement cost, residual value, remaining useful life

E2-1 Fair value measurement (continued)

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

\$ '000	Total IPP&E	
	2023	2022
Opening balance	706,662	616,217
Total gains or losses for the period		
Recognised in other comprehensive income – revaluation surplus	46,750	77,146
Other movements		
Transfers from/(to) another asset class	110	–
Purchases (GBV)	9,764	20,860
Disposals (WDV)	(176)	(8)
Depreciation and impairment	(13,920)	(7,553)
Closing balance	749,190	706,662

Highest and best use

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

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

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 8.0% of salaries for the year ending 30 June 2023 (increasing to 8.5% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$20.0 million per annum for 1 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.

E3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2023 was \$135,977. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2022.

Council's expected contribution to the plan for the next annual reporting period is \$157,416. The amount of additional contributions included in the total employer contribution advised above is \$64,274.

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

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

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

The share of any funding surplus or deficit that can be attributed to Council is .32%

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

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

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

* Plus promotional increases

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

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

(ii) 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.

E3-1 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.

ASSETS NOT RECOGNISED

(i) Land under roads

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

(ii) Infringement notices/fines

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

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

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

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

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

\$ '000	2023	2022
Compensation:		
Short-term benefits	1,018	964
Other long-term benefits	46	63
Total	1,064	1,027

Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of KMP using Council services (e.g. access to library or Council swimming pool) will not be disclosed.

Nature of the transaction	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000					
2023					
Employee expenses relating to close family members of KMP	61	10	Council staff award	-	-
2022					
Employee expenses relating to close family members of KMP	58	8	Council staff award	-	-

Council owes \$10,445 for 3 days payroll and accrued leave balances.

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2023	2022
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	28	23
Councillors' fees	114	97
Other Councillors' expenses (including Mayor)	50	59
Total	192	179

F2 Other relationships

F2-1 Audit fees

\$ '000	2023	2022
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	60	56
Remuneration for audit and other assurance services	60	56
Total Auditor-General remuneration	60	56
Non NSW Auditor-General audit firms		
(i) Audit and other assurance services		
Other audit and assurance services	7	8
Remuneration for audit and other assurance services	7	8
Total remuneration of non NSW Auditor-General audit firms	7	8
Total audit fees	67	64

G Other matters

G1-1 Statement of Cash Flows information

(a) Reconciliation of net operating result to cash provided from operating activities

\$ '000	2023	2022
Net operating result from Income Statement	8,934	16,731
Add / (less) non-cash items:		
Depreciation and amortisation	8,701	7,637
(Gain) / loss on disposal of assets	(419)	(617)
Non-cash capital grants and contributions	(356)	(1,474)
Unwinding of discount rates on reinstatement provisions	29	27
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(505)	(340)
(Increase) / decrease of inventories	(167)	(8)
(Increase) / decrease of other current assets	3	(9)
(Increase) / decrease of contract asset	(4,036)	458
Increase / (decrease) in payables	(453)	519
Increase / (decrease) in accrued interest payable	(5)	(4)
Increase / (decrease) in other accrued expenses payable	44	148
Increase / (decrease) in other liabilities	224	189
Increase / (decrease) in contract liabilities	1,686	2,682
Increase / (decrease) in employee benefit provision	315	(126)
Net cash flows from operating activities	13,995	25,813

(b) Non-cash investing and financing activities

Bushfire grants	356	1,474
Total non-cash investing and financing activities	356	1,474

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2023	2022
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Sewerage and water infrastructure	866	1,422
Buildings	64	181
Plant and equipment	1,005	461
Road infrastructure	–	639
Total commitments	1,935	2,703
These expenditures are payable as follows:		
Within the next year	1,935	2,703
Total payable	1,935	2,703
Sources for funding of capital commitments:		
Future grants and contributions	930	2,242
Internally restricted reserves	1,005	461
Total sources of funding	1,935	2,703

G3 Statement of developer contributions as at 30 June 2023

G3-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Other	25	24	–	–	1	(32)	–	18	–
S7.11 contributions – under a plan	25	24	–	–	1	(32)	–	18	–
S7.12 levies – under a plan	57	118	–	–	4	(70)	–	109	–
Total S7.11 and S7.12 revenue under plans	82	142	–	–	5	(102)	–	127	–
S64 contributions	81	14	–	–	4	(7)	–	92	–
Total contributions	163	156	–	–	9	(109)	–	219	–

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

G3-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
CONTRIBUTION PLAN NUMBER – COWRA SHIRE COUNCIL									
Other	25	24	–	–	1	(32)	–	18	–
Total	25	24	–	–	1	(32)	–	18	–

