



Office of  
Local Government

**LOCAL GOVERNMENT  
CODE OF ACCOUNTING PRACTICE  
AND FINANCIAL REPORTING 2023/24**



**December 2023**

## Acknowledgements

The Office of Local Government acknowledges the Australian Accounting Standards Board for its assistance in providing definitions from its Glossary of Terms for use in this document.

The Office of Local Government would like to thank Carmen Ridley, Principal and Director, Australian Financial Reporting Solutions for her assistance in the development of this Code update.

The Office of Local Government would also like to thank the Institute of Public Works Engineering Australasia (IPWEA) for allowing sections of their Infrastructure Financial Management Manual to be used in the Code.

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# Introduction and overview

## Purpose

The Local Government Code of Accounting Practice and Financial Reporting (the Code) prescribes the forms of financial statements approved by the Office of Local Government (OLG).

The Code applies to each NSW council in respect of its general purpose financial statements, special purpose financial statements and special schedules and to Joint Organisations (JO) in respect of their general purpose financial statements.

The Code (including any relevant Supplements referred to below) is intended to facilitate the practical and effective implementation of the Australian Accounting Standards and aims to provide:

- a basis for providing assistance in the interpretation and application of management reporting, accounting, auditing and financial reporting requirements of Chapter 13 of the *Local Government Act 1993* (Act) – “How are councils made accountable for their actions?”
- a mechanism which will ensure that appropriate accounting policies and practices are implemented by all councils
- a basis for audit and review functions to be undertaken in the context of comprehensive and approved accounting standards
- reliable, comparable and readily comprehensible financial information which will be invaluable for making and evaluating decisions about the allocation of scarce resources, and which will assist in assessing the performance, financial position, finances and investments of councils
- enhanced accountability of councils to the community.

The accounting, financial and other reporting requirements in this update of the Code apply to the general purpose and special purpose financial statements and the special schedules prepared by local governments and the JO general purpose financial statements for the financial year commencing 1 July 2023. The Code prescribes the minimum disclosures required where the balances/transactions are material (councils / JO can add additional material disclosures at their discretion). Councils / JO should tailor these illustrative disclosures to their specific circumstances.

There is no requirement for councils / JO to disclose immaterial matters or make disclosures which are not relevant to their operations. In considering materiality for financial statements purposes, councils / JO should consider the Australian Accounting Standards Board (AASB) Practice Statement 2 *Making Materiality Judgements*.

Where additional information is added, the information must:

- not be inconsistent with Australian Accounting Standards (the Standards)
- not obscure material information required by Australian Accounting Standards
- not be disclosed in the financial statements if it is more appropriate to be shown elsewhere
- include information about why it is relevant to the users' understanding of the financial statements
- state that it is unaudited (if applicable).

In some cases, where the Standards provide options (as with the valuation of investment properties at cost or fair value), the Code will prescribe which option councils / JO must adopt, [a complete list of mandates can be found here](#).

## Joint Organisations Supplement

The Joint Organisations Supplement to Local Government Code of Accounting Practice and Financial Reporting (JO Code Supplement) applies to each JO in respect of its general purpose financial statements. Special purpose financial statements and special schedules in sections 3 and 4 of the Code are not required for JO.

The JO Code Supplement (Section 2 of the Code) should be used where the transaction/balance is included within the Supplement. Where the JO has a balance/transaction not covered by the Supplement, the relevant accounting and disclosures from Section 1 or AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 entities* should be used (for example, intangible assets, employees under defined benefit plans).

## Purpose of the Code

The purpose of the Code is to:

- ~~a) establish a framework for the preparation and reporting of estimates of income and expenditure. [Clause 201, Local Government (General) Regulation 2022 (Regulation).]~~
- b) provide guidance on the application of professionally based accounting standards and various legislative requirements.
- c) specify the accounting records and practices to be followed to ensure adequate systems and internal controls are in place to manage council's resources. [Section 206, Regulation.]

- d) establish financial reporting requirements to govern the form and content of financial statements of local governments. [Section 214, Regulation.]
- e) specify the matters that an auditor must consider and comment on when conducting audits. [Section 227, Regulation.]

The purpose of the illustrative financial statements in this document is to highlight disclosure requirements, provide sample disclosures and worked examples, and serve as a convenient reference to source material.

The fictitious circumstances of our example council and joint organisation, have been chosen to illustrate the most common and significant accounting issues and associated disclosures under Australian Accounting Standards rather than to provide absolute wording or mandatory requirements for all councils. These issues may not necessarily apply to all councils, nor are they exhaustive. Therefore, these example financial statements should be tailored to the specific balances/transactions and circumstances of each council / joint organisation.

## Authority of Code

Section 206 of the Regulation requires that accounting records and practices must accord with the Code.

Section 214 of the Regulation specifies that any matters required by the Code to be included in a council's financial reports are prescribed matters.

For the purpose of section 412 of the Act, the Code, issued and published by OLG, details the accounting records and accounting practices that a council must accord with in managing resources under its control.

For the purposes of section 413(2)(b) and (3)(b) of the Act, the Code, issued and published by OLG, details the financial reporting requirements that a council must incorporate when preparing its financial statements.

For the purposes of section 415(3) of the Act, the auditor, in auditing a council's General Purpose Financial Statements, must consider and provide comment on the following matters, where applicable:

- a) Relating to the Income Statement. The gain/(loss) from continuing activities for the year, including the effect of depreciation; the result for the year before capital amounts, level of grants and contributions; and the level of rates of increase for the year.
- b) Relating to the Statement of Financial Position. Consideration and comment should also be provided on the utilisation of overdraft facilities.
- c) Relating to performance. Performance indicators and trends, including current ratios, debt servicing, rates coverage, rates outstanding and the level of loan indebtedness, restricted assets, and level of asset renewal.
- d) Relating to the Statement of Cash Flows. The effect on the Statement of Cash Flows of material items such as borrowings or developer contributions.
- e) Relating to legislative compliance. The meeting of all statutory reporting requirements relating to Division 2 of Chapter 13 of the Act, the Regulation, and any legislatively prescribed standards.
- f) Relating to other matters. The auditor should comment on other such matters which are material, such as the effect of the introduction of new accounting standards, the effect of significant initiatives undertaken and future plans of council where these can be quantified and are sufficiently firm to comment on.

There are no prescribed matters that auditors must consider in auditing the JO financial statements under s 415(3).

For the purposes of section 397I of the Regulation, the Code, issued and published by OLG, details the requirements of the annual statement of revenue policy that a Joint Organisation must prepare, including estimates of income and expenditure.

For the purpose of section 412 of the Act, the Code, issued and published by OLG, details the accounting records and accounting practices that a Joint Organisation must accord with in managing resources under its control. It should be noted that section 397N of the Regulation modifies how section 412 of the Act applies in relation to a Joint Organisation so that the following sections of the Act that apply to councils do not apply to JOs:

- section 610A and section 610B of the Act (Council fees for business activities), and
- Chapter 17, Division 5 of Part 2 (s713-s.726) (Sale of Land for Unpaid Rates and Charges).

For the purposes of section 413(2)(b) and (3)(b) of the Act, the Code, issued and published by OLG, details the financial reporting requirements that a joint organisation must incorporate when preparing its financial statements.

## Legislative requirements for financial statements

A graphical illustration of the legislative requirements pertaining to financial statements is provided at Appendix D – section 5 of the Code. The dates specified are the latest applicable for the particular legislative requirements to be satisfied. All timetable deadlines are applicable from the financial year ending 30 June 2024.

All councils / JO are required to submit their financial statements on or before 31 October 2024.

Councils / JO are required to have access to the Australian Accounting Standards ([www.aasb.gov.au](http://www.aasb.gov.au)).

## Other information

The Code applies to the accounting, financial and other reporting requirements of the general purpose special purpose financial statements and the special schedules prepared by NSW councils, and of the general purpose financial statements prepared by NSW JO's.

The headers on the top right-hand corner of the statements and notes are not mandatory.

## Resources

To provide direction and assistance to councils in the overall annual financial reporting process, a range of resources remain available on the OLG website at <https://www.olg.nsw.gov.au/councils/council-finances/financial-reporting/local-government-code-of-accounting-practice-and-financial-reporting/> and the OLG Council Portal at <https://www.olg.nsw.gov.au/create-account/>.

This includes guidance documentation if Council believes they may have a Service Concession Arrangement under AASB 1059 Service Concession Arrangements: Grantors.

## Monitoring and review

OLG will ensure that the Code remains current, and will provide amendments by way of publication on its website at:

<https://www.olg.nsw.gov.au/councils/council-finances/financial-reporting/local-government-code-of-accounting-practice-and-financial-reporting/>

Industry feedback is actively encouraged to assist OLG in the development and delivery of sound financial policies that cater for the practical needs of councils and joint organisations. Feedback or expressions of interest to join the Code working group for the next review cycle may be provided to the following email address ([code@olg.nsw.gov.au](mailto:code@olg.nsw.gov.au)) or by contacting the Policy Team on 02 4428 4100.

## Date of issue of financial statements

OLG has determined that the date when the financial statements are authorised for issue is the date on which a council's / JO's financial statements are signed. A council / JO should disclose that it has the power to amend and reissue the financial statements in cases where critical information is received from public submissions, or where the OLG directs the council / JO to amend the statements.

## Lodgement of financial statements

Councils must electronically lodge a complete set of audited financial statements (General Purpose Financial Statements, Special Purpose Financial Statements, Special Schedules and Auditors Reports as one PDF document) with OLG by no later than the close of business on 31 October following the financial year end.

JO must electronically lodge General Purpose Financial Statements and Auditors reports (as one PDF document) by no later than the close of business on 31 October following the financial year end.

Council / JO financial statements lodged with the OLG will be deemed deficient if they:

- a) have a missing or an incomplete statement by the council as required by s 413 (2c) of the Act
- b) have missing either of the two audit reports as required by s 417 (1) of the Act; or
- c) have incomplete statements and/or incomplete notes to the accounts.

Where a council's financial statements are deemed deficient, the council will be required to re-lodge its reports and, if necessary, provide public notice of any amendments made in accordance with the Regulation.

Any request for extension to lodge financial statements must be in writing and lodged not later than 17 October following the financial year end. An application for an extension must:

- a) specify the reason(s) for which the extension is sought
- b) specify the period for which the extension is sought
- c) attach a copy of the audit notification of the council's intention to seek an extension; and
- d) provide the lodgement dates of financial statements and details of any extensions sought (irrespective of approval) for the previous three years.

**Brett Whitworth**

**Deputy Secretary, Local Government**

# Local Government Code of Accounting Practice and Financial Reporting 2023/24

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## IMPORTANT NOTES



The Code prescribes the minimum disclosures required for balances/transactions which are material. Councils / Joint organisations can add additional **material** disclosures at their discretion. In some cases, where the Standards provide options (as with the valuation of investment properties at cost or fair value), the Code will prescribe which option must be adopted.

The format of the Code which locates the accounting policies within the relevant notes is mandatory, however the actual placement within the note is not mandatory. The grouping of the notes in the sections is mandatory. The formatting styles, including fonts, underlines etc used in the Code are not mandatory.

Notes, line items and columns need only be included if applicable, and additional notes may be added as required with consideration of materiality (refer to the introduction).

Importantly within the Code there are line items with nil or immaterial balances. These are included for completeness to show the line items which may be relevant and should not be taken as required to be included where the actual balances are not material.

Where notes are removed, the remaining notes should be renumbered so they remain consecutive. This will lead to different councils / joint organisations having different numbers for the same note.

Guidance boxes have been included in each accounting policy section to provide a view on whether the accounting policy information is likely to be material (as defined in AASB 101 and included as reference in the commentary for the basis of preparation), however councils should apply judgement based on their balances, transactions, facts and circumstances to determine the relevant material accounting policy information for them.

# NSW Council

## General purpose financial statements for the year ended 30 June 2024 (Section 1)

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NSW Council is constituted under the *Local Government Act 1993* (NSW) and has its principal place of business at:  
NSW Council  
XXXX Street  
XX NSW 2XXX.

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.council@nsw.gov.au](http://www.council@nsw.gov.au) .

# NSW Council

## General purpose financial statements for the year ended 30 June 2024

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

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

Signed in accordance with a resolution of Council made on .....

Councillor's name

**Mayor**

\_\_\_/\_\_\_/\_\_\_

Councillor's name

**Councillor**

\_\_\_/\_\_\_/\_\_\_

General Manager's name

**General Manager**

\_\_\_/\_\_\_/\_\_\_

Responsible Accounting Officer's name

**Responsible Accounting Officer**

\_\_\_/\_\_\_/\_\_\_

## Commentary – Statement by Councillors and Management

LGA s.413(2c)

### Dating and signing of Statement by Councillors and Management

LGGR Cl.215

1. The Statement by Councillors and Management must be made in accordance with a resolution of the council and specify the date on which it was made.
2. The Local Government Act requires a council resolution prior to the financial statements being sent to Audit.
3. If there are significant changes between the financial statements referred to audit and the final audited statements, then the council should consider whether it is appropriate for the financial statements to be re-presented to the elected council as part of the governance process.
4. The presentation of council financial statements should promote transparency and accountability of local government to stakeholders. The pursuit of consistency in local government financial statements is important but the primary role of the financial statements is to recognise and report responsibly on relevant issues to the council.



### Materiality and aggregation

- AASB 101.7
1. The definition of material prohibits entities from obscuring relevant, material information in the financial statements and therefore councils should review their financial statements to ensure all notes are meaningful and specific to them and remove immaterial information that does not provide useful information to the users.
- AASB 101.29
2. Each material class of similar items shall be presented separately in the financial statements. Items of a similar nature or function shall be presented separately unless they are immaterial.

### Offsetting

- AASB 101.32
3. Assets and liabilities, and income and expenses must not be offset unless required or permitted by an Australian Accounting Standard.
  4. Where items can be income (or assets) in one reporting period and expenses (liabilities) in another reporting period – the line items should be presented in the relevant section in the relevant year even if it results in presentation differences for the same line item in different years.

### Budget figures

- OLG
5. OLG requires the presentation of original budget figures in the Income Statement and Statement of Cash Flows for comparability.

### Non-controlling interests

6. The Code has been prepared without showing any non-controlling interests in consolidated financial statements. If Council has any non-controlling interest in any of their subsidiaries, the relevant non-controlling interest lines should be added into the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position and Statement of Changes in Equity.

### Identification of financial statements

7. Where the financial statements are included within another document i.e., Annual Report, there should be clear indication of the beginning and the end of the financial statements.

# NSW Council

## Income Statement

### for the year ended 30 June 2024

Original unaudited budget 2024 \$'000		Notes	Actual 2024 \$'000	Actual 2023 \$'000
	<b>Income from continuing operations</b>			
53,967	Rates and annual charges	B2-1	<b>54,259</b>	53,108
31,852	User charges and fees	B2-2	<b>34,926</b>	29,505
1,583	Other revenue	B2-3	<b>2,145</b>	2,222
23,896	Grants and contributions provided for operating purposes	B2-4	<b>31,287</b>	30,018
10,403	Grants and contributions provided for capital purposes	B2-4	<b>5,082</b>	11,376
2,333	Interest and investment income	B2-5	<b>3,127</b>	2,925
-	Other income	B2-6	-	-
-	Net gain from the disposal of assets	B4-1	-	-
124,034	<b>Total income from continuing operations</b>		<b>130,826</b>	129,154
	<b>Expenses from continuing operations</b>			
38,956	Employee benefits and on-costs	B3-1	<b>39,437</b>	39,135
37,424	Materials and services	B3-2	<b>24,025</b>	29,714
8,487	Borrowing costs	B3-3	<b>8,619</b>	9,163
35,137	Depreciation, amortisation and impairment of non-financial assets	B3-4	<b>41,972</b>	36,173
5,124	Other expenses	B3-5	<b>4,529</b>	3,714
-	Net loss from the disposal of assets	B4-1	<b>13,809</b>	11,217
125,128	<b>Total expenses from continuing operations</b>		<b>132,391</b>	129,116
(1,094)	<b>Operating result from continuing operations</b>		<b>(1,565)</b>	38
-	<b>Operating result from discontinued operations</b>	D3	-	-
(1,094)	<b>Net operating result for the year attributable to Council</b>		<b>(1,565)</b>	38
(11,497)	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>(6,647)</b>	(11,338)

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

# NSW Council

## Statement of Comprehensive Income for the year ended 30 June 2024

	Notes	2024 \$'000	2023 \$'000
<b>Net operating result for the year – from Income Statement</b>		<b>(1,565)</b>	38
<b>Other comprehensive income</b>			
<b>Amounts that will not be reclassified subsequent to operating result</b>			
Gain/(loss) on revaluation of infrastructure, property, plant and equipment	C1-8	<b>(45,427)</b>	21,248
<b>Amounts that will be reclassified subsequent to operating result when specific conditions are met</b>		-	-
[Provide details]			
<b>Other comprehensive income for the year</b>		<b>(45,427)</b>	21,248
<b>Total comprehensive income for the year attributable to Council</b>		<b>(46,992)</b>	21,286

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

### Commentary – Income Statement and Statement of Comprehensive Income

OLG	1. Council must present <ol style="list-style-type: none"> <li>a separate Income Statement that displays components of the operating result, and</li> <li>a Statement of Comprehensive Income that begins with operating result and displays components of other comprehensive income.</li> </ol>
AASB 5.33a,b AASB 101.82e	<b>Discontinued operations</b> 2. Councils shall disclose operating result from the discontinued operations as a single line item in the Income Statement. Analysis of the discontinued operation is provided in Note D3-1.
AASB 5.38	<b>Non-current assets held for sale</b> 3. If Council has any non-current assets which are classified as held for sale, the amounts recognised in other comprehensive income relating to these assets should be presented separately.
AASB 101.7	<b>Components of other comprehensive income</b> 4. Components of other comprehensive income (OCI) are items of income and expense (including reclassification adjustments) that are specifically required or permitted by Australian Accounting Standards to be included in other comprehensive income rather than directly in the operating result. 5. The relevant items for Council are <b>likely to be</b> : <ol style="list-style-type: none"> <li>changes in the revaluation surplus relating to property, plant and equipment; and</li> <li>the investor's share of the other comprehensive income of equity-accounted investments.</li> </ol>
OLG	<b>Classification of expenses</b> 7. Expenses are to be classified by nature in the Income Statement as prescribed and by function in Note B1-1
Interpretation 1031.6,7	<b>Goods and Services Tax (GST)</b> 8. Revenues and expenses are to be recognised net of the amount of GST, except where GST is not recoverable from the taxation authority when it must be recognised as part of the item of expense.
OLG	<b>Net operating result for the year before grants and contributions provided for capital purposes</b> 9. The last line on the Income Statement, being 'Net operating result for the year before grants and contributions provided for capital purposes', is provided as a key industry indicator of financial performance. This line must stand alone.