S7.12 Levies – under a plan

CONTRIBUTION PLAN NUMBER – COWRA SHIRE COUNCIL									
Other	57	118	–	–	4	(70)	–	109	–
Total	57	118	–	–	4	(70)	–	109	–

G4 Statement of performance measures

G4-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2023	Indicator 2023	Indicators 2022 2021		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	2,159	4.51%	6.50%	0.77%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	47,891				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	34,751	64.06%	57.74%	57.36%	> 60.00%
Total continuing operating revenue ¹	54,247				
3. Unrestricted current ratio					
Current assets less all external restrictions	24,159	5.51x	4.16x	4.33x	> 1.50x
Current liabilities less specific purpose liabilities	4,381				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	11,834	4.89x	4.63x	3.61x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	2,421				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	2,409	13.32%	14.68%	14.49%	< 10.00%
Rates and annual charges collectable	18,087				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	42,104	12.23 months	13.65 months	11.08 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	3,441				

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

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

G4-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2023	2022	2023	2022	2023	2022	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	7.72%	11.20%	(12.23)%	(16.23)%	3.60%	7.36%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	56.63%	55.00%	85.69%	52.88%	99.83%	99.43%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	5.15x	3.98x	(34.28)x	9.47x	52.67x	41.43x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	9.53x	9.14x	1.89x	1.44x	2.49x	2.59x	> 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	11.17%	12.52%	22.30%	25.34%	14.02%	14.11%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	8.58	10.73	16.36	13.71	42.60	30.49	> 3.00
Monthly payments from cash flow of operating and financing activities	months	months	months	months	months	months	months

(1) - (2) Refer to Notes at Note G4-1 above.

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

End of the audited financial statements

H Additional Council disclosures (unaudited)

H1-1 Council information and contact details

Principal place of business:

116 Kendal Street
Cowra NSW 2794

Contact details

Mailing Address:

Private Bag 342
Cowra NSW 2794

Telephone: 02 6340 2000

Facsimile: 02 6340 2011

Opening hours:

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

Internet: www.cowracouncil.com.au

Email: council@cowra.nsw.gov.au

Officers

General Manager

Paul Devery

Responsible Accounting Officer

Michael Jones

Elected members

Mayor

Cr RA Fagan

Councillors

Cr P Smith - Deputy Mayor

Cr SL D'Elboux

Cr CA Downing

Cr NM Kiss

Cr JA Smith

Cr E Watt

Cr WJ West

Cr PB Wright

Other information

ABN: 26 739 454 579



INDEPENDENT AUDITOR'S REPORT
Report on the general purpose financial statements
Cowra Shire Council

To the Councillors of Cowra Shire Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

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

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

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

A handwritten signature in black ink, reading "Monique Bartley". The signature is fluid and cursive, with the first name "Monique" and the last name "Bartley" clearly legible.

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

28 October 2023
SYDNEY



Cr Ruth Fagan
 Mayor
 Cowra Shire Council
 Private Bag 342
 COWRA NSW 2794

Contact: Monique Bartley
 Phone no: 02 9275 7204
 Our ref: R008-16585809-46749

28 October 2023

Dear Mayor

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

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

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

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

INCOME STATEMENT

Operating result

	2023 \$m	2022 \$m	Variance %
Rates and annual charges revenue	15.4	14.9	↑ 3.4
Grants and contributions revenue	19.5	22.6	↓ 13.7
Operating result from continuing operations	8.9	16.7	↓ 46.7
Net operating result before capital grants and contributions	2.6	3.2	↓ 18.8

The Council's operating result from continuing operations (\$8.9 million including depreciation and amortisation expense of \$8.7 million) was \$7.8 million lower than the 2021-22 result.

The net operating result before capital grants and contributions (\$2.6 million) was \$0.6 million lower than the 2021–22 result (\$3.2 million).

Rates and annual charges revenue (\$15.4 million) increased by \$0.5 million (3.4 per cent) in 2022–23. This was due to a combination of the approved rate pegging of 2.4 per cent (\$171,000 of the increase), growth through increased land values (\$18,000 of the increase) and re-categorisation of residential to rural-residential and farming to business (\$25,000 of the increase).

Grants and contributions revenue (\$19.5 million) decreased by \$3.1 million in 2022–23. There were several large offsetting movements which contributed to this result, including:

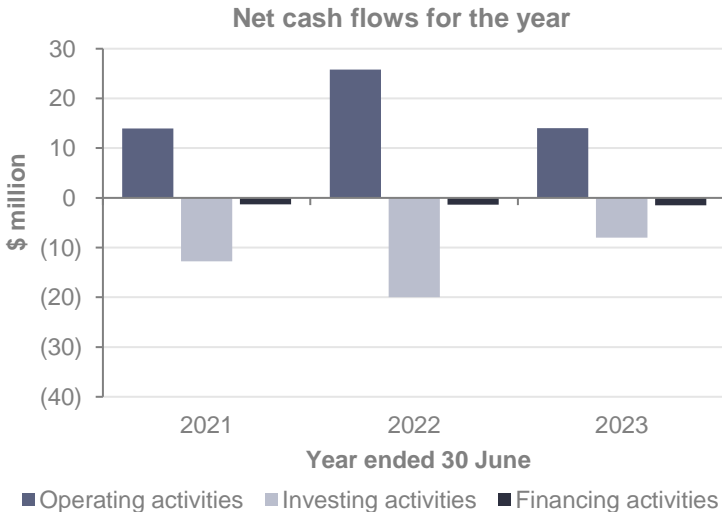
- receiving 95 per cent of 2023-24 financial year allocation of financial assistance grants in advance (\$0.9 million increase).
- previous year included \$1.4 million non-cash contribution from NSW Rural Fire Service (RFS) to construct the RFS Regional Headquarters in addition to the usual contribution of new tankers in the RFS Fleet. In 2022-23 one tanker was received worth \$360,000 million (\$1.1 million decrease).
- In 2021-22 Council received \$2.4 million in cash contributions for the construction of the RFS Regional Headquarters (2022-23 \$0.6 million).
- Cowra Drought Water Security Project completed works of \$5.4 million in 2021-22 compared to \$1.0 million in 2022-23 to construct an emergency drought pipeline (\$4.4 million decrease).
- An increase of \$3.4 million in transport related grants (2022-23 transport grants totalled \$7.2 million compared to \$3.8 million in 2021-22). The major grants contributing to the increase included:
 - Regional & Local Road Repair Program (\$2.2 million)
 - Disaster assistance arrangement (\$1.0 million)
 - Local Roads and Community Infrastructure Round 3 (\$1.05 million)
 - Pothole Grant (\$0.4 million)

The increase in grants was offset by a decrease in Roads to Recovery of \$1.2 million due to Council prioritising repair works on flooded affected roads.

STATEMENT OF CASH FLOWS

Lower cashflows from operating activities was mainly due to:

- \$7.3 million decrease in cash receipts from grants and contributions
- \$5.7 million increase in payments for materials and services.



FINANCIAL POSITION

Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	42.1	38.3	Externally restricted balances included water and sewer fund and unexpended grants.
Restricted and allocated cash and investments:			Balances are internally allocated due to Council policy or decisions for forward plans including work programs
• External restrictions	26.9	23.3	
• Internal allocations	13.5	12.5	

Debt

At 30 June 2023, Council had:

- \$13.9 million in secured loans (\$15.3 million in 2021-22)
- \$500,000 in approved overdraft facility with nil drawn down
- \$60,000 in credit card facility with \$25,000 used.

PERFORMANCE

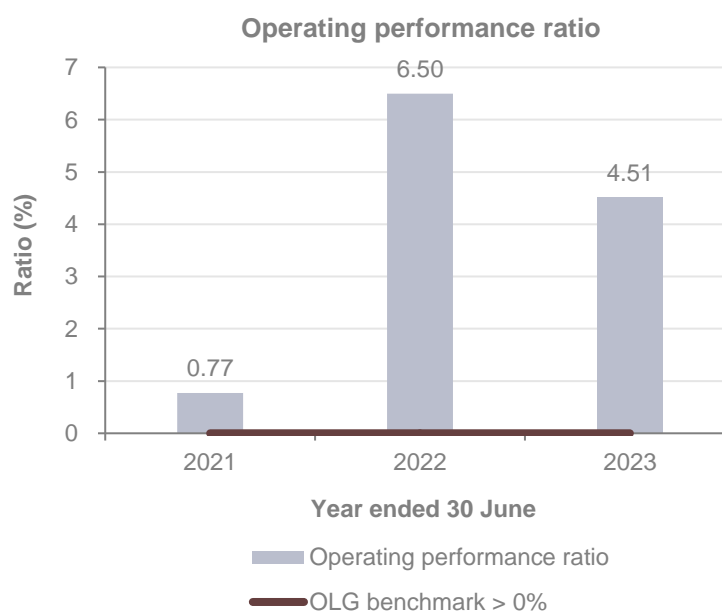
Performance measures

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

Operating performance ratio

Council continued to exceed the benchmark.

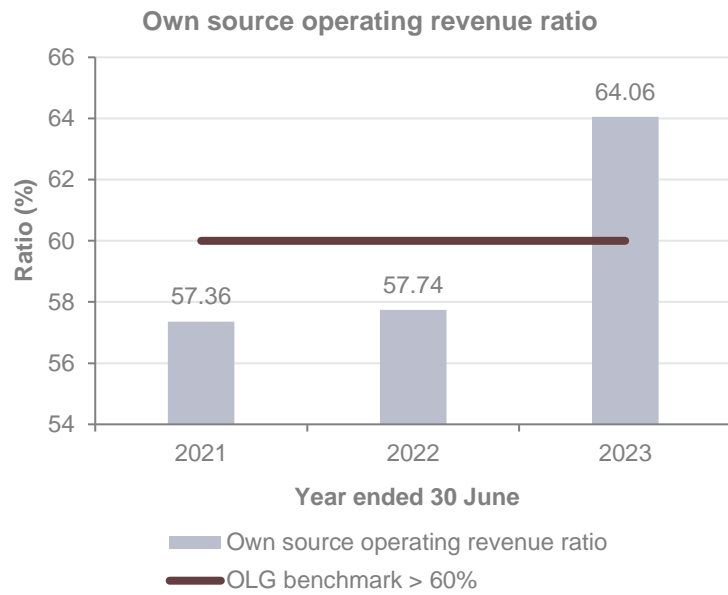
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

Council met the benchmark for the current reporting period. They have not met the benchmark in the prior two periods due to the high level of grants and contributions received in prior years.

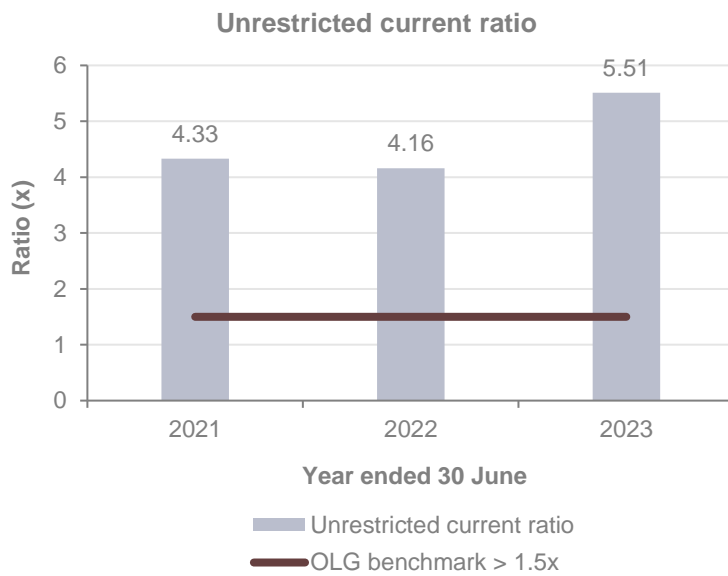
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

Council continued to exceed the OLG benchmark.

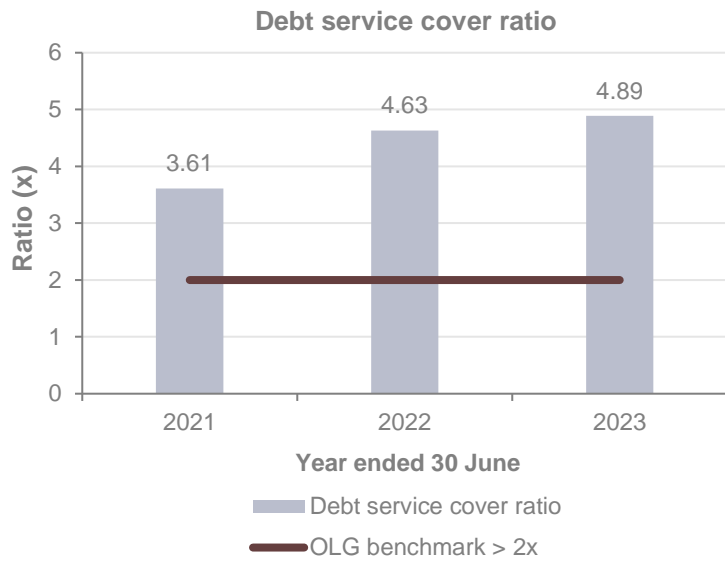
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

Council continued to exceed the OLG benchmark.

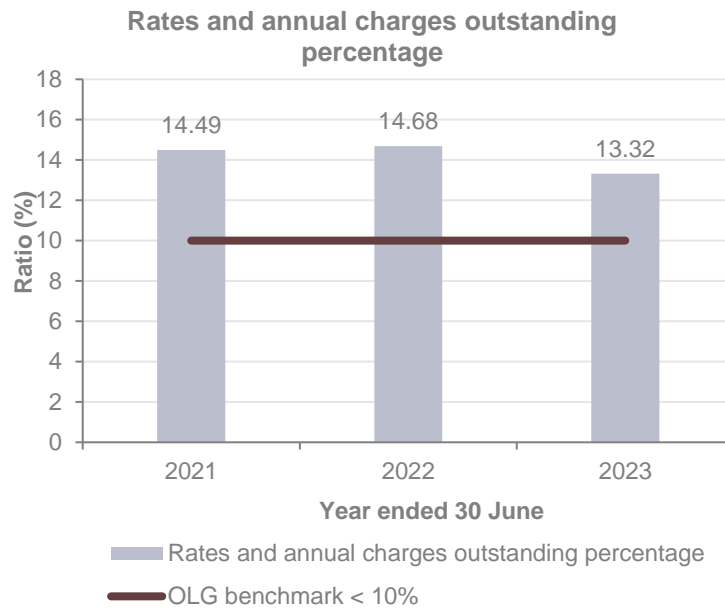
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

Council's ratio remains above the benchmark. This ratio is adversely impacted each year by the water billing runs which Council completes immediately before year end and includes access charges for the quarter ending 30 June.