# NSW Council

## Statement of Financial Position as at 30 June 2024

	Notes	2024 \$'000	2023 \$'000	Restated 1 July 2022 \$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	C1-1	12,666	10,802	
Investments	C1-2	61,000	58,005	
Receivables	C1-4	16,793	17,178	
Inventories	C1-5	1,276	1,576	
Contract assets and contract cost assets	C1-6	977	412	
Other		418	296	
Non-current assets classified as held for sale	C1-7	-	7,592	
<b>Total current assets</b>		<b>93,130</b>	<b>95,852</b>	
<b>Non-current assets</b>				
Investments	C1-2	28,015	16,004	
Receivables	C1-4	765	632	
Inventories	C1-5	140	209	
Contract assets and contract cost assets	C1-6	-	-	
Infrastructure, property, plant and equipment (IPPE)	C1-8	2,009,896	2,078,710	
Investment property	C1-9	-	-	
Intangible assets	C1-10	319	628	
Right of use assets	C2-1	2,083	2,474	
Investments accounted for using equity method	D2-2/D2-3	42	47	
<b>Total non-current assets</b>		<b>2,041,260</b>	<b>2,098,704</b>	
<b>Total assets</b>		<b>2,134,390</b>	<b>2,194,565</b>	
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	C3-1	11,427	9,452	
Contract liabilities	C3-2	4,406	3,477	
Lease liabilities	C2-1	364	337	
Borrowings	C3-3	6,194	5,810	
Employee benefit provisions	C3-4	10,088	10,019	
Provisions	C3-5	-	-	
<b>Total current liabilities</b>		<b>32,479</b>	<b>29,095</b>	
<b>Non-current liabilities</b>				
Payables	C3-1	-	-	
Contract liabilities	C3-2	801	1,573	
Lease liabilities	C2-1	1,921	2,285	
Borrowings	C3-3	108,051	123,919	
Employee benefit provisions	C3-4	3,004	2,423	
Provisions	C3-5	6,254	6,398	
<b>Total non-current liabilities</b>		<b>120,031</b>	<b>136,598</b>	
<b>Total liabilities</b>		<b>152,510</b>	<b>165,693</b>	
<b>Net assets</b>		<b>1,981,880</b>	<b>2,028,872</b>	
<b>EQUITY</b>				
Accumulated surplus		845,858	847,423	
IPPE Revaluation Surplus	C4-1	1,136,022	1,181,449	
Other reserves (specify)	C4-1	-	-	
<b>Total equity</b>		<b>1,981,880</b>	<b>2,028,872</b>	

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

## Commentary – Statement of Financial Position

AASB 101.10f

1. The Statement of Financial Position at the beginning of the comparative period (shown as the third column in the Code) is only required when Council has applied an accounting policy retrospectively, made a retrospective restatement (error) or reclassified items, and the adjustment had a material effect on the information in the Statement of Financial Position at the beginning of the comparative period.

AASB 101.61

2. For each asset and liability line item that combines amounts expected to be recovered or settled (a) no more than 12 months after the reporting period, and (b) more than 12 months after the reporting period, Council shall disclose the amount expected to be recovered or settled after more than 12 months.

### **Other Assets**

3. If Council have material other assets, councils should include an 'Other assets' note to provide the breakdown.

### **Comparatives**

4. If the comparative column is restated due to a change in accounting policy or error, then add 'restated' to the column heading.

# NSW Council

## Statement of Changes in Equity For the year ended at 30 June 2024

	2024 \$000				2023 \$000			
	Accumulated surplus	IPPE revaluation surplus	Other reserves (specify)	Total equity	Accumulated surplus	IPPE revaluation surplus	Other reserves (specify)	Total equity
Opening balance at 1 July	847,423	1,181,449	-	2,028,872	852,386	1,160,201	-	2,007,586
Correction of errors	-	-	-	-	-	-	-	-
Changes in accounting policies	-	-	-	-	-	-	-	-
Restated opening balance	847,423	1,181,449	-	2,028,872	847,385	1,160,201	-	2,007,586
Net operating result for the year	(1,565)	-	-	(1,565)	38	-	-	38
Other comprehensive income								
Gain (loss) on revaluation of infrastructure, property, plant and equipment	-	(45,427)	-	(45,427)	-	21,248	-	21,248
Total comprehensive income	845,858	1,136,022	-	1,981,880	847,423	1,181,449	-	2,028,872
Transfers between equity items	-	-	-	-	-	-	-	-
Closing balance at 30 June	845,858	1,136,022	-	1,981,880	847,423	1,181,449	-	2,028,872

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

### Commentary – Statements of Changes in Equity

OLG

1. Where councils have more than one 'other reserve', additional columns should be added to the Statement of Changes in Equity as required.

# NSW Council

## Statement of Cash Flows for the year ended 30 June 2024

Original unaudited budget 2024 \$'000	Notes	Actual 2024 \$'000	Actual 2023 \$'000
<b>Cash flows from operating activities</b>			
<b>Receipts:</b>			
53,861	Rates and annual charges	<b>54,339</b>	53,022
31,262	User charges and fees	<b>35,058</b>	29,020
2,504	Interest received	<b>3,127</b>	2,925
35,377	Grants and contributions	<b>36,566</b>	38,192
-	Bonds, deposits and retentions received	-	-
2,116	Other (specify if material)	<b>2,140</b>	2,228
<b>Payments:</b>			
(38,935)	Payments to employees	<b>(38,787)</b>	(38,575)
(29,895)	Payments for materials and services	<b>(22,508)</b>	(31,165)
(8,534)	Borrowing costs	<b>(8,619)</b>	(9,163)
-	Bonds, deposits and retentions refunded	-	-
(12,912)	Other (specify if material)	<b>(4,259)</b>	(3,560)
34,844	<b>Net Cash flows from operating activities</b>	<b>57,057</b>	42,924
<b>Cash flows from investing activities</b>			
<b>Receipts:</b>			
7,373	Proceeds from sale of IPPE	<b>4,512</b>	964
-	Sale of investment property	-	-
-	Redemption of term deposits	-	-
-	Sale of investments	-	-
-	Other (specify if material)	-	-
<b>Payments:</b>			
(40,973)	Payments for IPPE	<b>(28,381)</b>	(37,820)
-	Purchase of intangible assets	<b>(232)</b>	(74)
-	Purchase of investment property	-	-
-	Acquisition of term deposits	<b>(2,995)</b>	(3,560)
-	Purchase of investments	-	-
-	Other (specify if material)	-	-
(33,600)	<b>Net Cash flows from investing activities</b>	<b>(27,096)</b>	(40,490)
<b>Cash flows from financing activities</b>			
<b>Receipts:</b>			
-	Proceeds from borrowings	-	-
-	Other (specify if material)	-	-
<b>Payments:</b>			
(6,625)	Repayment of borrowings	<b>(27,490)</b>	(1,938)
-	Principal component of lease payments	<b>(337)</b>	(222)
-	Other (specify if material)	-	-
(6,625)	<b>Net Cash flows from financing activities</b>	<b>(27,827)</b>	(2,160)
(5,381)	<b>Net change in cash and cash equivalents</b>	<b>1,864</b>	274
18,378	<b>Cash and cash equivalents at beginning of year</b>	<b>10,802</b>	10,528
12,997	<b>Cash and cash equivalents at end of year</b>	<b>12,666</b>	10,802

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

### Presentation of operating cashflows

- OLG
1. OLG requires all councils to use the direct method in reporting cash flows from operating activities whereby major classes of gross cash receipts and gross cash payments are disclosed.

### Expenditure on unrecognised assets to be classified as operating cash flows

- AASB 107.16
2. Cash flows can only be classified as arising from investing activities if they result in the recognition of an asset in the Statement of Financial Position. If accounting standards do not allow the recognition of an asset then the cashflows are classified as operating, for example: expenditures on promotional activities, staff training, feasibility studies and research.

### Goods and Services Tax (GST)

- Interpretation 1031.10
3. Cash flows shall be included in the Statement of Cash Flows on a gross basis.
- Interpretation 1031.11
4. The GST component of cash flows arising from investing and financing activities that is recoverable from, or payable to, the taxation authority shall be classified as operating cash flows and will be included in receipts from customers or payments to suppliers, as appropriate.

### Interest and dividends

- OLG
5. OLG requires the payment and/or receipt of interest (including those relating to lease payments) and dividends to be classified as operating cash flows.

### Leases

- AASB 107.17  
AASB 16.50a  
AASB 16.50c
6. The principal components of the lease repayments are classified as financing activities.
  7. Short-term lease payments, payments for low-value assets and variable lease payments (not included in the measurement of the lease liability) should be disclosed in operating activities

### Grants

8. Grant funds are to be recognised as cash flows on receipt, all grant funds are operating cash flows regardless of whether the purpose of the funding is capital or operating.



# NSW 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 NSW Council on dd/mm/2024. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The **material accounting policy information related to** these [consolidated] (delete if not applicable) financial statements are set out below. **Accounting** policies have been consistently applied to all the years presented, unless otherwise stated.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (Act)* and *Local Government (General) Regulation 2022 (Regulation)*, and the Local Government Code of Accounting Practice and Financial Reporting. NSW 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 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*

NSW Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- i. fair values of investment properties – refer Note C1-9
- ii. fair values of infrastructure, property, plant and equipment – refer Note C1-8
- iii. tip remediation provisions – refer Note C3-5
- iv. employee benefit provisions – refer Note C3-4.
- v. [insert details of any other significant estimates and assumptions]

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

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

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

#### **The Consolidated Fund**

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

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

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

- general purpose operations
- water service
- sewerage service
- Memorial Hall Committee
- Oval Management Committee
- Park Management Committee.

#### **The Trust Fund**

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

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

## Goods and Services Tax (GST)

**Guidance re: material accounting policy information** - information in the GST accounting policy is unlikely to meet the definition of material accounting policy information and therefore can be deleted.

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from, or payable to, 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

Councils should provide details about their dependence on volunteer services received, where significant, regardless of whether they have been recognised in the income statement. [If volunteer services are not recognised then Councils should consider providing the rationale for why not, e.g., not material, would not be purchased if not donated or cannot be reliably measured.]

### New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2024 reporting periods. NSW Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2023.

NSW Council's assessment of the impact of the new standards, and interpretations relevant to them, is set out below:

[This information is provided for councils in Appendix M - section 5 of the Code, rather than including the assessments here for the purpose of the Code.]

### New accounting standards adopted during the year

During the year, NSW Council adopted all standards which were mandatorily effective for the first time at 30 June 2024. The standards which had an impact on reported position, performance or disclosures have been discussed in Note G4-1 / none of these standards had a significant impact on reported position or performance [delete as appropriate].

[Appendix L – section 5 of the Code provides details of standards which were mandatorily effective in the current year and should be used by Council to populate this note.]

## Commentary – Basis of preparation

### Material accounting policy information

AASB 101.117

1. Material accounting policy information relating to the preparation of Council financial statements must be included in the financial statements. Accounting policy information has been included with the relevant note with guidance regarding whether the accounting policy information is likely to be material.

AASB 101.117B

2. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

Accounting policy information is likely to be considered material if that information relates to material transactions, other events or conditions and:

- a) the entity has changed accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements.
- b) the entity (or OLG) chose the accounting policy from one or more options permitted by Australian Accounting Standards.
- c) the accounting policy was developed in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* in the absence of an Australian Accounting Standard that specifically applies.
- d) the accounting policy relate to an area for which an entity is required to make significant judgements or assumptions in applying an accounting policy, and the entity discloses those judgements or assumptions in the financial statements (refer Note A1-1 of Section 1 of the Code and Note A1 of Section 2 of the Code).
- e) the accounting required for them is complex and users of the entity's financial statements would otherwise not understand those material transactions, other events or conditions.

Note: the mere fact that a transaction is material in size or nature does not automatically render the related accounting policy information as material since the bullet points above need to also be considered.

AASB 101.117B(d)

3. Where an accounting policy has been retained due to the areas involving significant estimation or judgement, Council should disclose the relevant judgement and / or estimates as relevant (refer commentary 6 – 10 below)

### Historical cost

4. The Code illustrates the accounting policy where all assets and liabilities are recorded at historical costs, except for infrastructure, property, plant and equipment and investment property. If Council holds any other asset or liabilities at fair value, the accounting policy note should be modified.

### Going concern

AASB 101.25

5. When preparing financial statements, management shall assess a council's ability to continue as a going concern. When management, in making its assessment, is aware of material uncertainties related to events or conditions that may cast significant doubt upon the council's ability to continue as a going concern, those uncertainties shall be disclosed.

### Significant judgements

AASB 101.122

6. A council shall disclose the judgements, apart from those involving estimations, that management has made in the process of applying the council's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

AASB 101.123

7. Examples of some of these judgements are:
  - a) whether the council controls or has significant influence over a particular investment (refer AASB 12.7)
  - b) whether an asset should be classified as held-for-sale or an operation meets the definition of a discontinued operation
  - c) whether an agreement contains a lease (for example waste management agreements)
  - d) the relevant accounting standard for certain revenue contracts (e.g., grants) and other judgements in applying the revenue standards (refer AASB 15.123 and AASB 1058.34).

### Sources of estimation uncertainty

AASB 101.125

8. A council shall disclose in the notes information about the assumptions concerning the future, and other sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities

within the next annual reporting period. In respect of those assets and liabilities, the notes shall include details of:

- a) their nature; and
- b) their carrying amount as at the end of the reporting period.

AASB 101.129

9. The disclosures are presented in a manner that helps users of financial statements to understand the judgements management makes about the future, and about other sources of estimation uncertainty. The nature and extent of the information provided varies according to the nature of the assumption and other circumstances. Examples of the types of disclosures made are:

- a) the nature of the assumption or other estimation uncertainty
- b) the sensitivity of carrying amounts to the methods, assumptions and estimates underlying their calculation, including the reasons for the sensitivity
- c) the expected resolution of an uncertainty and the range of reasonably possible outcomes within the next annual reporting period in respect of the carrying amounts of the assets and liabilities affected
- d) an explanation of changes made to past assumptions concerning those assets and liabilities if the uncertainty remains unresolved.

AASB 101.131

10. When it is impracticable to disclose the extent of the possible effects of an assumption or another source of estimation uncertainty at the end of the reporting period, the council discloses that it is reasonably possible, based on existing knowledge, that outcomes within the next annual reporting period that are different from assumptions could require a material adjustment to the carrying amount of the asset or liability affected. In all cases, the council discloses the nature and carrying amount of the specific asset or liability (or class of assets or liabilities) affected by the assumption.

### Non-consolidation of Trust Funds

OLG

11. It should be rare that councils have trust funds which they do not believe that they control and therefore are not consolidating. Councils should carefully consider the control guidance in AASB 10 and Appendix H - section 5 of the Code.
12. If Council believes they have any of these funds, then the following disclosure should be included:
  - The following trust monies and properties are held by NSW Council but not considered to be under the control of NSW Council and therefore are excluded from these financial statements:

AASB 1058.18-22, 27a

- Provide details of any such monies/properties

### Volunteer services

13. Income (and associated expenses) relating to volunteer services should be recognised where:
  - the amount is material
  - the services would be purchased if they were not donated
  - the amounts of the volunteer services can be measured reliably.
14. Where volunteer services are recognised, a volunteer services line should be shown in Other Income with a corresponding amount showing in Other Expenses.
15. In assessing whether volunteer services should be recognised, councils should consider the various forms of volunteer services received, e.g., support at art galleries, museums, committee members etc.
16. Once these have been identified, Council should assess materiality in respect of usefulness to the users and revenue and expenses. Regardless of materiality if Council cannot measure the value of the volunteer services reliably, or the services would not be purchase if not donated, then volunteer services are not required to be recognised.

### Australian Accounting Standard issued but not yet effective

AASB 108.30

17. When a council has not applied a new Australian Accounting Standard that has been issued but is not yet effective, the council shall disclose:
  - a) this fact; and
  - b) known or reasonably estimable information relevant to assessing the possible impact that application of the new Australian Accounting Standard will have on the council's financial statements in the period of initial application.

Refer to Appendix M - section 5 of the Code for list of current standards issued not yet effective.

18. The information about standards issued not yet effective **in the Appendix** is up to date at the date of writing – **November** 2023. However, councils are required to review the AASB website for standards issued between **November** 2023 and the date of approval of their financial statements for other relevant standards which have been issued. The standards and impacts described below should also be reviewed to ensure they are appropriate for Council.

OLG

19. Unless otherwise specified, OLG has determined that new standards and interpretations are not to be adopted early by councils.

AASB 108.28

**New accounting standards adopted during the year**

20. Where the adoption of a new accounting standard during the year has had a material effect on the reporting position, performance of the council or disclosures, the council should disclose the impact on transition of adoption of the new standard using either the specific transition disclosures or the general disclosures in AASB 108.28.

21. The **Appendix – section 5 of the Code** includes illustrative transition disclosures for significant accounting standards adopted during the year.

Note: these are only required for the year of adoption of the new standard and are not required to be repeated in future years.

## 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.

Functions or activities	Income		Expenses		Operating results		Grants and Contributions		Carrying amount of assets	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Our Leadership	-	-	-	-	-	-	-	-	-	-
Our Infrastructure	-	-	-	-	-	-	-	-	-	-
Our Society	-	-	-	-	-	-	-	-	-	-
Our Environment	-	-	-	-	-	-	-	-	-	-
Our Economy	-	-	-	-	-	-	-	-	-	-
<b>Total functions and activities</b>	-	-	-	-	-	-	-	-	-	-



## B1-2 Components of functions or activities

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

### Our leadership

- Continuous improvement
- Accountability and compliance
- Participation and communication
- Resourcing and support

### Our infrastructure

- Quality built environment and places
- Efficient transport and access
- Effective essential services

### Our society

- Community health and wellbeing
- Creative culture and recreation
- Good community relations
- Community resilience

### Our environment

- Protecting the land
- Maintaining healthy waterways
- Protecting biodiversity

### Our economy

- Efficient and careful resource use
- Healthy economic activity
- Meaningful work and employment

[Councils will need to provide information about the objectives of each function or activity.]

## Commentary – Functions or activities

AASB1052.11

1. For each broad function or activity, disclose the nature, objectives and carrying amount of assets attributable to each function or activity, and the income (with separate disclosure of grants and contributions) and expenses for the reporting period that are attributable to each function or activity. The information is to be aggregated and reconciled back to the Income Statement, Statement of Financial Position, and Grants and Contributions note (B2-4).

OLG

2. OLG requires that functions or activities be presented in the Council's own Integrated Planning and Reporting (IP&R) or Delivery Program format as the prescribed format. The example in this note may differ to a council's IP&R functions or activities. Each council should ensure Note B1-1 reflects that council's IP&R functions or activities. For this reason, this note has not been populated.
3. For the purposes of financial reporting under this Code, costs are to be allocated to functions and activities when they can be attributed on a reliable basis.
4. Reliably attributable overheads allocated to capital projects form part of the cost of the asset.

## B2. Sources of income

### B2-1 Rates and annual charges

	2024 \$'000	2023 \$'000
<b>Ordinary rates</b>		
Residential	22,292	20,744
Farmland	2,983	2,787
Business	3,627	3,405
Mining	-	-
Less: Pensioner rebates	(1,159)	(1,148)
Rates levied to ratepayers	27,743	25,788
Pensioner rate subsidies received	637	632
<b>Total ordinary rates</b>	<b>28,380</b>	<b>26,420</b>
<b>Special rates</b>		
(Insert details of special rates)	-	-
<b>Total special rates</b>	<b>-</b>	<b>-</b>
<b>Annual charges (pursuant to s496, 496A, 496B, 501 &amp; 611)</b>		
Domestic waste management services	6,522	6,414
Water supply	2,697	4,028
Sewerage services	14,853	14,516
Drainage	-	-
Stormwater management services charge	-	-
Waste management services (not domestic)	1,890	1,818
Coastal protection	-	-
s 611 charges	-	-
Waste levy	-	-
Other (specify if material)	-	-
Less: Pensioner rebates	(1,172)	(1,193)
Annual charges levied	25,234	26,032
Pensioner annual charges subsidies received	645	656
<b>Total annual charges</b>	<b>25,879</b>	<b>26,688</b>
<b>Total rates and annual charges</b>	<b>54,259</b>	<b>53,108</b>

Council has used 20XX valuations provided by the NSW Valuer General in calculating its rates.

#### Material accounting policy information

**Guidance re: material accounting policy information** - Retain revenue policies since revenue recognition under the accounting standards involves significant estimation and judgements.

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

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

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

**B2-2 User charges and fees**

	<b>2024</b>	2023
	<b>\$'000</b>	\$'000
<b>User charges</b>		
Domestic waste management services	-	-
Water supply services	<b>11,709</b>	9,026
Sewerage services	<b>1,722</b>	1,550
Drainage services	<b>274</b>	254
Waste management services (not domestic)	-	-
Other (specify if material)	-	-
<b>Total user charges</b>	<b>13,705</b>	10,830
<b>Fees</b>		
Private works- s67	<b>338</b>	230
Transport for NSW works (state roads not controlled by Council)	<b>2,897</b>	3,022
Building services – other	<b>557</b>	410
Planning and building – regulatory	<b>1,814</b>	1,741
Inspection fees	<b>497</b>	347
s10.7 certificates (EP&A Act)	<b>146</b>	129
s603 certificates	<b>133</b>	120
Registration fees	<b>402</b>	416
Parking fees	<b>260</b>	238
Caravan parks	<b>5,493</b>	5,368
Cemeteries	<b>564</b>	501
Leisure centre	<b>830</b>	566
Community centres	<b>924</b>	826
Childcare	<b>62</b>	51
Aerodrome	<b>129</b>	154
Aged care	<b>356</b>	258
Quarry	<b>329</b>	416
Saleyards	<b>335</b>	328
Regional landfill	<b>3,780</b>	3,195
Other (specify if material)	<b>1,375</b>	359
<b>Total fees</b>	<b>21,221</b>	18,675
<b>Total user charges and fees</b>	<b>34,926</b>	29,505
<b>Timing of revenue recognition for user charges and fees</b>		
User charges and fees recognised over time	<b>4,469</b>	3,558
User charges and fees recognised at a point time	<b>30,457</b>	25,947
<b>Total user charges and fees</b>	<b>34,926</b>	29,505

**Material accounting policy information**

**Guidance re: material accounting policy information** - Retain since revenue recognition involves significant estimation and judgements.

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.

Where an upfront fee is charged such as joining fees for the leisure centre the fee is recognised on a straight-line basis over the expected life of the membership.

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

**B2-3 Other revenue**

	<b>2024</b>	2023
	<b>\$'000</b>	\$'000
Parking fines	<b>81</b>	39
Other fines	<b>225</b>	203
Recycling income (non-domestic)	<b>117</b>	307
Insurance claims recoveries	-	-
Commissions and agency fees	<b>45</b>	67
Sales of inventories	<b>933</b>	936
Diesel rebate	<b>357</b>	328
Legal fees recovery	<b>245</b>	198
State waste rebate	<b>142</b>	144
Other (specify if material)	-	-
<b>Total other revenue</b>	<b>2,145</b>	2,222

**Timing of revenue recognition for other revenue**

Other revenue recognised over time	<b>119</b>	125
Other revenue recognised at a point time	<b>2,026</b>	2,097
<b>Total other revenue</b>	<b>2,145</b>	2,222

**Material accounting policy information for other revenue**

**Guidance re: material accounting policy information** - Retain since revenue recognition involves significant estimation and judgements.

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

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

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

**B2-4 Grants and contributions**

	Note	Operating		Capital	
		2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
<b>General purpose grants and non-developer contributions (untied)</b>					
Financial Assistance Grant <sup>1</sup>					
- Relating to current year		3,342	3,290	-	-
- Prepayment received in advance for subsequent year		12,125	8,145	-	-
Amount recognised as income during current year		<b>15,467</b>	11,435	-	-
<b>Special purpose grants and non-developer contributions (tied)</b>					
<b>Cash Contributions</b>					
Water supplies		448	484	214	510
Sewerage services		-	-	-	1,113
Community care		6,173	7,755	305	754
Health and safety		308	605	-	-
Environmental programs		325	521	497	72
Recreation and culture		205	201	-	1,182
Storm/flood damage		275	1,304	-	-
Transport for NSW contributions (regional roads, block grant)		3,701	2,526	576	1,742
Roads to recovery		3,252	4,121	-	-
Other roads and bridges		-	-	517	1,448
NSW Rural Fire Services		703	550	207	736
Other (specify if material)		430	516	84	269
<b>Non-cash contributions</b>					
Subdivision dedications (other than by s7.4 and s7.11 – EP&A Act, s64 of the LGA)		-	-	555	1,034
Other (specify if material)		-	-	-	-
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>15,820</b>	18,583	<b>2,955</b>	8,860
<b>Total grants and non-developer contributions</b>		<b>31,287</b>	30,018	<b>2,955</b>	8,860
<b>Comprising:</b>					
- Commonwealth funding		22,161	20,605	1,023	2,038
- State funding		9,126	9,413	1,932	6,822
- Other funding		-	-	-	-
		<b>31,287</b>	30,018	<b>2,955</b>	8,860
<b>Developer contributions (s7.4 and s7.11 – EP&amp;A Act, s64 of the LGA):</b>					
	G5				
Cash contributions		-	-	2,127	2,516
Non-cash contributions		-	-	-	-
<b>Total developer contributions</b>		-	-	<b>2,127</b>	2,516
<b>Total grants and contributions</b>		<b>31,287</b>	30,018	<b>5,082</b>	11,376
<b>Timing of revenue recognition</b>					
Grants and contributions recognised over time		22,161	19,316	3,659	6,712
Grants and contributions recognised at a point in time		9,126	10,702	1,423	4,664
<b>Total grants and contributions</b>		<b>31,287</b>	30,018	<b>5,082</b>	11,376

<sup>1</sup> \$12.125m of the 2024 – 2024 Financial Assistance Grant from Commonwealth Government was received by NSW Council in June 2024 and hence is reported as 2023 – 2024 income although it relates to 2024 – 2025 financial year.

## Unspent grants and contributions

Certain grants and contributions are obtained by NSW 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:

Note	Operating		Capital	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Unspent funds at 1 July	-	-	-	-
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	-	-	-	-
Add: Funds received and not recognised as revenue in the current year	-	-	-	-
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	-	-	-	-
Less: Funds received in prior year but revenue recognised and funds spent in current year	-	-	-	-
Unspent funds at 30 June	-	-	-	-

## Material accounting policy information

**Guidance re: material accounting policy information** - Retain since revenue recognition involves significant estimation and judgements.

### 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 [provide examples of performance obligations within AASB 15 grants e.g., events, vaccinations.] 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 of costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

### Capital grants

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

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

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

### Developer Contributions

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

While NSW 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.

## Commentary – Revenue

### Appendix J – section 5 of the Code, provides additional guidance on AASB 15 and AASB 1058

- OLG
- AASB 15.114,  
AASB 1058.26
1. All significant revenue streams of Council should be reviewed to determine whether they are in the scope of AASB 1058 Income of NFP Entities or AASB 15 Revenue from Contracts with Customers or other standards (e.g., AASB 16 for rental income). The applicable accounting standard will allow Councils to determine the appropriate accounting treatment.
  2. The allocation of revenue streams to AASB 15 and AASB 1058 in the Code is illustrative only.
  3. Councils should ensure that each material revenue stream has an accounting policy.
  4. LIRS subsidy payments are revenue. Revenue is recognised periodically as and when loan payments are made, and invoices are raised. LIRS subsidy payments are required to be reported in Note B2-4 'Grants and Contributions'.
  5. AASB 15 requires the Council to disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. AASB 1058 requires disaggregation based on how the nature and amount of income (and the resultant cash flows) are affected by economic factors. This disaggregation will depend on the Council's specific revenue streams and contracts.
  6. Disaggregation categories that may be appropriate include:
    - a. the type of good or service
    - b. market or type of customer (e.g., residential / business etc)
    - c. type of contract (e.g., fixed price or time and materials contracts)
    - d. contract duration (e.g., short-term contracts and long-term contracts)
    - e. timing of transfer of goods or services (e.g., those transferred at a point of time or over time).
  7. The Code has disaggregated into type of services and timing of revenue recognition – Council should add additional categories if appropriate. The timing information has been described in the accounting policy where it is the same for the entire sub-note or shown as a table within the sub-note where different revenue streams in the sub-note have different timings.
  8. The disaggregation may be presented as a separate sub-note in section B2 rather than in each sub-note.
  9. If Council has material fees and charges or other revenue in the scope of AASB 15 not illustrated in the Code, then the following disclosures are required:
    - a. information about its performance obligations with contracts with customers. For example:
      - i. a description of the performance obligations
      - ii. the significant payment terms the nature of the goods or services Council has promised to transfer
      - iii. obligations for returns refunds or similar obligations
      - iv. types of warranties and related obligations.
    - b. for performance obligations satisfied over time the methods used to recognise revenue and why these provide a faithful depiction of the transfer of goods or services
    - c. for performance obligations satisfied at a point in time, the significant judgements in evaluating when a customer obtains control of a good or service
    - d. information about determining the transaction price and the amounts allocated to performance obligations.
- AASB 15.119
- AASB 15.124
- AASB 15.125
- AASB 15.126

### Ordinary rates – Note B2-1

- OLG
10. S 493 of the Local Government Act 1993 states that there are four categories of ordinary rates. They are:
    - a. Farmland
    - b. Residential
    - c. Mining
    - d. business
  11. These categories may, at Council's discretion, be divided into sub-categories in accordance with s 529 of the Act. Examples of ordinary rates would include farmland - irrigability, residential - village, business (NSW Council city centre) and mining (gold).
  12. The process of categorisation of land and the application of ordinary rating is described in s 6 of the Council Rating and Revenue Raising Manual (Rates Manual). For the purpose of financial reporting,

revenue raised from the four categories of ordinary rates must be disclosed as per Note B2-1 of this Code.

13. Councils should include the relevant date of the valuation specific to them for determination of rates.
14. Pensioner rate rebates shall be netted off against revenue raised and disclosed in Note B2-1 as part of rates and annual charges.
15. If Council decides to separate pensioner rebates into those which are mandatory, and any Council choose to voluntarily provide, an additional line item should be added to the rates and charges sub-note.

### **User charges and fees – Note B2-2**

#### **Domestic waste management (DWM)**

16. An annual charge for DWM services must be made for each parcel of rateable land for which the service is available.
17. All revenues and expenditures applicable to the DWM service must be accounted for as an activity distinct from any trade waste or other garbage activity.
18. Any surplus or deficit derived as a result of providing the DWM service for a period must be maintained in the DWM activity and, in the case of a surplus, the cash component held as externally restricted cash.

#### **Grants and contributions – operating or capital?**

19. Grants and contributions are to be classified as operating or capital depending on the purpose for which they were received and not on the purpose for which they were spent. General purpose grants and contributions are all classified as operating regardless of how they are spent.

#### **Financial assistance grants**

20. Financial assistance grants (FAG) are to be disclosed as a Commonwealth grant.

#### **Unspent grants and contributions**

21. The unspent grants and contributions section records the unspent portion of grants and contributions where the related revenue was recognised in the reporting period but the funds were unspent at reporting date, for example:
  - a. grants with restrictions that do not meet the definition of sufficiently specific performance obligations (e.g., funds must be spent on roads but Council discretion about which roads);
  - b. grants which are not enforceable;
  - c. grants related to assets controlled by Council (i.e., capital grant) but they don't meet the criteria in AASB 1058.15 and therefore, they are recognised as revenue on receipt.



**B2-5 Interest and investment income**

	2024 \$'000	2023 \$'000
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges	335	258
– Overdue user charges and fees	-	-
– Cash and investments	2,786	2,672
– Other (specify if material)	-	-
Dividend income from investments at fair value through profit or loss	-	-
Dividend income from investments at fair value through other comprehensive income	-	-
Premiums recognised on financial instrument transactions		
– Interest-free loan from state government	-	-
Amortisation of discounts and premiums on financial instrument transactions		
– Interest-free loan provided	-	-
Finance income on the net investment in the lease	-	-
Other (specify if material)	6	5
<b>Total interest and investment income</b>	<b>3,127</b>	<b>2,925</b>

**Material accounting policy information**

**Guidance re: material accounting policy information** – information in this accounting policy is unlikely to meet the definition of material accounting policy information and therefore can be deleted.

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

Dividends are recognised as income in profit or loss when the shareholder's right to receive payment is established unless the dividend clearly represents a recovery of part of the cost of the investment.

**B2-6 Other income**

	Note	2024 \$'000	2023 \$'000
Reversal of impairment losses on receivables	C1-4	-	-
Reversal of revaluation decrements on IPPE previously expensed	C1-8	-	-
Fair value increment on investments	C1-2	-	-
Fair value increment on investment properties	C1-9	-	-
Rental income	C2-2	-	-
Net share of interests in joint ventures and associates using the equity method	D2-2 / D2-3	-	-
Other (specify if material)		-	-
<b>Total other income</b>		<b>-</b>	<b>-</b>

**Commentary – Other income**

- |               |   |  |
|---------------|---|--|
| AASB 101.82ba | 1 | Where reversal of impairment losses on receivables or net share of interests in joint ventures and associates using the equity method are material these line items should be included on the face of the income statement rather than in the other income note. |
| AASB 101.82c  | 2 | Rental income in this note should relate only to income arising from leases under AASB 16. If Council has income arising from for example, rental of a hall on an ad-hoc basis, this will be a user charge and not rental income.                                |

### B3. Costs of providing services

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

	2024 \$'000	2023 \$'000
Salaries and wages	29,846	29,401
Employee leave entitlements	6,211	6,145
Superannuation	3,862	3,863
Workers' compensation insurance	1,337	1,233
FBT	36	45
Payroll tax	317	345
Other (specify if material)	595	700
Less: capitalised costs	(2,767)	(2,597)
<b>Total employee costs expensed</b>	<b>39,437</b>	<b>39,135</b>

#### Material accounting policy information

**Guidance re: material accounting policy information** - information in this accounting policy except for the information on defined benefit plans is unlikely to meet the definition of material accounting policy information and therefore can be deleted.

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

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

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

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

#### B3-2 Materials and services [examples only]

	2024 \$'000	2023 \$'000
Cost of sales	302	418
Raw materials and consumables	8,128	8,872
Consultancy costs	2,815	9,016
Contractor costs	456	323
Legal fees	403	381
IT expenses	1,829	1,723
Insurance	2,111	2,056
Street lighting	537	477
Electricity	1,823	1,727
Subscriptions and publications	358	301
Telephone	1,365	1,427
Repairs and maintenance	1,537	1,458
Postage, printing and stationery	590	536
Election expenses	272	-
Other (specify if material)	1,499	999
<b>Total materials and services</b>	<b>24,025</b>	<b>29,714</b>

#### Material accounting policy information

**Guidance re: material accounting policy information** - information in this accounting policy is unlikely to meet the definition of material accounting policy information and therefore can be deleted.

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

**B3-3 Borrowing costs**

	<b>2024</b>	2023
	<b>\$'000</b>	\$'000
Interest on overdrafts	-	-
Interest on loans	<b>8,284</b>	8,769
Interest on leases	<b>170</b>	183
Other debts (specify if material)	-	5
Amortisation of discounts and premiums:		
– Remediation (tip) – Note C3-5	<b>30</b>	26
– Interest-free loan received	-	-
– Other (specify)	<b>135</b>	180
Less: capitalised costs	-	-
<b>Total borrowing costs expensed</b>	<b>8,619</b>	9,163

**Material accounting policy information**

**Guidance re: material accounting policy information** – this policy information provides details on a judgemental area relating to capitalisation.  
If Council has not capitalised any borrowing costs then the policy information is unlikely to meet the definition of material accounting policy information and therefore can be deleted.

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**

	Note	<b>2024</b>	2023
		<b>\$'000</b>	\$'000
<b>Depreciation and amortisation</b>			
Infrastructure, property, plant and equipment	C1-8	<b>42,370</b>	36,132
Intangibles – software	C1-10	<b>542</b>	516
Right of use assets	C2-1	<b>391</b>	368
Less: Capitalised depreciation		<b>(1,331)</b>	(843)
<b>Total depreciation and amortisation costs</b>		<b>41,972</b>	36,173
<b>Impairment/revaluation decrement of IPPE</b>			
Infrastructure assets		-	-
(Specify other asset classes, if applicable)		-	-
<b>Total impairment costs charged to Income Statement (IPPE)</b>		-	-
<b>Total depreciation, amortisation and impairment of non-financial assets</b>		<b>41,972</b>	36,173

**Material accounting policy information**

**Guidance re: material accounting policy information** - retain since the depreciation policy gives information about a choice in the accounting standards and impairment involves significant estimates and judgements.

**Depreciation and amortisation**

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

**Impairment of non-financial assets**

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

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

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

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

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

### B3-5 Other expenses [examples only]

	Note	2024 \$'000	2023 \$'000
Impairment of receivables	C1-4	112	96
Fair value decrement on investments	C1-2	-	-
Fair value decrement on investment properties	C1-9	-	-
Net share of interests in joint ventures and associates accounted for using the equity method	D2-3/D2-4	37	60
Donations, contributions and assistance to other organisations (s356)		105	74
Contributions/levies to other levels of government			
-Planning levy		67	52
-Waste levy		2,885	2,591
-Emergency services levy (includes FRNSW, SES and RFS levies)		978	836
-Other levies		5	5
Write-down of inventories held for sale or distribution		-	-
Other (specify if material)		340	-
<b>Total other expenses</b>		<b>4,529</b>	<b>3,714</b>

### Material accounting policy information

**Guidance re: material accounting policy information** - information in this accounting policy is unlikely to meet the definition of material accounting policy information and therefore can be deleted.

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

Impairment expenses are recognised when identified.

## Commentary – Expenses

1. The breakdown of expense line items in the notes should provide sufficient details to enable users to understand the nature of significant categories
2. If Council has expense items that are not material, the expenses should be aggregated with other immaterial expenses, however the total of this aggregation should not be a material number.

### Employee benefits

AASB 101.104 / AASB 119.8

3. Employee benefits are all forms of consideration given by Council in exchange for services rendered by its employees. These benefits include salary-related benefits (such as wages, salaries, and long-service leave), termination benefits (such as severance or redundancy pay), and post-employment benefits (such as retirement benefit plans).
4. If Council use casual staff, their costs should be included in employee expenses rather than consultants.

### Borrowing costs

AASB 123.8

5. Interest expense is recognised on an accrual basis.
6. Borrowing costs are expensed, unless they relate to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use).

OLG

7. Capitalisation commences when borrowing costs are incurred for the asset, and activities that are necessary to prepare the asset for its intended use or sale are in progress.

AASB 123.17,20,22

8. Capitalisation should be suspended when development of the asset is interrupted for extended periods. It should cease when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

### **Impairment of non-current assets**

AASB 136.Aus5.1

9. Where Council assets are not held primarily for their ability to generate net cash inflows rather they are held for the use of their service capacity and the assets are held at fair value at reporting date (i.e., an assessment has been made **at reporting date** that the current carrying amount is not materially different from fair value) then the recoverable amount is expected to be materiality the same as fair value and therefore no impairment testing is required to be performed.

### **Audit fees, Councillor and Mayoral fees and associated expenses**

10. The disclosures for these items are included in section F. The expenses should be recorded in materials and services. There is no need for separate disclosure **in this note** and therefore, the expenses can be recorded in 'Other' unless the amounts are material. Note: if these items are disclosed separately in note B3-2, then a cross reference to the relevant note in Section F should be included.

### **Material items in the Other expenses note**

AASB 101.82ba  
AASB 101.82c

11. Where impairment losses on receivables or net share of interests in joint ventures and associates using the equity method are material these line items should be included on the face of the income statement rather than in the other expenses note.

### **Materials and services**

12. These expenses are the expenses of council in the day to day operations of councils that are not included in employee costs or depreciation. The line items shown in Note B3-2 are examples only.

### **Other expenses**

13. These expenses are those which are not part of the day to day operations of Council and generally relate to write downs of financial assets, s356 contributions and levies payable to other levels of government.

## B4. Gains or losses

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

	Note	2024 \$'000	2023 \$'000
<b>Gain (or loss) on disposal of infrastructure, property, plant and equipment</b>	C1-8		
Proceeds from disposal		677	964
Less: carrying amount of assets sold		(10,729)	(12,335)
<b>Gain (or loss) on disposal</b>		<b>(10,052)</b>	<b>(11,371)</b>
<b>Gain (or loss) on disposal of investment property</b>	C1-9		
Proceeds from disposal		-	-
Less: carrying value of investment property		-	-
<b>Gain (or loss) on disposal</b>		<b>-</b>	<b>-</b>
<b>Gain (or loss) on disposal of non-current assets held for sale</b>	C1-7		
Proceeds from disposal		4,005	248
Less: carrying value of non-current assets held for sale		(7,762)	(94)
<b>Gain (or loss) on disposal</b>		<b>(3,757)</b>	<b>154</b>
<b>Gain (or loss) on disposal of investments</b>	C1-2		
Proceeds from disposal		-	-
Less: carrying value of investments		-	-
<b>Gain (or loss) on disposal</b>		<b>-</b>	<b>-</b>
<b>Net gain (or loss) from disposal of assets</b>		<b>(13,809)</b>	<b>(11,217)</b>

#### Material accounting policy information

**Guidance re: material accounting policy information** - information in this accounting policy is unlikely to meet the definition of material accounting policy information and therefore can be deleted.