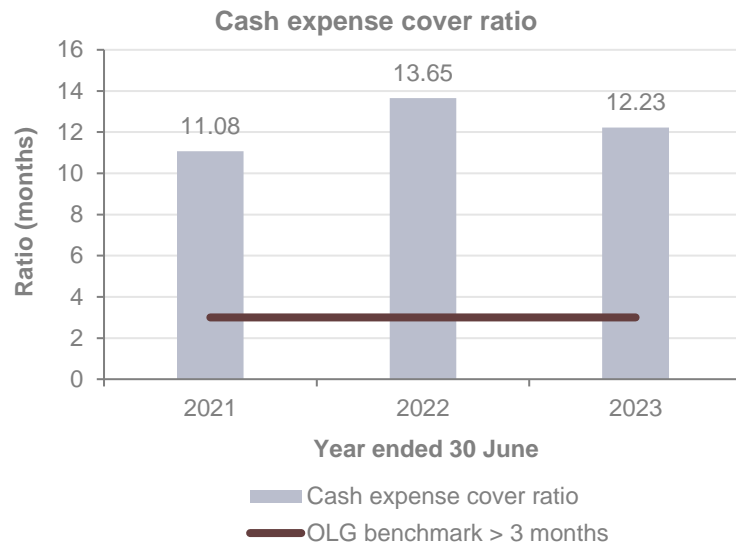
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



Cash expense cover ratio

Council continued to exceed the OLG benchmark.

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



Infrastructure, property, plant and equipment renewals

Council renewed \$5.0 million of infrastructure, property, plant and equipment during the 2022-23 financial year. This was mainly spent on roads (\$2.1 million). A further \$4.7 million was spent on new assets, of which \$1.9 million related to plant and equipment purchases and \$1.5 million remained in work in progress at year end.

OTHER MATTERS

Legislative compliance

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

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

Monique Bartley

Audit Leader, Financial Audit

Delegate of the Auditor-General for New South Wales

Cowra Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023



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Background

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

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

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

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

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

Cowra Shire 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:

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

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

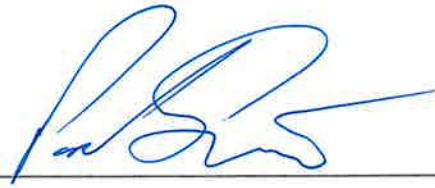
- present fairly the operating result and financial position for each of Council's declared business activities for the year,
- accord with Council's accounting and other records; and
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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

Signed in accordance with a resolution of Council made on 25 September 2023.



Cr RA Fagan
Mayor
25 September 2023



Cr PR Smith
Deputy Mayor
25 September 2023



Paul Devery
General Manager
25 September 2023



Michael Jones
Responsible Accounting Officer
25 September 2023

Cowra Shire Council

Income Statement of water supply business activity

for the year ended 30 June 2023

\$ '000	2023	2022
Income from continuing operations		
Access charges	1,918	1,852
User charges	4,823	4,330
Interest and investment income	41	36
Grants and contributions provided for operating purposes	91	74
Other income	5	–
Total income from continuing operations	6,878	6,292
Expenses from continuing operations		
Employee benefits and on-costs	1,184	1,083
Borrowing costs	241	275
Materials and services	3,716	3,685
Depreciation, amortisation and impairment	2,252	2,003
Water purchase charges	307	249
Calculated taxation equivalents	1	–
Other expenses	19	18
Total expenses from continuing operations	7,720	7,313
Surplus (deficit) from continuing operations before capital amounts	(842)	(1,021)
Grants and contributions provided for capital purposes	1,042	5,466
Surplus (deficit) from continuing operations after capital amounts	200	4,445
Surplus (deficit) from all operations before tax	200	4,445
Surplus (deficit) after tax	200	4,445
Plus accumulated surplus	22,217	17,772
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	1	–
Closing accumulated surplus	22,418	22,217
Return on capital %	(0.7)%	(0.9)%
Subsidy from Council	4,128	3,758
Calculation of dividend payable:		
Surplus (deficit) after tax	200	4,445
Less: capital grants and contributions (excluding developer contributions)	(1,035)	(5,466)
Surplus for dividend calculation purposes	–	–
Potential dividend calculated from surplus	–	–