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.

#### Commentary – Gain or loss from disposals of assets

1. When Council has disposed of an asset regardless of whether it is to be replaced, the disposal gain or loss should be recorded in this note rather than being accounted for as part of the revaluation exercise.

## B5. Performance against budget

### B5-1 Material budget variations

NSW Council's original budget was adopted by NSW Council on 23 June 2023 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

While these general purpose financial statements include the original budget adopted by NSW 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.

#### Revenues

[Provide explanations of material variances]

#### Expenses

[Provide explanations of material variances]

#### Statement of cash flows

[Provide explanations of material variances]

### Commentary – Material budget variations

- |     |  |
|-----|--|
| OLG | <ol style="list-style-type: none"> <li>1. Where the variance from budget is greater than 10% or is material because of its nature for the Income Statement, Note B1-1, or the Statement of Cash Flows, Council should provide sufficient explanations to explain such variances.</li> <li>2. Council should ensure that explanations are meaningful and disclose the underlying reason for the variance. Explanations of variances should be clear and unambiguous.</li> </ol> |
|-----|--|

## C. Financial position

### C1. Assets we manage

#### C1-1 Cash and cash equivalents

	Note	2024 \$'000	2023 \$'000
Cash at bank and on hand		446	1,859
Deposits at call		12,220	8,943
		<b>12,666</b>	<b>10,802</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position		12,666	10,802
Less: bank overdraft	C3-3	-	-
<b>Balances as per Statement of Cash Flows</b>		<b>12,666</b>	<b>10,802</b>

#### Material accounting policy information

**Guidance re: material accounting policy information** - information in this accounting policy is unlikely to meet the definition of material accounting policy information and therefore can be deleted.

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

#### Commentary – Cash and cash equivalents

- |                                   |   |
|-----------------------------------|---|
| <p>AASB 107.6<br/>AASB 107.46</p> | <p>1. Cash is cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. This includes cash on hand, cash at bank, and at-call and term deposits maturing within three months from the date of acquisition</p>   |
| <p>AASB 107.8</p>                 | <p>2. This note should show the composition of cash and cash equivalents on the statement of financial position.</p>  |
| <p>AASB 107.45</p>                | <p>3. Bank overdrafts which are repayable on demand are classified as cash and cash equivalents in the statement of cash flows but presented as borrowings in the statement of financial position.</p> <p>4. If there is no overdraft (or other difference between cash and cash equivalents in the statement of cash flows and the statement of financial position), the reconciliation included above is not required. The reconciliation is illustrated in the Code for completeness.</p> <p>5. A term deposit with a term of greater than three months from the date of acquisition is classified as a financial asset – refer financial investments note C1-2, not as a 'cash and cash equivalent asset' in the Statement of Financial Position.</p> <p>6. At each reporting date, Council should consider whether a term deposit meets the definition of 'cash and cash equivalents' for the purpose of the Statement of Cash Flows and classify it as such (although the Statement of Financial Position classification would not change).</p> |



## C1-2 Financial investments

	2024		2023	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
<b>Financial assets at fair value through profit and loss:</b>				
– Insert details	-	-	-	-
<b>Debt securities at amortised cost</b>				
– Term deposits	61,000	28,015	58,005	16,004
– Other				
<b>Equity securities at FVOCI</b>				
– Insert details	-	-	-	-
<b>Total</b>	<b>61,000</b>	<b>28,015</b>	<b>58,005</b>	<b>16,004</b>

### Equity securities designated as at FVOCI

The investments shown designated as equity securities as at FVOCI represent investments that the NSW Council intends to hold for long-term strategic purposes.

No strategic investments were disposed of during 2024, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

### Material accounting policy information

**Guidance re: material accounting policy information – Retain information where the balance is relevant to Councils given the complexity of financial instruments, remove the information if Councils do not hold assets in the stated categories.**

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

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

### Financial Assets

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

#### Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

#### Amortised cost

NSW 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.

#### Fair value through other comprehensive income – Equity instruments

NSW Council has a number of strategic investments in entities over which they do not have significant influence nor control. NSW Council has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to accumulated surplus and is not reclassified to profit or loss.

Other net gains and losses excluding dividends are recognised in OCI.

#### Financial assets through profit or loss

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

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

NSW Council's financial assets measured at FVTPL comprise investments in xxxxxxxx.

## Commentary – Financial investments

AASB 9

1. This note should only reflect the investments relevant to Council, for example if Council only has term deposits then all references to investments held at fair value through profit or loss and fair value through other comprehensive income should be deleted.
2. There are four categories of financial asset under AASB 9:
  - a) at fair value through profit or loss: all financial assets acquired for the purpose of generating a profit from short-term fluctuations in price, or part of a portfolio with a pattern of short-term profit taking
  - b) at fair value through other comprehensive income – debt instruments: a debt instrument which meets both of the following:
    - i. The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
    - ii. The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

It is not expected that councils will have financial assets in this category.
  - c) at fair value through other comprehensive income – equity instruments: where councils hold equity instruments for reasons other than trading, they can make an irrevocable election on an instrument-by-instrument basis to classify the assets as held at fair value through other comprehensive income.
  - d) amortised cost – financial assets where:
    - i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
    - ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### Recognition and initial measurement

AASB 9

3. All financial assets should be measured initially at fair value, being the fair value of the consideration given, including transaction costs (such as advisers' and agents' fees and commissions, duties and levies by regulatory agencies). Transaction costs are recognised in the Income Statement when the financial asset is carried at fair value through profit or loss.

### Impairment of Investments

AASB 9

4. Financial assets held at amortised cost are required to be tested for impairment.  
The impairment test under AASB 9 is an expected credit loss where at Day 1, councils must consider the expected loss on a particular financial asset over 12 months and recognise this loss in the income statement.
5. Impairment on term deposits held with a reputable financial institution is expected to be rare and therefore the disclosures are not illustrated.
6. Where there has been a significant increase in credit risk (rebuttable presumption of 30 days overdue) then the expected lifetime credit losses on the financial asset are recognised except where the simplified approach is being used.
7. The Code assumes that councils will not have certain financial instruments and risk exposures – for example FV through OCI – debt instruments, derivatives, hedge accounting and foreign exchange risk. If councils have these items, the information relating to them will need to be added in accordance with AASB 9/AASB 7.
8. If a Council de-recognises investments in equity instruments measured at fair value through other comprehensive income during the reporting period, it shall disclose:
  - a) the reasons for disposing of the investments
  - b) the fair value of the investments at the date of de-recognition
  - c) the cumulative gain or loss of disposal.

**C1-3 Restricted and allocated cash, cash equivalents and investments****a) Externally restricted cash, cash equivalents and investments**

	2024 \$'000	2023 \$'000
Total cash, cash equivalents and investments	101,681	84,811
Less: Externally restricted cash, cash equivalents and investments	(39,393)	(32,882)
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>62,288</b>	<b>51,929</b>
<b>External restrictions</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Water fund	13,206	11,674
Sewer fund	2,097	2,358
<i>Developer contributions:</i>		
General fund	4,956	4,134
Water fund	2,928	2,682
Sewer fund	4,004	3,220
<i>Specific purpose unexpended grants:</i>		
General	-	-
Water fund	-	-
Sewer fund	-	-
Transport for NSW contributions	-	-
Domestic waste management	1,427	1,186
Stormwater management	2,773	2,418
Other (specify if material)	8,002	5,210
<b>Total external restrictions</b>	<b>39,393</b>	<b>32,882</b>

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.

**b) Internal allocations**

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

<i>Insert nature of internal allocation</i>	-	-
<i>Insert nature of internal allocation</i>	-	-
<b>Total internal allocations</b>	<b>-</b>	<b>-</b>

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

**Commentary – Restrictions of cash, cash equivalents and investments**

AASB 107.48 1. Council shall disclose, together with a commentary by management, the amount of significant cash and cash equivalent balances held, but not available for use by Council.

OLG

**External restrictions**

- Councils may have situations where external restrictions are placed on the use of their cash, cash equivalents and investment holdings, where council is bound by legislation or third-party contractual agreement that restricts the use of funds held.
- The total of external restrictions is to be deducted from council's total cash, cash equivalents and investments resulting in the disclosure of 'Cash, cash equivalents and investments not subject to external restrictions'.

4. When grant or other agreements stipulate that income generated from funds, such as interest, must be expended as part of the grant monies, it is necessary for Councils to ensure that these amounts are included in the restricted funds disclosure.

- The amount and nature of externally restricted cash, cash equivalents and investments should be disclosed.

**Internal allocations**

- Internal allocations are those cash, cash equivalents and investments that Council have allocated by resolution or policy to identified programs of works and any forward plans identified by Council.

7. Given that internal allocations are at the discretion of council, they are not to be subtracted from the 'Total cash, cash equivalents and investments' line.
8. Internal allocations shall include those assets, the use of which are only restricted by a resolution or policy of Council. These assets are disclosed with details of the nature of the internal allocation.

**C1-4 Receivables**

	2024		2023	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Rates and annual charges	2,622	610	2,432	565
Interest and extra charges	431	-	396	-
User charges and fees	7,019	-	5,201	-
Government grants and subsidies	3,663	-	6,908	-
Net GST receivable	663	-	615	-
Other (specify if material)	2,606	155	1,812	67
<b>Total</b>	<b>17,004</b>	<b>765</b>	<b>17,364</b>	<b>632</b>
Less: provision for impairment:				
– Rates and annual charges	(20)	-	-	-
– Interest and extra charges	-	-	-	-
– User charges and fees	-	-	-	-
– Other (specify if material)	(191)	-	(186)	-
<b>Total</b>	<b>(211)</b>	<b>-</b>	<b>(186)</b>	<b>-</b>
<b>Net receivables</b>	<b>16,793</b>	<b>765</b>	<b>17,178</b>	<b>632</b>

**Material accounting policy information**

**Guidance re: material accounting policy information – Retain information about settlement terms and methods for determining expected credit loss (ECL).**

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 considers that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

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

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

[Receivables with a contractual amount of \$xx written off during the reporting period are still subject to enforcement activity/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.

**Commentary – Receivables**

OLG	<p><b>Unknown owners and postponed rates</b></p>
	<ol style="list-style-type: none"> <li>1. As councils have little control over amounts due from unknown owners or rates postponed under the Act and is not possible to reliably measure the proportion of rates due from unknown owners that will subsequently be collected, they are not to be included as revenue or assets in the financial statements.</li> <li>2. The amount due from unknown owners and postponed rates should be deducted from the total rates levied and only the net amount recognised as revenue in the Income Statement. At the same time, contra asset accounts, 'Unknown owners suspense' and 'Postponed rates suspense', should be created in the general ledger. Only the net receivables for rates will be recognised in the Statement of Financial Position. If the rates are collected, the entries should be reversed, and if the rates are subsequently written off the debits should be made against the contra asset accounts.</li> </ol>
	<p><b>Impairment provisions</b></p>
AASB 9.5.5	<ol style="list-style-type: none"> <li>3. The impairment test under AASB 9 is an expected credit loss model where at Day 1, councils must consider the expected loss on a particular financial asset and recognise this loss in the income statement.</li> <li>4. Where there has been a significant increase in credit risk (rebuttable presumption of 30 days overdue) then the expected lifetime credit losses on the financial asset are recognised except where the simplified approach is being used.</li> </ol>
AASB 9.5.5.15	<ol style="list-style-type: none"> <li>5. The simplified approach requires lifetime expected credit losses to be recognised on day 1 for trade receivables and contract assets.</li> <li>6. If impairment provision for receivables is material, then Council should include a reconciliation of bad debt provisions:</li> </ol>
AASB 7.35H AASB 15.118c	<p><b>Balance at end of the year</b></p> <ol style="list-style-type: none"> <li>7. If councils have material impairment provisions relating to revenue arising from contracts with customers, then these provisions should be separately disclosed.</li> </ol>

**C1-5 Inventories**

	2024		2023	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
<b>At cost:</b>				
Real estate (refer to [i] below)	212	140	329	209
Stores, materials and/or trading stock	1,064	-	1,247	-
Other (specify if material)	-	-	-	-
<b>At Net Realisable Value (NRV):</b>				
Real estate (refer to [i] below)	-	-	-	-
Stores, materials and/or trading stock	-	-	-	-
Other (specify if material)	-	-	-	-
<b>Total inventories</b>	<b>1,276</b>	<b>140</b>	<b>1,576</b>	<b>209</b>
<b>[i]. Real estate development</b>				
Residential	212	140	329	156
Industrial/commercial	-	-	-	53
Other properties	-	-	-	-
<b>Total real estate held for sale</b>	<b>212</b>	<b>140</b>	<b>329</b>	<b>209</b>

**Material accounting policy information**

**Guidance re: material accounting policy information** – retain information about specific method used by Council to measure inventory, e.g. second sentence of raw materials and land held for resale. Remaining information policy is unlikely to meet the definition of material accounting policy information and therefore can be deleted.

**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.

## Commentary – Inventories

AASB 102	<p><b>Recognition and initial measurement</b></p> <p>1. Assets held in a council's premises may not qualify as inventories if they are held on consignment (i.e., on behalf of another entity, not under the control of council and no liability to pay for the goods exists unless they are sold).</p>
AASB 102.10	<p>2. Inventories should initially be recognised at cost. Cost of inventories includes import duties, transport and handling costs, and any other directly attributable costs less trade discounts, rebates and subsidies.</p> <p><b>Subsequent measurement</b></p>
AASB 102.9 AASB 102.6 AASB 102.25	<p>3. Inventories should be valued at the lower of cost and net realisable value (NRV). NRV is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.</p> <p>4. The cost of inventories (except for land held for resale) should be assigned by using either the first-in, first-out (FIFO) or weighted average cost formula. Last-in, first-out (LIFO) is not permitted. A council should use the same cost formula for all inventories that have a similar nature and use to the council. Where inventories have a different nature or use, different cost formulas may be justified. The cost formula used should be applied on a consistent basis from period to period.</p>
AASB 102.23	<p>5. Specific identification should be used to allocate costs to land held for resale.</p>
AASB 123.Aus26.1	<p>6. Where borrowing costs have been capitalised onto an inventory item, generally land for sale, that fact should be stated in the accounting policy <b>information</b>.</p> <p><b>Inventories held for distribution</b></p>
AASB 102.Aus6.1	<p>7. Inventories held for distribution are assets:</p> <ol style="list-style-type: none"> <li>a. Held for distribution at no or nominal consideration in the ordinary course of business</li> <li>b. In the process of production for distribution at no or nominal consideration in the ordinary course of operations or</li> <li>c. In the form of materials or supplies to be consumed in the production process or in the rendering of services at no or nominal consideration.</li> </ol> <p>8. Inventory held for distribution is held at cost adjusted where applicable for any loss of service potential.</p> <p>9. OLG does not expect these inventories to be material and therefore the disclosures have been shown as guidance in the Code.</p> <p>10. Where Councils has material inventories held for distribution, the following information should be disclosed:</p>
AASB 102.Aus36.1a AASB 102.Aus36.1b	<ol style="list-style-type: none"> <li>a. the accounting policies adopted in measuring inventories held for distribution, including the cost formula used</li> <li>b. the total carrying amount of inventories held for distribution and the carrying amount in classifications appropriate to Council</li> </ol>
AASB 102.Aus36.1c	<ol style="list-style-type: none"> <li>c. the amount of inventories held for distribution recognised as an expense during the period in accordance with Paragraph Aus34.1 of AASB102</li> </ol>
AASB 102.Aus36.1d	<ol style="list-style-type: none"> <li>d. the amount of any write-down of inventories held for distribution recognised as an expense in the period in accordance with Paragraph Aus34.1 of AASB102</li> </ol>
AASB 102(Aus36.1)(e)	<ol style="list-style-type: none"> <li>e. the amount of any reversal of any write-down that is recognised as a reduction in the amount of inventories held for distribution recognised as expense in the period in accordance with Paragraph Aus34.1 of AASB102</li> </ol>
AASB 102(Aus36.1)(f)	<ol style="list-style-type: none"> <li>i. the circumstances or events that led to the reversal of a write-down of inventories held for distribution in accordance with Paragraph Aus34.1 of AASB102</li> </ol>
AASB 102(Aus36.1)(g)	<ol style="list-style-type: none"> <li>ii. the carrying amount of inventories held for distribution pledged as security for liabilities</li> </ol>
AASB 102(Aus36.1)(h)	<ol style="list-style-type: none"> <li>iii. the basis on which any loss of service potential of inventories held for distribution is assessed, or the bases when more than one basis is used.</li> </ol>



**C1-6 Contract assets and Contract cost assets**

		2024		2023	
		Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Contract assets	a	776	-	359	-
Contract cost assets	b	201	-	53	-
		<b>977</b>	<b>-</b>	<b>412</b>	<b>-</b>
<b>a. Contract assets</b>					
Work relating to infrastructure grants		776	-	359	-
[provide details of the contract assets]		-	-	-	-
Less: impairment of contract assets		-	-	-	-
		<b>776</b>	<b>-</b>	<b>359</b>	<b>-</b>

**Significant changes in contract assets**

[where there has been a significant change in contract assets during the year, Council should provide an explanation.]

**b. Contract cost assets**

Costs to fulfil a contract	(i)	201	-	53	-
Other – [provide further breakdown of material capitalised costs under AASB 15]		-	-	-	-
Less: impairment of contract cost assets		-	-	-	-
		<b>201</b>	<b>-</b>	<b>53</b>	<b>-</b>

(i) The contract cost asset relates to the costs to recruit employees for specific grant programs and material developed to promote the program.

**Material accounting policy information**

**Guidance re: material accounting policy information** - information in this accounting policy is unlikely to meet the definition of material accounting policy information and therefore can be deleted.

**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.

**Contract cost asset - Costs to fulfil a contract**

Where costs are incurred to fulfil a contract and these costs are outside the scope of another accounting standard, they are capitalised as contract cost assets if the following criteria are met:

- the costs relate directly to a contract
- the costs generate or enhance resources of Council that will be used to satisfy performance obligations in the future and
- the costs are expected to be recovered.

The capitalised costs are recognised in the income statement on a systematic basis consistent with the timing of revenue recognition.

Refer to B3-4 for the accounting policy for impairment of contract cost assets.

## Commentary - Contract assets

AASB 15.116c

1. If Councils have revenue recognised in the current year which relates to performance obligations satisfied in prior years, for example due to a change in transaction price then Council should disclose the revenue recognised from performance obligations satisfied in previous periods.

### Costs to obtain a contract

AASB 15.91-94

2. It is considered rare for Council to have significant costs to obtain a contract and therefore the Code does not include them – these costs could include legal fees. The following is an accounting policy which can be used if Council do have these assets.
3. Costs to obtain a contract are only capitalised when they are directly related to a contract, and it is probable that they will be recovered in the future. Costs incurred that would have been incurred regardless of whether the contract was won are expensed unless those costs are explicitly chargeable to the customer in any case (whether or not the contract is won).
4. The capitalised costs are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.'

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

	<b>2024</b> <b>\$'000</b>	2023 \$'000
Land	-	1,560
Buildings	-	6,032
Plant and equipment	-	-
	<u>-</u>	<u>7,592</u>

[Provide a description of the asset classified as held for sale and the facts and circumstances leading to the expected disposal and the expected manner and timing of that disposal.]

**Material accounting policy information**

**Guidance re: material accounting policy information** - information in this accounting policy is unlikely to meet the definition of material accounting policy information and therefore can be deleted.

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use and are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

**Commentary – Non-current assets classified as held for sale**

- |                |   |  |
|----------------|---|--|
| AASB 5.6-7     | 1 | Council classifies a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction, rather than through continuing use. For this to be the case, the asset must be available for sale in its present condition subject only to terms that are usual and customary for sales of such assets, and its sale must be highly probable. The sale should be expected within 12 months of the date of classification as held for sale.                    |
|                | 2 | Non-current assets held for sale are those assets that initially were held for use within Council and then a decision was made to sell them. In contrast, the intention of inventory or land held for sale in the inventory section was always to recover its carrying amount through sale rather than use.  |
| AASB 5.5       | 3 | If the disposal group contains (or the assets held for sale are) assets arising from employee benefits; financial assets; and investment properties that are carried at fair value, these assets are measured in accordance with their relevant standards rather than AASB 5 regardless of the classification as held for sale.  |
| AASB 5.20 - 22 | 4 | An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition. |

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

By aggregated asset class	At 1 July 2023			Movements during year						At 30 June 2024		
	Gross carrying amount \$'000	Accum. depreciation and impairment \$'000	Net carrying amount \$'000	Renewals \$'000	New assets \$'000	Carrying value of disposals \$'000	Depreciation \$'000	Transfers \$'000	Revaluation on increments/(decrements) \$'000	Gross carrying amount \$'000	Accum. depreciation and impairment \$'000	Net carrying amount \$'000
Capital WIP	7,349	-	7,349	1,728	13,218	-	-	(4,024)	-	18,271	-	18,271
Plant, equipment, furniture and fittings	45,418	(23,321)	22,097	2,155	177	(625)	(4,266)	-	-	47,125	(27,587)	19,538
Land	75,581	-	75,581	-	226	(355)	-	-	(8,637)	66,815	-	66,815
Land improvements	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure:												
– Buildings and other structures	173,989	(30,850)	143,139	211	915	(361)	(2,016)	1,822	4,139	180,715	(32,866)	147,849
– Roads, bridges and footpaths	788,197	(179,562)	608,435	5,256	1,240	5,516	16,572	-	18,026	808,416	196,334	612,082
– Other road assets (incl. Bulk earthworks)	181,008	-	181,008	144	1,166	-	-	-	3,592	185,910	-	185,910
– Stormwater drainage	203,962	(56,833)	147,129	512	298	(171)	(2,677)	-	5,903	210,504	(59,510)	150,994
– Water supply network	464,408	(56,605)	407,803	973	752	(1,144)	(5,771)	-	(44,474)	420,515	(62,376)	358,139
– Sewerage network	340,054	(42,114)	297,940	9	202	(2,395)	(7,829)	-	(29,960)	307,910	(49,943)	257,967
– Open space / recreational assets	54,002	(17,755)	36,247	665	380	(158)	(1,596)	47	2,087	57,023	(19,351)	37,672
– Other infrastructure	172,402	(26,723)	145,679	695	165	-	(1,459)	566	3,897	177,725	(28,182)	149,543
Other assets	7,409	(4,981)	2,428	272	58	(4)	(65)	-	-	7,735	(5,046)	2,689
Tip and quarry assets	6,435	(2,560)	3,875	-	(1,329)	-	(119)	-	-	5,106	(2,679)	2,427
<b>Totals</b>	2,520,214	(441,504)	2,078,710	12,620	17,468	(10,729)	(42,370)	-	(45,427)	2,493,770	(483,874)	2,009,896

By aggregated asset class	At 1 July 2022			Movements during year						At 30 June 2023		
	Gross carrying amount \$'000	Accum. depreciation and impairment \$'000	Net carrying amount \$'000	Renewals \$'000	New assets \$'000	Carrying value of disposals \$'000	Depreciation \$'000	Transfers \$'000	Revaluation increments/(decrements) \$'000	Gross carrying amount \$'000	Accum. depreciation and impairment \$'000	Net carrying amount \$'000
Capital WIP	41,058	-	41,058	2,679	2,464	-	-	(38,852)	-	7,349	-	7,349
Plant, equipment, furniture and fittings	44,760	(19,694)	25,066	951	545	(838)	(3,627)	-	-	45,418	(23,321)	22,097
Land	77,537	-	77,537	-	1	(175)	-	(1,467)	(315)	75,581	-	75,581
Land improvements	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure:												
– Buildings and other structures	183,022	(28,872)	154,150	1,241	2,288	(1,613)	(1,978)	(5,732)	(5,217)	173,989	(30,850)	143,139
– Roads, bridges and footpaths	777,614	(164,749)	612,865	5,400	1,798	(8,655)	(15,013)	7,759	4,281	788,197	(179,562)	608,435
– Other road assets (incl. Bulk earthworks)	176,067	-	176,067	-	-	-	-	-	4,941	181,008	-	181,008
– Stormwater drainage	198,908	(54,168)	144,740	122	422	(2)	(2,665)	602	3,910	203,962	(56,833)	147,129
– Water supply network	451,479	(51,554)	399,925	2,588	475	(993)	(5,051)	-	10,859	464,408	(56,605)	407,803
– Sewerage network	290,283	(37,979)	252,304	702	5,430	(30)	(4,135)	37,564	6,105	340,054	(42,115)	297,940
– Open space / recreational assets	53,849	(16,255)	37,594	199	1,151	(26)	(1,500)	59	(1,230)	54,002	(17,755)	36,247
– Other infrastructure	174,382	(25,272)	149,110	39	-	-	(1,451)	67	(2,086)	172,402	(26,723)	145,679
Other assets	7,114	(4,903)	2,211	265	33	(3)	(78)	-	-	7,409	(4,981)	2,428
Tip and quarry assets	4,155	(1,926)	2,229	-	2,280	-	(634)	-	-	6,435	(2,560)	3,875
<b>Totals</b>	<b>2,480,228</b>	<b>(405,372)</b>	<b>2,074,856</b>	<b>14,186</b>	<b>16,887</b>	<b>(12,335)</b>	<b>(36,132)</b>	<b>-</b>	<b>21,248</b>	<b>2,520,214</b>	<b>(441,504)</b>	<b>2,078,710</b>

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

### Material accounting policy information

**Guidance re: material accounting policy information – the following information should be retained:**

- Method of depreciation and useful lives
- Measurement basis, i.e. fair value and frequency of comprehensive valuations
- Indexing of water and sewerage asset
- Policy in relation to land under roads acquired before 1 July 2008
- Crown reserves.

Remaining information in this accounting policy is unlikely to meet the definition of material accounting policy information and therefore can be deleted.

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

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

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

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

### Useful lives of IPPE

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

[Councils to provide a list of each class of IPPE and the range of useful lives, for example:]

	Useful lives
Plant, equipment, furniture and fittings	
Land	
Land improvements	
Infrastructure:	
– Buildings and other structures	
– Roads, bridges and footpaths	
– Bulk earthworks	
– Stormwater drainage	
– Water supply network	
– Sewerage network	
– Open space / recreational assets	
– Other infrastructure	
Other assets	
Tip and quarry assets	

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 xx 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.

Increases in the carrying amounts arising on revaluation are credited to the IPPE Revaluation Surplus. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised as profit or loss. Decreases that reverse previous increases of assets in the same class are first charged against IPPE Revaluation Surplus 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.

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

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

## Commentary – Infrastructure, property, plant and equipment

### Appendix E - section 5 of the Code, contains further guidance on accounting for fair value of infrastructure, property, plant and equipment

#### Classes of property, plant and equipment

1. A class of property, plant and equipment is a grouping of assets with a similar nature and use in the Council's operation.
2. Each council will have different classes, depending on their individual operations. The number of classes that are separately disclosed also depends on materiality. However, Council's 'plant and equipment' will normally include assets of quite different natures and uses and therefore it will not be sufficient to provide the information required in AASB116 only for two classes, being 'land and buildings' and 'plant and equipment'
3. The Code has combined a number of similar assets within an asset class, for example other asset includes heritage collections and library books. Council may include additional line items.
4. The classes of property, plant and equipment used in the IPPE note should reflect those used in Special Schedule Report on Infrastructure Assets.
  - a. 'Other structures' is designed for the following types of infrastructure assets: statues, fences, monuments, clock towers and so on.
  - b. 'Open space/recreational assets' include assets such as swimming pools (but not including buildings, plant and equipment, car parks etc. that are associated with the swimming pool complex), playground equipment, BBQs and outdoor fitness facilities.
  - c. 'Other infrastructure' includes jetties, boat ramps, sea/rock/retaining walls etc.
5. Renewals are defined as replacements of existing assets as opposed to the acquisition of new assets.
6. The 'water supply' network and 'sewerage network' asset classes do not include those fixed assets belonging to the water and sewer funds which form part of the relevant asset classes, e.g., land, buildings etc.

OLG

#### Recognition and initial measurement

- |                 |   |
|-----------------|---|
| AASB 116.15     | 7. 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). |
| AASB 116.15Aus1 | 8. Directly attributable costs are the cost of site preparation and delivery, installation costs, relevant professional fees, and the estimated cost of dismantling and removing the asset and restoring the site (to the extent that such a cost is recognised as a provision)               |
|                 | 9. When IPPE is acquired by Council at significantly below fair value, the initial recognition of the asset is at fair value – this is the deemed cost on recognition.  |

#### Subsequent measurement

10. Classes of IPPE should be carried at a revalued amount less any accumulated depreciation and subsequent accumulated impairment losses (where relevant). The depreciable amount of IPPE (being the gross carrying value less the estimated residual value) should be depreciated on a systematic basis over its useful life. The gross carrying amount is the cost or fair value before any depreciation and impairment charges, the net carrying amount is the gross carrying amount after depreciation and impairment charges.
11. In relation to treatment of depreciation on revaluations, councils must use:

	<p>a) Gross restatement where an asset is revalued using the cost approach  b) Net restatement where an asset is revalued using the income approach or market approach.</p> <p>12. If council no longer has a particular class of asset then the balance of the asset revaluation surplus should be transferred to accumulated surplus on derecognition.</p> <p>13. Where Council replaces one part of an asset, the new parts should be capitalised to the extent that they meet the recognition criteria of an asset, and the carrying amount of the parts replaced should be de-recognised appropriately.</p> <p>14. The cost of a major inspection or overhaul of an item occurring at regular intervals over the useful life of the item is capitalised only where Council has clearly identified as a separate component of the asset an amount representing major inspection or overhaul and has already depreciated that component to reflect the consumption of benefits that are to be subsequently replaced. The carrying amount of the parts replaced should be appropriately de-recognised. In all other circumstances, such costs are expensed as incurred.</p>
	<p><b>Depreciation</b></p>
<p>AASB 116.58</p>	<p>15. Each part of an item of IPPE with a cost that is significant in relation to the total cost of the asset should be depreciated separately (componentisation).</p> <p>16. The purpose of depreciation is to record the value (or cost) of the asset that has been consumed during the accounting period so that users can obtain an understanding of Council's assets and their performance. Depreciation expense in the financial statements should not be used as a proxy for the amount of future funding required to replace the existing asset nor a mechanism to set users' charges or rates based on fully funding depreciation.</p> <p>17. Generally, land has an unlimited life, however Councils need to depreciate land if it is considered to have a finite life, for example being used for quarries or landfill.</p>
<p>OLG</p>	<p>18. Straight-line method of depreciation reduces the cost of the asset uniformly over the useful life of the asset which is considered the method that most closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets of councils</p>
	<p>19. OLG preference is for all councils to use straight-line method for depreciation of IPPE. If councils are using a depreciation method other than straight-line then councils need to have detailed systems and controls to support that alternative model.</p>
	<p>20. Where a council changes from a depreciation method other than straight-line to straight-line then it is accounted for as a change in accounting estimate per AASB 108 (change in expected pattern of consumption of the future economic benefits embodied in depreciable assets) and therefore should be accounted for on a prospective basis.</p>
<p>AASB agenda decision</p>	<p><b>Residual value</b></p> <p>21. The AASB's stated view is that residual value reflects consideration receivable for an asset at the end of its useful life to the entity, and accordingly would not include cost savings from the reuse of in-situ materials. This means that the potential cost savings from reusing existing infrastructure components should not be recognised as a residual value, i.e., an asset should be written down to zero at the point of renewal. Any savings that are expected to be achieved by the reuse of in situ material would be expected to be reflected in the replacement cost.</p> <p><b>Rural firefighting equipment</b></p> <p>22. Under Section 119 of the Rural Fire Services Act 1997 (NSW), <i>'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'</i>.</p> <p>23. The NSW Government has confirmed its view that these assets are not controlled by the NSW Rural Fire Services or the State.</p> <p>24. Councils should recognise material rural firefighting equipment in their financial statements. Councils derive benefits from the rural firefighting equipment's service potential on the basis they have delegated their legal responsibilities for bushfire prevention, under Part 4 Bush Fire Prevention of the RF Act, to prevent the transmission of fire from council landholdings (particularly asset protection zones) to private land holdings through the District Service Agreements with the RFS.</p>



**C1-9 Investment properties**

<b>Owned investment property</b>	<b>2024</b>	2023
	<b>\$'000</b>	\$'000
<b>At fair value</b>		
Opening balance at 1 July	-	-
Acquisitions	-	-
Capitalised subsequent expenditure	-	-
Classified as held for sale or disposals	-	-
Net gain (loss) from fair-value adjustment	-	-
Transfer to (from) inventories and owner-occupied property	-	-
<b>Closing balance at 30 June</b>	<b>-</b>	<b>-</b>

**Material accounting policy information**

**Guidance re: material accounting policy information** – Retain the first sentence since this provides details of the investment property. The second sentence can be deleted since it does not meet the definition of material accounting policy information.

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by NSW Council. Changes in fair values are recorded in the Income Statement as part of other income.

**Commentary - Investment properties**

AASB 140.5	1	An investment property is property (land or a building, or part of a building, or both) held (by the owner or by the lessee as a right of use asset) to earn rentals, or for capital appreciation, or both, rather than for: <ul style="list-style-type: none"> <li>a) use in the production or supply of goods or services, or for administrative purposes; or</li> <li>b) sale in the ordinary course of business.</li> </ul>
AASB 16.95	2	If Council has investment property that are both owned and also right of use assets then the reconciliation in this note should be shown for each class of investment property (i.e., owned property and right of use assets).
AASB 140.8e	3	Properties that are under construction for future use as investment properties are regarded as investment properties and carried at fair value unless the fair value cannot yet be reliably determined. Where that is the case, the property will be accounted for at cost until either the fair value becomes reliably determinable, or construction is complete.

**C1-10 Intangible assets**

<b>Software</b>	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Opening values at 1 July		
Gross book value	<b>2,677</b>	2,628
Accumulated amortisation and impairment	<b>(2,049)</b>	(1,558)
Net book value – opening balance	<b>628</b>	1,070
Movements for the year		
Purchases	<b>233</b>	74
Development costs	-	-
Amortisation charges	<b>(542)</b>	(516)
Other movements (specify)	-	-
Closing values at 30 June		
Gross book value	<b>2,910</b>	2,677
Accumulated amortisation and impairment	<b>(2,591)</b>	(2,049)
<b>Total intangible assets – net book value</b>	<b>319</b>	628

**Material accounting policy information**

**Guidance re: material accounting policy information – retain the sentence which details useful life and depreciation method.**

**The remaining information can be deleted since it is unlikely to meet the definition of material accounting policy information.**

Software development costs include only those costs directly attributable to the development phase (including external direct costs of materials and services, direct payroll, and payroll-related costs of employees' time spent on the project) and are only recognised following completion of technical feasibility, and where NSW Council has an intention and ability to use the asset.

Amortisation is calculated on a straight-line basis over periods generally ranging from three to five years.

**Commentary - Intangible assets**

1. The disclosure in the Code assumes that the only intangibles are software – if Council has more than one class of intangible assets then the reconciliation is required for each class.

**Purchased intangible assets**

AASB 138.24

2. Intangible assets are measured initially at cost. Cost includes (a) the fair value of the consideration given to acquiring the asset; and (b) any costs directly attributable to the transaction, such as relevant professional fees or taxes.

**Internally generated intangible assets**

AASB 138.57

3. The cost of an internally generated intangible asset comprises only the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Expenditure previously recognised as an expense should not be included in the cost of the asset.
4. Intangible assets arising from the research phase of an internal project should not be recognised. Intangible assets arising from the development phase of an internal project should be recognised when the council can demonstrate: its technical feasibility; its intention to complete the developments; how the intangible asset will generate probable future economic benefits (for example, the existence of a market for the output of the intangible asset or for the intangible asset itself); the availability of resources to complete the development; and its ability to measure the attributable expenditure reliably.
5. Most costs relating to internally generated intangible items will not be allowable for capitalisation and should therefore be expensed as incurred. Examples of such costs include research costs, start-up costs, advertising and training costs.

**Subsequent measurement**

AASB 138.72

6. Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses since the existence of an active market is expected to be uncommon. Where an active market exists, the intangible asset should be recorded at fair value. An active market cannot exist where the assets are unique.

**Intangible assets relating to cloud-based software**

IFRIC agenda decision

7. If councils has material **expenditure** relating to configuration or customisation of cloud-based software, they should review the [agenda decision](#) published by the International Interpretations Committee to consider the appropriateness of the accounting.

## C2. Leasing activities

### C2-1 Council as lessee

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

#### Terms and conditions of leases

[Enter details of existing leases in place on a class basis, for example –

##### Buildings

Council leases land and buildings for their corporate offices and other buildings; the leases are generally between 5 and 7 years and some of them include a renewal option to allow Council to renew for up to twice the non-cancellable lease term at their discretion.

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

##### Vehicles

Council leases vehicles and equipment with lease terms varying from 2 to 5 years; the lease payments are fixed during the lease term and there is generally no renewal option.

##### Office and IT equipment

Leases for office and IT equipment are generally for low value assets, except for significant items such as photocopiers. The leases are for between 2 and 6 years with no renewal option, the payments are fixed, however some of the leases include variable payments based on usage.]

#### Extension options

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

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

There are \$540,000 in potential future lease payments which are not included in lease liabilities as Council has assessed that the exercise of the option is not reasonably certain.

#### (a) Right-of-use assets

	Land and buildings \$'000	Vehicles \$'000	Office and IT equipment \$'000	[other classes – provide details] \$'000	Total \$'000
<b>2024</b>					
Opening balance at 1 July	1,939	327	208	-	2,474
Additions	-	-	-	-	-
Adjustments due to re-measurement of lease liability	-	-	-	-	-
Depreciation charge	(263)	(82)	(46)	-	(391)
Impairment	-	-	-	-	-
<b>Balance at 30 June 2024</b>	<b>1,676</b>	<b>245</b>	<b>162</b>	<b>-</b>	<b>2,083</b>
<b>2023</b>					
Opening balance at 1 July	2,202	409	-	-	2,611
Additions	-	-	231	-	231
Adjustments due to re-measurement of lease liability	-	-	-	-	-
Depreciation charge	(263)	(82)	(23)	-	(368)
Impairment	-	-	-	-	-
<b>Balance at 30 June 2023</b>	<b>1,939</b>	<b>327</b>	<b>208</b>	<b>-</b>	<b>2,474</b>

#### (b) Lease liabilities

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

	< 1 year \$'000	1–5 years \$'000	> 5 years \$'000	Total \$'000	Total per statement of financial position \$'000
<b>2024</b>	<b>511</b>	<b>1,764</b>	<b>547</b>	<b>2,822</b>	<b>2,285</b>
2023	507	1,924	899	3,330	2,622

**(c) Income statement**

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

	2024 \$'000	2023 \$'000
Interest on lease liabilities	170	183
Variable lease payments based on usage not included in the measurement of lease liabilities	-	-
Income from sub-leasing right-of-use assets	-	-
Depreciation of right to use assets	391	368
Expenses relating to short-term leases	-	-
Expenses relating to leases of low-value assets	173	151
	<b>734</b>	<b>702</b>

**(d) Statement of cash flows**

Total cash outflow for leases	<b>687</b>	<b>556</b>
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**(e) Leases at significantly below market value - Concessionary / peppercorn leases**

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

[provide general indication of the use of the assets under a concessionary arrangement e.g.

- storage for the excess art from the art gallery
- visitor centre
- childcare centres
- community halls
- boat ramp]

The leases are generally between 2 and 20 years and require payments of a maximum amount of \$1,000 per year. The use of the right-to-use asset is restricted by the lessors to specified community services which Council must provide; these services are detailed in the leases.

None of the leases in place are individually material from a statement of financial position or performance perspective.

**Material accounting policy information**

**Guidance re: material accounting policy information** – retain information about elections (i.e. second and fourth paragraphs), exceptions and concessionary leases. All other paragraphs information in this accounting policy are unlikely to meet the definition of material accounting policy information and therefore can be deleted.