Cowra Shire Council

Income Statement of sewerage business activity

for the year ended 30 June 2023

\$ '000	2023	2022
Income from continuing operations		
Access charges	3,014	2,928
User charges	808	777
Liquid trade waste charges	81	78
Interest and investment income	85	36
Other income	12	12
Total income from continuing operations	4,000	3,831
Expenses from continuing operations		
Employee benefits and on-costs	456	432
Borrowing costs	490	503
Materials and services	1,932	1,718
Depreciation, amortisation and impairment	977	895
Calculated taxation equivalents	2	22
Other expenses	1	1
Total expenses from continuing operations	3,858	3,571
Surplus (deficit) from continuing operations before capital amounts	142	260
Grants and contributions provided for capital purposes	7	22
Surplus (deficit) from continuing operations after capital amounts	149	282
Surplus (deficit) from all operations before tax	149	282
Less: corporate taxation equivalent (25%) [based on result before capital]	(36)	(65)
Surplus (deficit) after tax	113	217
Plus accumulated surplus	29,743	29,439
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	2	22
– Corporate taxation equivalent	36	65
Closing accumulated surplus	29,894	29,743
Return on capital %	1.4%	1.7%
Subsidy from Council	1,173	839
Calculation of dividend payable:		
Surplus (deficit) after tax	114	217
Less: capital grants and contributions (excluding developer contributions)	–	(22)
Surplus for dividend calculation purposes	114	195
Potential dividend calculated from surplus	57	98

Cowra Shire Council

Statement of Financial Position of water supply business activity

as at 30 June 2023

\$ '000	2023	2022
ASSETS		
Current assets		
Contract assets and contract cost assets	21	45
Cash and cash equivalents	2,817	1,832
Investments	5,500	7,500
Receivables	1,956	1,808
Total current assets	10,294	11,185
Non-current assets		
Infrastructure, property, plant and equipment	87,736	82,290
Total non-current assets	87,736	82,290
Total assets	98,030	93,475
LIABILITIES		
Current liabilities		
Contract liabilities	2,300	3,051
Payables	54	67
Borrowings	668	633
Employee benefit provisions	338	339
Total current liabilities	3,360	4,090
Non-current liabilities		
Borrowings	2,843	3,511
Employee benefit provisions	34	27
Total non-current liabilities	2,877	3,538
Total liabilities	6,237	7,628
Net assets	91,793	85,847
EQUITY		
Accumulated surplus	22,418	22,217
Revaluation reserves	69,375	63,630
Total equity	91,793	85,847

Cowra Shire Council

Statement of Financial Position of sewerage business activity

as at 30 June 2023

\$ '000	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	3,060	1,593
Investments	7,721	8,421
Receivables	688	675
Total current assets	11,469	10,689
Non-current assets		
Infrastructure, property, plant and equipment	44,900	43,762
Total non-current assets	44,900	43,762
Total assets	56,369	54,451
LIABILITIES		
Current liabilities		
Payables	38	58
Borrowings	169	158
Employee benefit provisions	57	62
Total current liabilities	264	278
Non-current liabilities		
Borrowings	5,772	5,941
Employee benefit provisions	11	10
Total non-current liabilities	5,783	5,951
Total liabilities	6,047	6,229
Net assets	50,322	48,222
EQUITY		
Accumulated surplus	29,894	29,743
Revaluation reserves	20,428	18,479
Total equity	50,322	48,222

Note – Significant Accounting Policies

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

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

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

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

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1

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

a. Cowra Shire Council Water Supply

Water supply activities servicing the town of Cowra, surrounding villages & rural properties.

b. Cowra Shire Sewerage Service

Sewerage reticulation & treatment activities servicing the townships of Cowra and Wyangala.

Category 2

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

Nil

Taxation equivalent charges

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

Note – Significant Accounting Policies (continued)

Notional rate applied (%)

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

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

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

In accordance with section 4 of Department of Planning and Environment (DPE) – Water's regulatory and assurance framework, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

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

Achievement of substantial compliance to sections 3 and 4 of DPE – Water's regulatory and assurance framework is not a prerequisite for the payment of the tax equivalent charges; however the payment must not exceed \$3 per assessment.

Income tax

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

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

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

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

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

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

Local government rates and charges

A calculation of the equivalent rates and charges 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.

Note – Significant Accounting Policies (continued)

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 4.02% at 30/6/23.

(iii) Dividends

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

A local government water supply and sewerage business is permitted to pay annual dividends from their water supply or sewerage business surpluses. Each dividend must be calculated and approved in accordance with section 4 of DPE – Water's regulatory and assurance framework and must not exceed 50% of the relevant surplus in any one year, or the number of water supply or sewerage assessments at 30 June 2023 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with section 4 of DPE – Water's regulatory and assurance framework, statement of compliance and statement of dividend payment, dividend payment form and unqualified independent financial audit report are submitted to DPE – Water.