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

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

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

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

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

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

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

**Exceptions to lease accounting**

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

**Leases at significantly below market value / Concessionary leases**

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

**C2-2 Council as a lessor****(a) Operating leases**

Council leases out a number of properties; these leases have been classified as operating leases for financial reporting purposes and the assets are included in the statement of financial position as:

- investment property – where the asset is held predominantly for rental or capital growth purposes. (Refer note C1-9).
- property, plant and equipment – where the rental is incidental, or the asset is held to meet Councils service delivery objectives. (Refer note C1-8).

**(i) Assets held as investment property**

Investment property operating leases relate to [insert details to provide an understanding of the operating leases in place over Council investment property assets.]

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

	<b>2024</b>	2023
	<b>\$'000</b>	\$'000
Lease income (excluding variable lease payments not dependent on an index or rate)	-	-
Lease income relating to variable lease payments not dependent on an index or a rate	-	-
Direct operating expenses from property that generated rental income	-	-
Direct operating expenses from property that did not generate rental income	-	-
<b>Total income relating to operating leases for investment property assets</b>	<b>-</b>	<b>-</b>
Repairs and maintenance: investment property		
Contractual obligations for future repairs and maintenance	-	-

**(ii) Assets held as property, plant and equipment**

Council provides operating leases on Council assets for the purpose of xxxx, the table below relates to operating leases on assets disclosed in C1-8.

	<b>2024</b>	2023
	<b>\$'000</b>	\$'000
Lease income (excluding variable lease payments not dependent on an index or rate)	-	-
Lease income relating to variable lease payments not dependent on an index or a rate	-	-
<b>Total income relating to operating leases for Council assets</b>	<b>-</b>	<b>-</b>

	<b>2024</b>	2023
	<b>\$'000</b>	\$'000
Amount of IPPE leased out by Council under operating leases [provide information by class of asset]	-	-
<b>Total IPPE leased out by Council under operating leases</b>	<b>-</b>	<b>-</b>

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

	<b>2024</b>	2023
	<b>\$'000</b>	\$'000
<1 year	-	-
1 – 2 years	-	-
2 – 3 years	-	-
3 - 4 years	-	-
4 – 5 years	-	-
> 5 years	-	-
<b>Total undiscounted lease payments to be received</b>	<b>-</b>	<b>-</b>

**(b) Finance leases**

Council has sub-leased some properties which are on Crown land to xxxx and has classified these as finance leases since the sub-lease is for the remaining life of Council's lease to the Crown.

	<b>2024</b>	2023
	<b>\$'000</b>	\$'000
Selling profit or loss	-	-
Finance income on the net investment in the lease	-	-
Income relating to variable lease payments not included in the measurement of the net investment in the lease	-	-
<b>Total income relating to finance leases</b>	<b>-</b>	<b>-</b>

**Maturity analysis of undiscounted lease payments to be received after reporting date for finance leases:**

	<b>2024</b>	2023
	<b>\$'000</b>	\$'000
<1 year	-	-
1 – 2 years	-	-
2 – 3 years	-	-
3 -4 years	-	-
4 – 5 years	-	-
> 5 years	-	-
<b>Total lease payments receivable</b>	<b>-</b>	<b>-</b>
Unearned finance income	-	-
Discounted unguaranteed residual value	-	-
<b>Net investment in the lease</b>	<b>-</b>	<b>-</b>

**Material accounting policy information**

**Guidance re: material accounting policy information** - information in this accounting policy is unlikely to meet the definition of material accounting policy information and therefore can be deleted.

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.

## Commentary - Leases

Appendix K - section 5 of the Code, contains detailed guidance on AASB 16 Leases

AASB 16.9 / B24

### Identification of a lease

1. To assess whether a contract conveys the right to control the use of an identified asset, council assesses whether they have:
  - a) the right to obtain substantially all of the economic benefits from use of the identified asset (e.g., by having exclusive use of the asset through the lease period); and
  - b) the right to direct the use of the identified asset.
2. In considering whether the relevant asset is an identified asset, council should consider whether the asset is explicitly identified (e.g., by serial number, building floor and address) or implicitly identified (e.g., through the asset being specialised and/or customised). If the lessor has a substantive substitution right (i.e., can swap the asset) then there is no identified asset.

### Council as a lessee

- OLG
3. Where Council elects to separate lease and non-lease components for any class of right of use assets (for example waste management vehicles) then this fact should be stated in the financial statements. Where there has been significant estimation around the value of the lease / non-lease components then this should be disclosed in the significant estimates and judgements section.
- OLG
4. The right of use assets arising from Council's leases are accounted for at cost.
  5. For leases that have significantly below market value terms (i.e., peppercorn / concessionary) leases, Council may elect to measure the right of use asset at cost or fair value on initial recognition. Subsequent measurement will be at cost.

AASB 16.51

### Disclosures

6. AASB 16 disclosure objective is to ensure that users of the financial statements can assess the effect that leases have on the financial statements. This should be used by Council to assess whether the overall quality and extent of the lease disclosures are sufficient.
- AASB 16.52  
OLG
7. All disclosures under AASB 16 relating to lessees are included in a single note – they are not able to be spread throughout the financials.
- AASB 16.B49
8. Where Council has variable lease payments, additional information should be considered to satisfy the disclosure objective, for example:
    - a) Council's reasons for using variable lease payments and the prevalence of those payments;
    - b) the relative magnitude of variable lease payments to fixed payments;
    - c) key variables upon which variable lease payments depend and how payments are expected to vary in response to changes in those key variables; and
    - d) other operational and financial effects of variable lease payments.
- AASB 16.B50
9. Where Council has leases with extension or termination options that would provide useful information to the users then Council should consider the following disclosures to meet the disclosure objective:
    - a) The lessee's reason for using extension options or termination options and the prevalence of these options
    - b) The relative magnitude of optional lease payments to lease payments
    - c) The prevalence of the exercise of options that were not included in the measurement of lease liabilities
    - d) Other operational and financial effects of those options.
- AASB 16.B51
10. Where Council has leases with residual value guarantees then consider additional information to satisfy the disclosure objective, for example:
    - a) Council's reasons for providing residual value guarantees and the prevalence of those guarantees;
    - b) the magnitude of a lessee's exposure to residual value risk;
    - c) the nature of underlying assets for which those guarantees are provided; and
    - d) other operational and financial effects of those guaranteed.

### Council as a lessor

11. For lessors, information relating to investment properties under leases is included in the investment property note.



### C3. Liabilities of Council

#### C3-1 Payables

	2024		2023	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Goods and services	5,778	-	4,140	-
Accrued wages and salaries	550	-	403	-
Accrued expenses	612	-	639	-
Deposits and retentions	1,622	-	1,628	-
Government departments and agencies	2,631	-	2,565	-
Prepaid rates	234	-	-	-
Other payables (specify if material)	-	-	-	-
<b>Total payables</b>	<b>11,427</b>	<b>-</b>	<b>9,452</b>	<b>-</b>
<b>Current payables not expected to be settled within the next 12 months</b>	<b>-</b>	<b>n/a</b>	<b>-</b>	<b>n/a</b>

#### Material accounting policy information

**Guidance re: material accounting policy information** – information about payment terms should be retained, the remaining information is unlikely to meet the definition of material accounting policy information and can be deleted.

NSW 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 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.

#### Commentary

AASB 132

1. A financial liability is a contractual obligation to deliver cash or another financial asset, or to exchange financial instruments with another council.

**C3-2 Contract liabilities**

	2024		2023	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Funds to construct Council controlled assets (i)	1,981	654	1,546	1,137
Funds received prior to performance obligation being satisfied (upfront payments) – AASB 15 (ii)	1,852	147	1,348	436
Deposits received in advance of services provided (e.g., caravan park fees, hire fees)	225	-	246	-
Upfront fees – leisure centres (iii)	348	-	337	-
(Other – provide details)	-	-	-	-
<b>Total contract liabilities</b>	<b>4,406</b>	<b>801</b>	<b>3,477</b>	<b>1,573</b>

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

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

(iii) Upfront membership fees for the leisure centre do not meet the definition of a performance obligation and therefore the funds received are recorded as a contract liability on receipt and recognised as revenue over the expected average membership life.

Revenue recognised that was included in the contract liability balance at the beginning of the period	2024 \$'000	2023 \$'000
Funds to construct Council controlled assets	1,993	1,348
Funds received prior to performance obligation being satisfied (upfront payments) – AASB 15	1,158	955
Deposits received in advance of services provided (e.g., caravan park fees, hire fees)	230	192
Upfront fees – leisure centre	108	100
(Other – provide description of contract liability)	-	-
	<b>3,489</b>	<b>2,595</b>

**Significant changes in contract liabilities**

[Provide details where there has been a significant change to contract liabilities compared to prior year. For example – the receipt of significant grant funding in advance.]

**Material accounting policy information**

**Guidance re: material accounting policy information - information in this accounting policy is unlikely to meet the definition of material accounting policy information and therefore can be deleted.**

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.

**Commentary - Contract liabilities**

AASB 15 Appendix A

1. Contract liabilities arise under AASB 15 when funds are received prior to obligations being satisfied.
2. Where a contract meets the exception for acquisition or construction of an asset controlled by Council in AASB 1058.15 and the funds are received in advance, the Code has included this obligation within the contract liabilities note.
3. The note requires separate disclosure of these amounts.

**C3-3 Borrowings**

	2024		2023	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Bank overdraft	-	-	-	-
Loans – secured	6,194	108,051	5,810	123,919
Other (specify if material)	-	-	-	-
<b>Total borrowings</b>	<b>6,194</b>	<b>108,051</b>	<b>5,810</b>	<b>123,919</b>

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

	2023 \$'000	Cash flows \$'000	Non-cash movements \$'000		2024 \$'000
			Acquisition	Other	
Loans – secured	129,729	(15,484)	-	-	114,245
Lease liability (Note C2-2)	2,622	(337)	-	-	2,285
Other (specify if material)	-	-	-	-	-
<b>Total liabilities from financing activities</b>	<b>132,351</b>	<b>(15,821)</b>	<b>-</b>	<b>-</b>	<b>116,530</b>

	2022 \$'000	Cash flows \$'000	Non-cash movements \$'000		2023 \$'000
			Acquisition	Other	
Loans – secured	135,885	(6,181)	-	25	129,729
Lease liability (Note C2-2)	2,842	(220)	-	-	2,622
Other (specify if material)	-	-	-	-	-
<b>Total liabilities from financing activities</b>	<b>138,727</b>	<b>(6,401)</b>	<b>-</b>	<b>25</b>	<b>132,351</b>

**(b) Financing arrangements**

	2024 \$'000	2023 \$'000
<b>Total facilities</b>		
Total financing facilities available to Council at the reporting date are:		
Bank overdraft facility	500	500
Corporate credit cards	150	150
	<b>650</b>	<b>650</b>
<b>Drawn facilities</b>		
Financing facilities drawn down at the reporting date are:		
Bank overdraft facility	-	-
Corporate credit cards	95	86
	<b>95</b>	<b>86</b>
<b>Undrawn facilities</b>		
Undrawn financing facilities available to Council at the reporting date are:		
Bank overdraft facility	500	500
Corporate credit cards	55	64
	<b>555</b>	<b>564</b>

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

## Breaches and defaults

During the current and prior year, there were no defaults or breaches on any of the loans / [enter details of defaults or breaches on loans during the year.]

## Security over loans

[Provide details of the security – e.g., land and buildings held by NSW Council or loans secured over future cash flows.]

Lease liabilities are secured by the underlying leased assets.

## Bank overdrafts

The bank overdraft of NSW Council is secured by a registered first mortgage over [insert details of security].

## Material accounting policy information

**Guidance re: material accounting policy information - information in this accounting policy is unlikely to meet the definition of material accounting policy information and therefore can be deleted.**

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

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

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

## Commentary - Borrowings

AASB 101.72

1. A council classifies its financial liabilities as current when they are due to be settled within 12 months after the reporting date, even if:
  - a) the original term was for a period longer than 12 months, and
  - b) an agreement to refinance, or to reschedule payments on a long-term basis, is completed after the reporting date and before the financial statement is authorised for issue.

AASB 101.73

2. If a council expects and has the discretion to refinance or roll over an obligation for at least 12 months after the reporting date under an existing loan facility, it classifies the obligation as non-current, even if it would otherwise be due within a shorter period. However, when refinancing or rolling over the obligation is not at the discretion of the council (for example, if there is no agreement to refinance), the potential to refinance is not considered and the obligation is classified as current.

### Breached undertakings

AASB 101.74

3. When a council breaches an undertaking under a long-term loan agreement on or before the reporting date with the effect that the liability becomes payable on demand, the liability is classified as current, even if the lender has agreed, after the reporting date and before the authorisation of the financial statement for issue, not to demand payment as a consequence of the breach. The liability is classified as current because, at the reporting date, the council does not have an unconditional right to defer its settlement for at least 12 months after that date.

AASB 7.18

4. For loans payable recognised at the end of the reporting period, Council shall disclose:
  - a) details of any defaults during the period of principal, interest, sinking fund or redemption terms of those loans payable
  - b) the carrying amount of the loans payable in default at the end of the reporting period, and
  - c) whether the default was remedied, or the terms of the loan's payable were renegotiated before the financial statements were authorized for issue.

### Financing arrangements

AASB 107.50a

AASB 7.39b

5. Committed borrowing facilities are a major element of liquidity management. Councils disclose undrawn borrowing facilities that may be available to them (including bank overdrafts, credit cards and other lines of credit), indicating any restrictions on the use of these facilities.

### Changes in liabilities arising from financing activities

AASB 107.44A

6. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Statement of Cash Flows as cash flows from financing activities. If a liability is not included in the financing section of the Statement of Cash Flows, it is not included in the changes in liabilities from financing activities table
7. In addition, this disclosure applies to changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities

**C3-4 Employee benefit provisions**

	2024		2023	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Annual leave	3,093	-	3,016	-
Sick leave	-	-	-	-
Long-service leave	6,995	3,004	7,003	2,423
<b>Total employee benefit provisions</b>	<b>10,088</b>	<b>3,004</b>	<b>10,019</b>	<b>2,423</b>
<b>Current employee benefit provisions not expected to be settled within the next 12 months</b>	<b>7,612</b>	<b>n/a</b>	<b>7,468</b>	<b>n/a</b>

**Material accounting policy information****Guidance re: material accounting policy information**

Information about long-term employee benefit obligations (e.g. long service leave) is likely to involve significant estimation and therefore should be retained.

Other information in this accounting policy is unlikely to meet the definition of material accounting policy information and therefore can be deleted.

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

**On-costs**

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

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

**Commentary – Employee benefits provisions**

AASB 101.60

**Classification of employee benefits provisions as non-current**

- Irrespective of how the amount is measured (i.e., short or long term benefit under AASB 119), an employee benefits provision can only be classified on the Statement of Financial Position as a non-current liability if there is no possibility the council could have to pay out the provision within the next 12 months. This means, for example, that where employees are entitled to take their long-service leave or accrued annual leave during the next 12 months, the provision relating to them must be recorded as a current liability, even though the employees may not be expected to take the leave for an extended period.

**C3-5 Provisions**

	2024		2023	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Self-insurance	-	-	-	-
- workers compensation	-	-	-	-
- public liability	-	-	-	-
- other	-	-	-	-
Asset remediation	-	6,254	-	6,398
Other (specify if material)	-	-	-	-
<b>Total provisions</b>	-	<b>6,254</b>	-	<b>6,398</b>

**Movements in provisions**

	Self- insurance \$'000	Asset remediation \$'000	Other provision \$'000	Total \$'000
At beginning of year	-	6,398	-	6,398
Changes to provision:				
- New disturbances to tip	-	-	-	-
- Revised costs	-	21	-	21
- Revised life	-	-	-	-
- Revised discount rate	-	-	-	-
Amounts used	-	(165)	-	(165)
Unwinding of discount	-	30	-	30
Unused amounts reversed	-	-	-	-
Other (specify)	-	-	-	-
<b>Total</b>	-	<b>6,284</b>	-	<b>6,284</b>

**Nature and purpose of provisions**

[insert a description of each class of provision shown in the table above.]

**Asset remediation**

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

**Self-insurance**

To recognise liabilities for outstanding claims (uninsured losses) arising from NSW Council's decision to undertake self-insurance for certain risks faced.

**Material accounting policy information**

**Guidance re: material accounting policy information – Retain since provisions involve significant estimation and judgements.**

Provisions are recognised when NSW 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.

### Self-insurance

NSW Council has decided to self-insure for various risks, including public liability, workers compensation and professional indemnity. A provision for self-insurance has been made to recognise outstanding claims. NSW Council also maintains cash and investments to meet expected future claims; refer to Note C1-3.

## Commentary - Provisions

AASB  
Framework

1. A liability is a present obligation of the council arising from past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits.
2. A present obligation arises from an obligating event and may take the form of either a legal obligation or a constructive obligation. An obligating event leaves the council no realistic alternative to settling the obligation. If the council can avoid the future expenditure by its future actions, it has no present obligation, and no provision is required. For example, a council cannot recognise a provision based solely on the intent to incur expenditure at some future date
3. A constructive obligation is an obligation that derives from a council's actions where:
  - a) by an established pattern of past practice, published policies or a sufficiently specific current statement, the council has indicated to other parties that it will accept certain responsibilities; and
  - b) as a result, the council has created a valid expectation on the part of those other parties that it will discharge those responsibilities (e.g., agreeing to provide a certain service to local residents through media announcements).

AASB 137.14

4. A provision should be recognised only when: (a) the council has a present obligation to transfer economic benefits as a result of past events; it is probable (more likely than not) that such a transfer will be required to settle the obligation; and (b) a reliable estimate of the amount of the obligation can be made.

AASB 137.36

5. The amount recognised as a provision should be the best estimate of the unavoidable expenditure required to settle in full the present obligation and should be discounted at a pre-tax rate that reflects current market assessment of the time value of money and those risks specific to the liability that have not been reflected in the best estimate of the expenditure.

### Onerous contracts

AASB 137.66

6. If a council has an onerous contract (the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it), the present obligation under the contract should be recognised as a provision.

### Restructuring provisions

AASB 137.72

7. There are specific requirements as to when a provision for restructuring is recorded and what costs are included in the provision. A restructuring provision can only be recognised when a council can demonstrate:
  - a) a detailed formal plan identifying the main features of the restructuring; and
  - b) a valid expectation to those affected that it will carry out the restructuring by starting to implement the plan or by announcing its main features to those affected.
8. A restructuring plan does not create a present obligation at the reporting date if it is announced after that date, even if it is announced before the financial statements are approved.
9. The provision should only include incremental costs necessarily entailed by the restructuring and not those associated with the council's on-going activities. Any expected gains on the sale of assets should not be considered in measuring a restructuring provision.

### Recovery

AASB 137.53

10. Where the council expects to recover from a third party some or all of the amounts required to settle a provision, the provision and any anticipated recovery should be presented separately as a liability

and an asset, respectively. However, an asset can only be recognised if it is virtually certain that settlement of the provision will result in a reimbursement, and the amount recognised for the reimbursement should not exceed the amount of the provision. Net presentation is permitted in the Income Statement.

### Subsequent measurement

Interpretation 1

11. The increase in provision due to the passage of time (i.e., unwinding of discount) is recognised as a borrowing cost.
12. The discount rate for unwinding the provision can be obtained from the Reserve Bank bond rates. The rate used should be the rate that most closely matches the expected utilisation of the provision.

### Restoration, rehabilitation provision

13. Guidance on restoration and rehabilitation provision is included in Appendix F - section 5 of the Code.
14. Rehabilitation provisions are applied to a class of assets, consistent with the revaluation model requirements of AASB116 for not-for-profit entities.
15. The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability shall be recognised in profit or loss as they occur.

### Self-insurance

OLG

16. In regard to workers' compensation self-insurance, self-insurers are required by Insurance & Care NSW (icare), as a condition of a self-insurance licence, to meet certain requirements. icare does not require the mandatory setting aside of funds to meet the outstanding claims liability. However, it does require that provision be recognised for an actuarially assessed figure for the outstanding claims liability. Additionally, self-insurers are required to lodge security in accordance with the actuarial assessment plus a contingency margin, which is calculated by icare. The security is either placed with Treasury in cash or met by the lodgement of a Banker's Deed of Understanding with icare.

OLG

17. Other types of self-insurance policies should have specific investments equal to the amount of outstanding claims and supporting records will need to be maintained to identify the component risks and liabilities comprising the provision.



## C4. Reserves

### C4-1 Nature and purpose of reserves

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#### IPPE Revaluation Surplus

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

#### Other reserves (specify)

[Describe nature and purpose of the reserve]

## Commentary - Reserves

### Nature and purpose of reserves

AASB 101.79b

1. A description of the nature and purpose of each reserve within equity must be provided including any restrictions on their distribution or any other important characteristics. The description should not in any way have the potential to mislead the users to conclude that the existence of the reserve equates to the availability of funds.

## 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

	2024 \$'000	2024 \$'000	2024 \$'000
	General	Water	Sewer
<b>Income from continuing operations</b>			
Rates and annual charges	35,393	2,305	16,561
User charges and fees	18,841	13,418	2,667
Other revenues	1,852	266	27
Grants and contributions provided for operating purposes	30,395	705	187
Grants and contributions provided for capital purposes	3,443	818	821
Interest and investment income	2,085	721	321
Other income			
Net gain from the disposal of assets	-	-	-
<b>Total income from continuing operations</b>	<b>92,009</b>	<b>18,233</b>	<b>20,584</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	35,884	1,750	1,803
Materials and services	11,593	5,867	6,565
Borrowing costs	1,855	1,839	4,925
Depreciation, amortisation and impairment of non-financial assets	27,933	6,035	8,004
Other expenses	3,520	157	852
Net loss from the disposal of assets	10,268	1,145	2,396
<b>Total expenses from continuing operations</b>	<b>91,053</b>	<b>16,793</b>	<b>24,545</b>
<b>Operating result from continuing operations</b>	<b>956</b>	<b>1,440</b>	<b>(3,961)</b>
<b>Operating result from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net operating result for the year attributable to Council</b>	<b>956</b>	<b>1,440</b>	<b>(3,961)</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(2,487)</b>	<b>622</b>	<b>(4,782)</b>

**D1-2 Statement of financial position by fund**

<b>Statement of Financial Position by fund</b>	<b>2024 \$'000</b>	<b>2024 \$'000</b>	<b>2024 \$'000</b>
	<b>General</b>	<b>Water</b>	<b>Sewer</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	12,057	213	396
Investments	39,374	15,921	5,705
Receivables	10,759	4,356	1,678
Inventories	1,276	-	-
Contract assets and contract cost assets	977	-	-
Other	414	2	2
Non-current assets classified as held for sale	-	-	-
<b>Total current assets</b>	<b>64,857</b>	<b>20,492</b>	<b>7,781</b>
<b>Non-current assets</b>			
Investments	19,504	7,112	1,399
Receivables	587	26	152
Inventories	140	-	-
Contract assets and contract cost assets	-	-	-
Infrastructure, property, plant and equipment	1,371,650	369,694	268,552
Investment property	-	-	-
Intangible assets	316	3	-
Right of use assets	2,083	-	-
Investments accounted for using equity method	42	-	-
<b>Total non-current assets</b>	<b>1,394,322</b>	<b>376,835</b>	<b>270,103</b>
<b>Total assets</b>	<b>1,459,179</b>	<b>397,327</b>	<b>277,884</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	10,572	348	507
Contract liabilities	4,406	-	-
Lease liabilities	364	-	-
Borrowings	2,272	872	3,050
Employee benefit provisions	10,077	11	-
Provisions	-	-	-
<b>Total current liabilities</b>	<b>27,691</b>	<b>1,231</b>	<b>3,557</b>
<b>Non-current liabilities</b>			
Payables	-	-	-
Contract liabilities	801	-	-
Lease liabilities	1,921	-	-
Borrowings	13,142	23,385	71,524
Employee benefit provisions	2,980	24	-
Provisions	6,254	-	-
<b>Total non-current liabilities</b>	<b>25,098</b>	<b>23,409</b>	<b>71,524</b>
<b>Total liabilities</b>	<b>52,789</b>	<b>24,640</b>	<b>75,081</b>
<b>Net assets</b>	<b>1,406,390</b>	<b>372,687</b>	<b>202,803</b>
<b>EQUITY</b>			
Accumulated surplus	506,706	221,209	117,943
IPPE Revaluation Surplus	899,684	151,481	84,860
Other reserves (specify)	-	-	-
<b>Total equity</b>	<b>1,406,390</b>	<b>372,687</b>	<b>202,803</b>

**D1-3 Details of internal loans**

<b>Details of individual internal loans</b>	<b>Internal loan 1</b>	<b>Internal loan 2</b>	<b>Internal loan 3</b>
Borrower (by purpose)			
Lender (by purpose)			
Date of Minister's approval			
Date raised			
Term years			
Dates of maturity			
Rate of interest (%)			
Amount originally raised \$'000			
Total repaid during the year (principal and interest) \$'000			
Principal outstanding at end of year \$'000			

**Commentary – Results by fund**

OLG	1	No comparatives are required for this note.
	2	Results are to be shown as gross numbers, i.e., before any consolidation adjustments. This means that adding the numbers across the funds may not necessarily equal the consolidated totals.
	3	General fund refers to all Council activities except water and sewer. Other business activities which are part of the General Fund, are not to be disclosed separately in this note.
	4	Internal loans granted in accordance with s 410 of the Act are disclosed in this note.

## D2. Interests in other entities

### D2-1 Subsidiaries

#### (a) Composition of the group

	Principal place of business	Percentage owned (%) 2024	Percentage owned (%) 2023
--	-----------------------------	---------------------------	---------------------------

#### Subsidiaries

Sub 1

The percentage ownership interest held is equivalent to the percentage voting rights for all subsidiaries. All subsidiaries have the same year end as Council.

#### (b) Significant restrictions relating to subsidiaries

[Provide details of significant restrictions, for example statutory, contractual and regulatory restrictions, on the subsidiary's ability to access or use the assets and settle the liabilities of the group, i.e., those that restrict the ability of a parent (Council) or its subsidiaries to transfer cash or other assets to (or from) other entities within the group.

Guarantees or other requirements that may restrict dividends and other capital distributions being paid, or loans and advances being made or repaid to (or from), other entities within the group.]

#### Material accounting policy information for subsidiaries

**Guidance re: material accounting policy information - information in this accounting policy is unlikely to meet the definition of material accounting policy information and therefore can be deleted.**

Subsidiaries are all entities (including structured entities) over which Council has control. Control is established when Council is exposed to, or has rights to variable returns from, its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

These consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost. Intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements. Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the Council.

#### (c) Consolidated structured entities

[Where Council has consolidated structured entities, provide details of circumstances where Council or an entity within the group may be required to provide financial support to that consolidated structured entity, as well as details as to where support has been provided during the financial reporting period.]

### D2-2 Interests in joint arrangements

	Type of joint arrangement	Principal place of business	Percentage owned (%) 2024	Percentage owned (%) 2023
<b>Joint arrangements:</b>				
Joint arrangement 1	Joint venture	Australia	25	25
Joint arrangement 2				

The percentage ownership interest held is equivalent to the percentage voting rights for all joint arrangements.

All joint arrangements have the same year end as Council.

There are no significant restrictions on the ability of joint ventures to transfer funds to Council in the form of cash dividends, or to repay loans or advances made by Council.

#### Joint arrangements 1

Provide details of the nature of Council's relationship with the joint arrangement; for example, describe the nature of the activities of the joint arrangement, and whether they are strategic to Council's activities e.g., Joint Arrangement 1 is an entity which has the relevant equipment to monitor and weigh heavy vehicles.

#### Joint arrangements 2

Provide details of the nature of Council's relationship with the joint arrangement; for example, describe the nature of the activities of the joint arrangement and whether they are strategic to Council's activities.

**Material joint ventures**

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

Measurement basis (equity method/fair value)	(Name of joint venture 1)		(Name of joint venture 2)	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000

**Dividends received from the joint venture**

**Summarised Statement of Financial Position**

Cash and cash equivalents	_____			
<b>Current assets</b>	_____			
<b>Non-current assets</b>	_____			
<b>Current liabilities</b>	_____			
Current financial liabilities (excluding trade and other payables and provisions)	_____			
<b>Non-current liabilities</b>	_____			
Non-current financial liabilities (excluding trade and other payables and provisions)	_____			
<b>Net assets</b>	_____			

**Summarised Statement of Income and Other Comprehensive Income**

<b>Revenue</b>	_____			
Interest income	_____			
Depreciation and amortisation	_____			
Interest expense	_____			
Income tax expense (income)	_____			
<b>Profit (/loss) from continuing operations</b>	_____			
<b>Post-tax profit or loss from discontinued operations</b>	_____			
<b>Other comprehensive income</b>	_____			
<b>Total comprehensive income</b>	_____			

**Summarised Statement of Cash Flows**

<b>Cash flows from operating activities</b>	_____			
<b>Cash flows from investing activities</b>	_____			
<b>Cash flows from financing activities</b>	_____			
<b>Net increase (/decrease) in cash and cash equivalents</b>	_____			

Reconciliation of carrying amount of interest in joint venture to summarised financial information for individually material joint ventures accounted for using the equity method.

	2024 \$'000	2023 \$'000
Share of xx% of net assets (insert reconciling items)	_____	_____
Carrying amount	_____	_____
Fair value of investment (if there is a quoted price)	_____	_____

### Aggregate information for joint ventures that are not individually material

NSW Council has interests in a number of joint ventures, none of which is considered individually material. The table below summarises, in aggregate, the financial information of all individually immaterial joint ventures.

	2024 \$'000	2023 \$'000
Carrying amount of investments in joint ventures that are not individually material	42	47
<b>NSW Council's share of those joint ventures</b>		
Profit or loss from continuing operations	(37)	(58)
Post-tax profit or loss from discontinued operations	-	-
Other comprehensive income	-	-
Total comprehensive income	<u>(37)</u>	<u>(58)</u>

### Unrecognised share of losses

The unrecognised share of losses of joint ventures due to Council's interest being reduced to zero under the equity methods are \$xx for the reporting period, and \$xx on a cumulative basis.

### Risk associated with the interests in joint ventures

[Provide details of:

Commitments relating to joint ventures held

Contingent liabilities incurred jointly with other investments over joint ventures held]

### Material accounting policy information

**Guidance re: material accounting policy information** – retain introduction since it provides information on the type of joint arrangements which Councils have. The remaining information in this accounting policy is unlikely to meet the definition of material accounting policy information and therefore can be deleted.

Council has determined that it has [both joint ventures and joint operations/only joint ventures/only joint operations] (councils to delete as appropriate and use the relevant accounting policy below).

### Joint operations

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

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

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

### Joint ventures

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

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

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

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

**D2-3 Interests in associates**

	<b>Principal place of business</b>	<b>Percentage owned (%) 2024</b>	<b>Percentage owned (%) 2023</b>
--	------------------------------------	--------------------------------------	--------------------------------------

**Associates:**

[insert associate name]

The percentage ownership interest held is equivalent to the percentage voting rights for all associates.

All associates have the same year end date as Council. There are no significant restrictions on the ability of associates to transfer funds to the group in the form of cash dividends, or to repay loans or advances made by Council.

**Associate 1**

Provide details of the nature of Council's relationship with the associate; for example, describe the nature of the activities of the associate, and whether they are strategic to the entity's activities – e.g., Associate 1 is an entity set up by a number of Councils for waste disposal to try to save costs.

**Material associates**

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

<b>Measurement basis (equity method/fair value)</b>	<b>(Name of associate 1)</b>		<b>(Add if more associates)</b>	
	<b>2024 \$'000</b>	<b>2023 \$'000</b>	<b>2024 \$'000</b>	<b>2023 \$'000</b>
<b>Dividends received from the associate</b>				

**Summarised Statement of Financial Position**

Cash and cash equivalents

**Current assets****Non-current assets****Current liabilities**

Current financial liabilities (excluding trade and other payables and provisions)

**Non-current liabilities**

Non-current financial liabilities (excluding trade and other payables and provisions)

**Net assets****Summarised Statement of Income and Other Comprehensive Income****Revenue**

Interest income

Depreciation and amortisation

Interest expense

Income tax expense (income)

**Profit (loss) from continuing operations****Post-tax profit or loss from discontinued operations****Other comprehensive income****Total comprehensive income****Summarised Statement of Cash Flows****Cash flows from operating activities****Cash flows from investing activities****Cash flows from financing activities****Net increase (decrease) in cash and cash equivalents**



Reconciliation of carrying amount of interest in associate to summarised financial information for associates accounted for using the equity method.

	2024 \$'000	2023 \$'000
Share of xx% of net assets (Insert reconciling items)		
Carrying amount		
Fair value of investment (if there is a quoted price)		

**Aggregate information for associates that are not individually material**

NSW Council has interests in associates, none of which is considered individually material. The table below summarises, in aggregate, the financial information of all individually immaterial associates.

	2024 \$'000	2023 \$'000
Carrying amount of investments in associates that are not individually material		

**NSW Council’s share of those associates**

Profit or loss from continuing operations		
Post-tax profit or loss from discontinued operations		
Other comprehensive income		
Total comprehensive income		

**Unrecognised share of losses**

The unrecognised share of losses of associates due to Council’s interest being reduced to zero under the equity methods are \$xx for the reporting period, and \$xx on a cumulative basis.

**Risks associated with the interest in associates**

[Provide details of:

Commitments relating to joint ventures held

Contingent liabilities incurred jointly with other investments over joint ventures held]

**Material accounting policy information**

**Guidance re: material accounting policy information** - information in this accounting policy is unlikely to meet the definition of material accounting policy information and therefore can be deleted.

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

If Council’s share of losses of an associate equal or exceeds its interest in the associate, Council discontinues recognising its share of further losses.

Council’s share in the associates gains or losses arising from transactions between itself, and its associate are eliminated.

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

## Commentary – Interests in other entities

### Appendix H - section 5 of the Code, contains detailed guidance on AASB 10-12 and additional disclosures for specific circumstances.

The following disclosures are illustrated in Appendix H:

- Controlled entities with ownership interest of 50% or less;
- Subsidiaries with material non-controlling interest;
- Disposal of a subsidiary that results in the loss of control;
- Disposal of ownership interest;
- Acquisition of ownership interest; and
- Interest in unconsolidated structured entities.

1. If the percentage ownership interest is not equivalent to the percentage voting rights for any interest in other entities, then provide details.

#### Interests in subsidiaries

AASB 12.12d

2. The Code assumes that there is no non-controlling interest for any Council subsidiaries, if Council has NCI then refer to Appendix H and AASB 12 for disclosure guidance.

AASB 12.13

3. Where significant restrictions exist in relation to subsidiaries, the financial statements should disclose:
  - a) details of the restrictions
  - b) the nature and extent to which protective rights of non-controlling interests can significantly restrict the entity's ability to access or use the assets and settle the liabilities of the group (such as when a parent is obliged to settle liabilities of a subsidiary before settling its own liabilities; or approval of non-controlling interests is required, either to access the assets or to settle the liabilities of a subsidiary).
  - c) the carrying amount in the consolidated financial statements of the assets and liabilities to which those restrictions apply.

### D3. Discontinued operations

#### D3-1 [Name of discontinued operation]

**(a) Description**

(Provide a description of the discontinued operation)

Financial information relating to the discontinued operation for the period to the date of transfer is set out below.

**(b) Income Statement and cash flow information**

The Income Statement and cash flow information presented are for the X months ended XX/XX/2024 (2024 column) and the year ended 30 June 2023.

	<b>2024</b>	2023
	<b>\$'000</b>	\$'000
Revenue	-	-
Expenses	-	-
<b>Operating result from discontinued operations</b>	<b>-</b>	<b>-</b>
Net cash inflow (/outflow) from ordinary activities	-	-
Net cash inflow (/outflow) from investing activities	-	-
Net cash inflow (/outflow) from financing activities	-	-
<b>Net increase (/decrease) in cash generated by the discontinued operations</b>	<b>-</b>	<b>-</b>

**(c) Carrying amounts of assets and liabilities**

The carrying amounts of assets and liabilities transferred as at XX/XX/2024 (2024 column) and 30 June 2023 are:

	<b>2024</b>	2023
	<b>\$'000</b>	\$'000
Infrastructure, property, plant and equipment	-	-
Receivables	-	-
Inventories	-	-
<b>Total assets</b>	<b>-</b>	<b>-</b>
Payables	-	-
Provision for employee benefits	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>
<b>Net assets</b>	<b>-</b>	<b>-</b>
Carrying amount of net assets transferred	-	-

### Commentary – Discontinued operation

AASB 5.32

1. A discontinued operation is a component of a council that either has been disposed of or is classified as held for sale, and:
  - a) represents a separate major line of business or geographical area of operations;
  - b) is part of a single, co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
  - c) is a subsidiary acquired exclusively with a view to resale.

**Prior periods**

AASB 5.34

2. A council must re-present the disclosures for prior periods presented in the financial statement such that the disclosures relate to all operations that have been discontinued by the reporting date for the latest period presented.

## E. Risks and accounting uncertainties

### E1-1 Risks relating to financial instruments held

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

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

NSW 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 [Receivables, loans, investments and financial liabilities – amend as relevant] approximates the carrying amount.

The risks associated with the financial instruments held are:

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

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

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

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.

	2024 \$'000	2023 \$'000
Impact of a xx% movement in interest rates:		
- Equity / Income Statement	1,014	848
Impact of a xx% movement in price of investments:		
- Equity / Income Statement	-	-

#### (b) Credit risk

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

NSW Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery policies. NSW Council also encourages ratepayers to pay rates by the due date through incentives.

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

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

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

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

There are no material receivables that have been subject 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 NSW Council to recover these debts as a secured charge over the land; that is, the land can be sold to recover the debt. NSW Council is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

	Not yet due	Overdue rates and annual charges		Total
		< 5 years	≥ 5 years	
	\$'000	\$'000	\$'000	\$'000
<b>2024</b>	<b>217</b>	<b>2,948</b>	<b>67</b>	<b>3,232</b>
2023	238	2,731	28	2,997

**Receivables – non- rates and annual charges and contract assets**

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

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

		Not yet due	Overdue debts				Total
			< 30 days	30–60 days	60–90 days	>90 days	
<b>2024</b>	<b>Gross carrying amount (\$'000)</b>	<b>12,472</b>	<b>2,545</b>	<b>194</b>	<b>62</b>	<b>30</b>	<b>15,303</b>
	<b>Expected loss rate (%)</b>	<b>X%</b>	<b>X%</b>	<b>X%</b>	<b>X%</b>	<b>X%</b>	
	<b>ECL provision (\$'000)</b>	<b>XX</b>	<b>XX</b>	<b>XX</b>	<b>XX</b>	<b>XX</b>	<b>XX</b>
2023	Gross carrying amount (\$'000)	13,107	1,762	168	13	175	15,225
	Expected loss rate (%)	X%	X%	X%	X%	X%	
	ECL provision (\$'000)	XX	XX	XX	XX	XX	XX

**(c) Liquidity risk**

Payables, lease liabilities and borrowings are 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.

NSW 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. NSW Council manages this risk through diversification of borrowing types, maturities and interest rate structures.

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

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

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

	Weighted average interest rate	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	%	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2024</b>						
<b>Payables</b>	-	<b>11,427</b>	-	-	<b>11,427</b>	<b>11,427</b>
<b>Borrowings</b>	<b>5.64</b>	<b>6,194</b>	<b>32,110</b>	<b>114,192</b>	<b>152,496</b>	<b>114,245</b>
		<b>17,621</b>	<b>32,110</b>	<b>114,192</b>	<b>203,882</b>	<b>125,672</b>
2023						
Payables	-	9,452	-	-	9,452	9,452
Borrowings	6.65	14,298	57,684	134,812	206,794	129,729
		23,750	57,684	134,812	216,246	139,181

## Commentary – Financial risk management

AASB 7.21, B5

### Financial instruments

1. This note should include all financial instruments, whether statutory or non-statutory.
2. Disclosure of the measurement bases of financial instruments may include:
  - a) the criteria the council uses in relation to the expected credit losses on financial assets
  - b) when the terms of financial assets that would otherwise be past due or impaired have been renegotiated, the accounting policy for financial assets that are subject to renegotiated terms.