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

To the Councillors of Cowra Shire Council

Opinion

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

The Declared Business Activities of the Council are:

- water supply
- sewerage.

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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

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

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

28 October 2023
SYDNEY

Cowra Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2023



Cowra Shire Council

Special Schedules

for the year ended 30 June 2023

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Cowra Shire Council

Permissible income for general rates

\$ '000	Notes	Calculation 2022/23	Calculation 2023/24
Notional general income calculation ¹			
Last year notional general income yield	a	7,323	7,510
Plus or minus adjustments ²	b	12	31
Notional general income	c = a + b	7,335	7,541
Permissible income calculation			
Or rate peg percentage	d	2.40%	3.90%
Or plus rate peg amount	e = c x d	176	294
Sub-total	f = c + e	7,511	7,835
Plus (or minus) last year's carry forward total		2	3
Sub-total	g	2	3
Total permissible income	h = f + g	7,513	7,838
Less notional general income yield	i	7,510	7,837
Catch-up or (excess) result	j = h - i	3	1
Carry forward to next year ⁶		3	1

Notes

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



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Cowra Shire Council

To the Councillors of Cowra Shire Council

Opinion

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

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting 2022–23 (LG Code) and is in accordance with the books and records of the Council.

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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



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

28 October 2023
SYDNEY

Cowra Shire Council

Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost		2022/23 Required maintenance ^a	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Buildings	Council Offices/ Administration Centres	–	–	172	154	3,345	6,690	0.0%	0.0%	100.0%	0.0%	0.0%
	Council Works Depot	–	–	551	549	1,994	2,925	51.0%	3.0%	46.0%	0.0%	0.0%
	Public Halls	–	–	82	164	2,163	4,362	0.0%	1.0%	97.0%	2.0%	0.0%
	Libraries	–	–	138	112	2,429	4,490	0.0%	0.0%	100.0%	0.0%	0.0%
	Houses	–	–	6	4	276	766	0.0%	0.0%	61.0%	39.0%	0.0%
	RFS Sheds	–	–	3	2	4,464	5,529	56.0%	37.0%	4.0%	3.0%	0.0%
	Amenities/Toilets	–	–	239	253	3,003	5,932	1.0%	34.0%	59.0%	6.0%	0.0%
	Other	–	–	193	251	6,584	11,927	5.0%	14.0%	63.0%	18.0%	0.0%
	Sub-total		–	–	1,384	1,489	24,258	42,621	12.3%	13.8%	66.8%	7.2%
Roads	Roads	–	–	2,746	3,317	116,780	168,848	70.0%	24.0%	5.0%	1.0%	0.0%
	Bridges	–	–	37	13	24,857	31,252	70.0%	25.0%	5.0%	0.0%	0.0%
	Footpaths	–	–	60	–	13,515	17,084	81.0%	14.0%	5.0%	0.0%	0.0%
	Other road assets	–	–	438	279	2,294	3,091	0.0%	45.0%	55.0%	0.0%	0.0%
	Bulk earthworks	–	–	–	–	338,860	338,860	100.0%	0.0%	0.0%	0.0%	0.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total		–	–	3,281	3,609	496,306	559,135	88.1%	9.3%	2.2%	0.3%
Water supply network	Water supply network	3,533	3,533	2,918	3,196	79,883	157,666	16.0%	23.0%	38.0%	21.0%	2.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	3,533	3,533	2,918	3,196	79,883	157,666	16.0%	23.0%	38.0%	21.0%	2.0%
Sewerage network	Sewerage network	–	–	1,091	1,302	43,180	68,372	22.0%	35.0%	37.0%	6.0%	0.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	–	–	1,091	1,302	43,180	68,372	22.0%	35.0%	37.0%	6.0%	0.0%
Stormwater drainage	Stormwater drainage	–	–	144	151	29,293	42,594	43.0%	43.0%	13.0%	1.0%	0.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	–	–	144	151	29,293	42,594	43.0%	43.0%	13.0%	1.0%	0.0%

Cowra Shire Council

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

Asset Class	Asset Category	Estimated cost		2022/23 Required maintenance ^a	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Open space / recreational assets	Swimming pools	–	–	467	637	1,830	5,289	0.0%	0.0%	100.0%	0.0%	0.0%
	Other Recreational Assets	–	–	1,478	1,393	3,578	4,892	30.0%	36.0%	28.0%	6.0%	0.0%
	Sub-total	–	–	1,945	2,030	5,408	10,181	14.4%	17.3%	65.4%	2.9%	0.0%
Aerodrome	Aerodrome	–	–	180	181	3,958	5,529	0.0%	50.0%	50.0%	0.0%	0.0%
	Sub-total	–	–	180	181	3,958	5,529	0.0%	50.0%	50.0%	0.0%	0.0%
Total – all assets		3,533	3,533	10,943	11,958	682,286	886,098	63.0%	15.9%	15.9%	4.8%	0.4%

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

Infrastructure asset condition assessment 'key'

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

Cowra Shire Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (consolidated) *

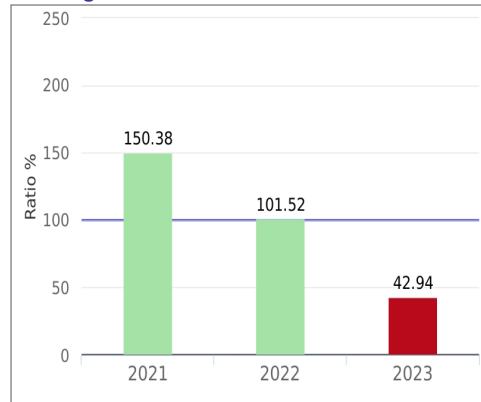
\$ '000	Amounts 2023	Indicator 2023	Indicators		Benchmark
			2022	2021	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	5,009	42.94%	101.52%	150.38%	> 100.00%
Depreciation, amortisation and impairment	11,666				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	3,533	0.51%	0.54%	0.14%	< 2.00%
Net carrying amount of infrastructure assets	693,836				
Asset maintenance ratio					
Actual asset maintenance	11,958	109.28%	95.07%	95.90%	> 100.00%
Required asset maintenance	10,943				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	3,533	0.40%	0.43%	0.11%	
Gross replacement cost	886,098				

(*) 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.

Report on infrastructure assets as at 30 June 2023

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

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

Commentary on result

22/23 ratio 42.94%

Some assets have high value major components which have very long useful lives, and therefore only require renewal after many years of usage. This results in some years above the benchmark and some below.

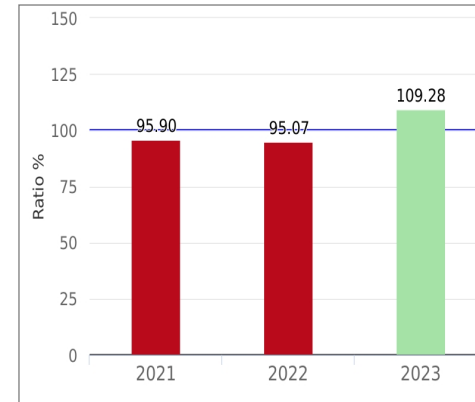
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

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

Commentary on result

22/23 ratio 109.28%

The asset maintenance ratio is above the benchmark indicating that Council is performing adequate maintenance to keep assets at an acceptable standard.

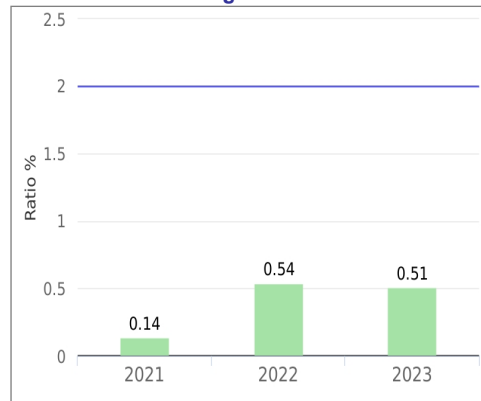
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

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

Commentary on result

22/23 ratio 0.51%

The infrastructure backlog ratio is below the maximum benchmark which indicates that Council's assets are in good condition.

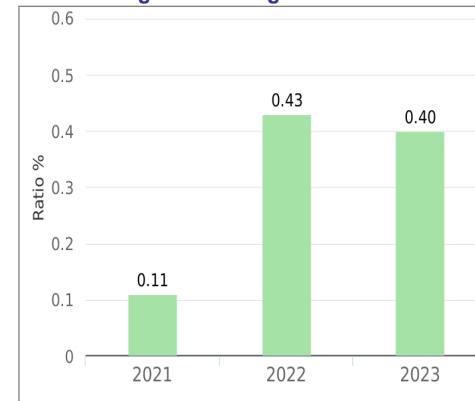
Benchmark: — < 2.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

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

Commentary on result

22/23 ratio 0.40%

The cost to bring assets to agreed service level is very low and again reflects that assets are functional and generally in a very good condition.

Cowra Shire Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2023	2022	2023	2022	2023	2022	
Buildings and infrastructure renewals ratio							
Asset renewals ¹							
Depreciation, amortisation and impairment	49.07%	163.66%	33.71%	48.07%	10.35%	8.60%	> 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	0.00%	0.00%	4.42%	4.71%	0.00%	0.00%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	107.59%	97.61%	109.53%	87.15%	119.34%	101.38%	> 100.00%
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	0.00%	0.00%	2.24%	2.45%	0.00%	0.00%	

(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.