AASB 7.31-32

### Nature and extent of risks arising from financial instruments

3. The financial statements shall include qualitative and quantitative disclosures that enable users to evaluate the nature and extent of risks arising from financial instruments to which the council is exposed at the end of the reporting period. These risks typically include, but are not limited to, credit risk, liquidity risk and market risk.

AASB 7.33

### Qualitative disclosures

4. The qualitative disclosures shall discuss, for each type of risk:
  - a) the exposures to the risk and how they arise
  - b) the council's objectives, policies and processes for managing the risk, and the methods used to measure the risk
  - c) any changes in (a) or (b) from the previous period.

AASB 7.34a,c

### Quantitative disclosures

5. A council shall provide, for each type of risk, summary quantitative data on risk exposure at the end of the reporting period based on information provided internally to key management personnel and any concentrations of risk. This information should be presented in narrative form.
6. Councils should also explain any concentrations of credit risk if they are not apparent from the other information provided. Concentrations of credit risk could arise from exposure to particular industry sectors or geographical regions, from specific credit ratings or other measure of credit quality, and from a limited number of individual counterparties or groups of closely related counterparties.
7. The credit risk profile table has not been completed for the purposes of the Code since councils need to determine their appropriate expected loss rate for the relevant receivables balance. The assumption has been made that the impairment provision for rates and annual charges is not material and therefore the table has not been included; however, it should be inserted if this is not the case.

AASB 7.34c

AASB 7.B9

AASB 7.IG18

AASB 7.15

### Collateral accepted

8. Where a council holds collateral (of financial or non-financial assets) that it is permitted to sell or re-pledge in the absence of default by the owner of the collateral, it shall disclose:
  - a) the fair value of the collateral held
  - b) the fair value of any such collateral sold or re-pledged, and whether the council has an obligation to return it; and
  - c) any terms and conditions associated with its use of this collateral.
9. When a council has obtained financial or non-financial assets during the period by taking possession of collateral held (i.e., property), it shall disclose the nature and carrying amount of the assets obtained and, if the assets are not readily convertible into cash, its policies for disposing of such assets or for using them in its operations.

AASB 7.38

### Liquidity risk - maturity analysis

10. The amounts disclosed should be the amounts expected to be paid in future periods, determined by reference to the conditions existing at the end of the reporting period.
11. The specific time brackets presented are not mandated by the standard but should be based on what is reported internally to the key management personnel of Council.
12. As the amounts included in the maturity tables are the contractual undiscounted cash flows, these amounts will not necessarily reconcile to the amounts disclosed in the Statement of Financial Position. Councils can choose to add a column with the carrying amounts which ties into the Statement of Financial Position and a reconciling column if they wish, but this is not mandatory.
13. If an outflow of cash could occur either significantly earlier than indicated or be for significantly different amounts from those indicated in Council's disclosures about its exposure to liquidity risk, Council shall state that fact and provide quantitative information that enables users of its financial statements to evaluate the extent of this risk. This disclosure is not necessary if that information is included in the contractual maturity analysis.

AASB 7.3

AASB 7.B11D

AASB 7B11Cc

AASB 7.B10A

AASB 7.40a - b

### Market risk

14. Entities shall disclose a sensitivity analysis for each type of market risk (interest rate and other price risk) to which Council is exposed at the end of the reporting period, showing how profit or loss and equity would have been affected by 'reasonably possible' changes in the relevant risk variable, as well as the methods and assumptions used in preparing such an analysis.

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15. Councils should determine a reasonably possible movement in the relevant index e.g., interest rates for the next 12 months. If the reasonable possible movement would not cause a material impact on Council’s financial statements, then this fact may be stated rather than the sensitivity analysis being performed.
16. Councils should ensure that the reasonably possible movements used are realistic for the current economic climate.
17. Note: reasonably possible increases do not have to be the same as reasonably possible decreases. For example, a reasonably possible movement in interest rates could be a 1% decrease and 0.25% increase.
18. The Code illustrates interest rate risk only within the market risk section, however Council should provide additional disclosure for any other market risks to which they are exposed, e.g. price risk if that hold TCorp medium and long term investments.

**Carrying amounts are a reasonable approximation of fair value**

19. Remove the sentence illustrated in the Code regarding approximation of fair value and carrying amount and add the following disclosure where carrying amount is different from fair value (e.g., for borrowings):
20. A comparison of carrying amount and fair value for NSW Council financial instruments at reporting date is shown in the table below:

	Carrying value		Fair value	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
<b>Financial assets</b>				
Measured at amortised cost	-	-	-	-
Cash and cash equivalents	-	-	-	-
Receivables	-	-	-	-
Term deposits	-	-	-	-
	-	-	-	-
<b>Financial liabilities</b>				
Measured at amortised cost	-	-	-	-
Payables	-	-	-	-
Lease liabilities	-	-	-	-
Borrowings	-	-	-	-
	-	-	-	-

**Additional information where quantitative data about risk exposure is unrepresentative**

21. If the quantitative data disclosed is unrepresentative of Council’s exposure to risk during the period, Council shall provide further information that is representative. If the sensitivity analyses are unrepresentative of a risk inherent in a financial instrument (e.g., where the year-end exposure does not reflect the exposure during the year), Council shall disclose that fact and the reason why the sensitivity analyses are unrepresentative.

AASB 7.35  
AASB 7.42

## E2-1 Fair value measurement

NSW Council measures the following assets and liabilities at fair value on a recurring basis:

- a) infrastructure, property, plant and equipment
- b) investment property
- c) [add details of other recurring assets.]

During the reporting period NSW Council has also measured the following assets at fair value on a non-recurring basis:

- a) non-current assets classified as held for sale.

[Provide reasons for the non-recurring measurement. For example, the carrying amount of the non-current assets held for sale was higher than its fair value and therefore the assets were written down to fair value.]

### Fair value hierarchy

All assets and liabilities measured at fair value are assigned to a level in the fair value hierarchy as follows:

<b>Level 1</b>	Unadjusted quoted prices in active markets for identical assets or liabilities that Council can access at the measurement date
<b>Level 2</b>	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
<b>Level 3</b>	Unobservable inputs for the asset or liability

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

[Note: the levels shown in this table are for illustrative purposes only and should not be used as definitive levels for different asset classes.]

	Note	Level 2 (\$'000)		Level 3 (\$'000)		Total (\$'000)	
		significant observable inputs		significant unobservable inputs			
		2024	2023	2024	2023	2024	2023
<b>Recurring fair value measurements</b>							
<b>Financial investments</b>	C1-2						
At fair value through profit or loss		-	-	-	-	-	-
At fair value through OCI		-	-	-	-	-	-
<b>Investment property</b>	C1-9	-	-	-	-	-	-
<b>Infrastructure, property, plant and equipment</b>	C1-8						
Plant, equipment, furniture and fittings		-	-	<b>19,538</b>	22,097	<b>19,538</b>	22,097
Land		<b>40,547</b>	39,063	<b>26,268</b>	36,518	<b>66,815</b>	75,581
Land improvements		-	-	-	-	-	-
Buildings and other structures		<b>511</b>	471	<b>147,338</b>	142,668	<b>147,849</b>	143,139
Roads, bridges and footpaths		-	-	<b>612,082</b>	608,435	<b>612,082</b>	608,435
Other road assets (incl Bulk earthworks)		-	-	<b>185,910</b>	181,008	<b>185,910</b>	181,008
Stormwater drainage		-	-	<b>150,994</b>	147,129	<b>150,994</b>	147,129
Water supply networks		-	-	<b>358,139</b>	407,803	<b>358,139</b>	407,803
Sewerage network		-	-	<b>257,967</b>	297,940	<b>257,967</b>	297,940
Open space / recreational assets		-	-	<b>37,672</b>	36,247	<b>37,672</b>	36,247
Other infrastructure		-	-	<b>149,543</b>	145,679	<b>149,543</b>	145,679
Other assets		-	-	<b>2,689</b>	2,428	<b>2,689</b>	2,428
Tip and quarry assets		-	-	<b>2,427</b>	3,875	<b>2,427</b>	3,875



<b>Total Infrastructure, property, plant and equipment</b>	<b>41,058</b>	39,534	<b>1,950,567</b>	2,031,827	<b>1,991,625</b>	2,071,361
<b>Non-recurring fair value measurements</b>						
<b>Non-current assets held for sale</b>		C1-7				
- land	-	1,560	-	-	-	1,560
- buildings	-	354	-	5,678	-	6,032
<b>[describe any other assets held at non-recurring fair value]</b>	-	-	-	-	-	-
<b>Total non-recurring fair value measurements</b>	-	1,914	-	5,678	-	7,592

### Valuation techniques

[Not completed since specific to councils and not considered to be of assistance for volume of disclosure it would add to Code.]

### Level 2 measurements

[Describe the valuation techniques and the inputs used in the fair value measurement. If there has been a change in the technique, then this change and the reason for making it should be disclosed.]

### Level 3 measurements

Valuation techniques

[The following information should be provided for all Level 3 recurring and non-recurring fair value measurements:

- the valuation techniques and the inputs used in the fair value measurement
- any change in the technique, and the reason for the change
- how Council decides its valuation policies and procedures and analyses changes in fair value measurements from period to period.]

Unobservable inputs [note that ranges have not been used for the purpose of the code as they would be examples only and the ranges should be specific to Council.]

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

<b>Class</b>	<b>Valuation technique(s)</b>	<b>Unobservable inputs (including ranges used)</b>
<b>IPPE</b>		
Plant, equipment, furniture, fittings and office equipment	Cost approach	Current replacement cost of modern equivalent asset, asset condition, useful life and residual value
Operational land	Market approach	Price per square metre
Community land	Market approach. Land values obtained from the NSW Valuer-General	Land value, land area, level of restriction
Land under roads	Market-based direct comparison.	Extent and impact of use, market cost of land per square metre, restrictions.  The market value of land varies significantly depending on the location of the land and current market conditions.
Buildings (including swimming pools and other recreational buildings)	Cost approach	Current replacement cost of modern equivalent asset using componentisation, asset condition, remaining lives, residual value  Rates per m2 used were between xx and yy
Other structures	Cost approach	Current replacement cost of modern equivalent asset, asset condition, remaining lives, residual value

Roads (including bridges, footpaths, bulk earthworks) and other similar assets	Cost approach	Asset condition, remaining lives using componentisation Unit rates per m2 or length varied from xx to yy
Stormwater drainage	Cost approach	Asset condition, remaining lives Unit rates per m2 or length
Water supply and sewerage network infrastructure	Cost approach	Asset condition, remaining lives using componentisation Unit rates per m2 or length varied from xx to yy
Other infrastructure	Cost approach	Asset condition and remaining lives using componentisation
Tips and quarry assets	Cost approach	Environmental legislation, timing of expected cash outflows, asset condition
Library books	Cost approach	Current replacement cost of modern equivalent asset, asset condition, remaining lives, residual value
Other – art works	Market / Cost approach	Market approach if information readily available. The level of appreciation of the asset, current replacement/ replication cost of equivalent asset, asset condition

### Reconciliation of movements

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

[Not completed since very specific to councils and not considered to be of assistance to councils for volume of disclosure it would add to Code]

	<b>2024</b>	2023
	<b>\$'000</b>	\$'000
Balance at 1 July	-	-
<b>Total gains or losses for the period</b>		
Recognised in profit or loss – realised (refer to Note B4-1)	-	-
Recognised in other comprehensive income – revaluation surplus	-	-
<b>Other movements</b>		
Purchases	-	-
Sales	-	-
Transfers into Level 3	-	-
Transfers out of Level 3	-	-
Other movements	-	-
Balance at 30 June	-	-

### Highest and best use

[If applicable, provide details of the assets that have a different highest and best use from the current use, and why the non-financial asset is being used in a manner that differs from its highest and best use. Otherwise, include a sentence stating that all assets valued at fair value in this note are being used for their highest and best use.]

## Commentary – Fair value measurement

### Appendix E - section 5 of the Code, contains further guidance on fair value for infrastructure, property, plant and equipment

AASB 13.76

1. In order for an asset/liability to be disclosed as Level 1 of the fair value hierarchy, there needs to be a quoted market for an identical asset; i.e., shares in listed entities. Councils are not expected to have any Level 1 assets or liabilities and therefore there is no reference to Level 1 in the Code.

AASB 13.93d

2. This note should include only assets and liabilities carried or disclosed at fair value. Cash, term deposits, right of use assets, capital WIP, payables, borrowings etc. are not included in the fair value measurement note since they are not carried at fair value.

3. For Level 2 and 3 **assets or liabilities**, councils need to provide a description of the valuation technique(s) and the inputs used in the fair value measurement. If there has been a change in valuation technique (for example, changing from a cost approach to an income approach), this change should be disclosed along with the reason for it. This may be presented in a tabular format.

4. A council shall determine appropriate classes of assets and liabilities for these fair value disclosures on the basis of the following:
  - a) the nature, characteristics and risks of the asset or liability; and
  - b) the level of the fair value hierarchy within which the fair value measurement is categorised.
5. The number of classes may need to be greater for fair value measurements categorised within Level 3 of the fair value hierarchy because those measurements have a greater degree of uncertainty and subjectivity. Determining appropriate classes of assets and liabilities for which disclosures about fair value measurements should be provided requires judgement.
6. A council needs to provide sufficient information to permit reconciliation to the line items presented in the Statement of Financial Position.
7. Example disclosures for basis of valuation for investment property:
  - a. The council obtains independent valuations of its investment property portfolio on an annual basis, and at the end of each reporting period the financial statements reflect the most up-to-date valuation.
  - b. The best evidence of fair value is the current price in an active market for similar assets. The following information is used where necessary:
    - i. current prices in an active market for different types of properties, or similar properties in a less active market
    - ii. discounted cash flow projections based on management's best estimates of future cash inflows and outflows.
  - c. All investment property valuations are included in Level 3 of the hierarchy. The key unobservable input to the valuation is the price per square metre.
  - d. The fair value of investment properties is determined on an annual basis by independent, qualified valuers who have experience in the location of the property. The council reviews the valuation reports and discusses significant movements with the valuers.
  - e. As at [year end date] the valuation of the investment property portfolio was performed by FGH Valuers. There has been no change to the valuation process during the reporting period.
8. Example unobservable inputs for investment property

Asset/liability category	Carrying amount (at fair value)	Key unobservable inputs	Expected range of inputs
Investment property	\$ xx	estimated rental value (/m2)	\$yy - \$zz /m2
		Rental growth (per annum)	xx% - yy%
		long-term vacancy rates	yy% - zz%
		discount rate	xx% - yy%

AASB 13.95

9. If there are any transfers between levels of the hierarchy, an illustrative disclosure is included below:

**Transfers between levels of the hierarchy**

10. The following assets/liabilities that are measured at fair value on a recurring basis have been subject to a transfer between levels of the hierarchy.
11. NSW Council's policy for determining when transfers into different levels of the hierarchy have occurred at [the date of the event or change in circumstances that caused the transfer/the beginning of the reporting period/the end of the reporting period] (delete as applicable).

**Transfers from Level 2 to Level 3**

Asset/liability	\$'000
[insert relevant information]	
[Provide details of the reasons for the transfers]	

**Transfers from Level 3 to Level 2**

Asset/liability	\$'000
[insert relevant information]	
[Provide details of the reasons for the transfer]	

## E3-1 Contingencies

### Contingent liabilities

- a) NSW Council has been named as a defendant in a number of actions for undisclosed damages arising from the flooding of residential properties adjacent to a public road. It is not possible to estimate the potential financial impact of these claims and NSW Council is defending these actions.
- b) NSW Council provides bank guarantees to the value of \$4.5 million to secure its self-insurance license for workers' compensation. The guarantee is provided to icare NSW.

### Defined benefit plan

NSW 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 AASB 119 *Employee Benefits* for the following reasons:

- a) Assets are not segregated within the sub-group according to the employees of each sponsoring employer.
- b) 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.
- c) Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer.
- d) 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 standard employer contributions and additional lump sum contributions to the fund.

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

Division B	[Council to enter information]
Division C	
Division D	

The additional lump sum contribution for each pooled employer is a share of the total additional contributions of \$xx per annum from 1 July xxxx to 30 June xxxx, apportioned according to each employer's share of the accrued liabilities as at 30 June xxxx. These lump sum contributions are used to fund the deficit of assets to accrued liabilities as at 30 June xxxx.

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 Council.

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

The amount of employer contributions to the defined benefit section of the Scheme and recognised as an expense for the year ending 30 June 2024 was \$xx. The last valuation of the Scheme was performed by [insert name and qualifications] on [insert date], and covers the year ended 30 June xxxx.

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

The estimated employer reserves financial position for the pooled employees at 30 June xxxx is:

Employer reserves only*	\$millions	Asset coverage
Assets	[Council to complete]	
Past service liabilities		
Vested Benefits		

\* excluding member accounts and reserves on both assets and liabilities

The share of this deficit that is broadly attributed to NSW Council is estimated to be in the order of \$xx as at 30 June 2024.

NSW 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 NSW Council's accounts. NSW 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	_____
Salary inflation*	_____
Increases in CPI	_____
*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.

## Commentary – Contingencies

- Contingent assets and liabilities are to be disclosed with sufficient detail to allow the user to understand the nature of the item.

### Contingent liabilities

AASB 137.86

- Unless the possibility of any outflow in settlement is remote, a council shall disclose for each class of contingent liability at the end of the reporting period, a brief description of the nature of the contingent liability and, where practicable:
  - an estimate of its financial effect, measured under paragraphs 36-52 of AASB137
- an indication of the uncertainties relating to the amount or timing of any outflow
- the possibility of any reimbursement.

### Defined benefit plans

AASB 119.34

- Due to the nature of local government defined-benefit plans, it is not possible to account for these schemes as multi-employer defined-benefit plans. In accordance with AASB119 they are, therefore, accounted for as defined contribution plans.

AASB 119.148

- Councils receive a standard letter from **Active** Super each year providing information to include in their financial statements in respect of the defined benefit funds that councils and employees contribute to. Councils should therefore ensure that the words included in the note are consistent with the specific letter received.

### Contingent assets

AASB 137.89

- Where an inflow of economic benefits is probable, a council shall disclose a brief description of the nature of the contingent assets at the end of the reporting period and, where practicable, an estimate of their financial effect.

### Disclosure that might seriously prejudice the position of the council

AASB 137.92

- In extremely rare cases, disclosure of some or all of the information required to be disclosed by paragraphs 84-89 of AASB137 can be expected to prejudice seriously the position of the council in a dispute with other parties on the subject matter of the provision, contingent liability or contingent asset. In such cases, a council need not disclose the information, but shall disclose the general nature of the dispute, together with the fact that, and reason why, the information has not been disclosed. An example of such disclosure is contained in Appendix D of AASB137.

## F. People and relationships

### F1. Related party disclosures

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

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

<b>Compensation</b>	<b>2024 \$'000</b>	<b>2023 \$'000</b>
Short-term benefits	1,387	1,357
Post-employment benefits	89	57
Other long-term benefits	64	61
Termination benefits	-	-
<b>Total</b>	<b>1,540</b>	<b>1,475</b>

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

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

<b>Nature of the transaction</b>		<b>Transactions during the year \$'000</b>	<b>Outstanding balances including commitments \$'000</b>	<b>Terms and conditions</b>	<b>Impairment provision on outstanding balances \$'000</b>	<b>Impairment expense \$'000</b>
<b>2024</b>						
Cleaning services	(i)	220	43	14 days	-	-
Heavy machinery	(ii)	357	2	14 days	-	-
<b>2023</b>						
Holiday Park management fees	(iii)	447	-	14 days	-	-

(i) NSW Council entered into a 3-year contract in 2024 with CleanMyOffice Limited, a company which is controlled by a member of the KMP of Council. The total contract value is \$660,000 and the contract was awarded through a preferred supplier arrangement based on market rates for these services. Amounts are payable on a quarterly basis for the duration of the contract.

(ii) NSW Council purchased earthmoving services and plant hire during the year from a company that has a close family member of NSW Council's KMP as a major shareholder. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms following NSW Council's procurement processes.

(iii) NSW Council had a contract for Holiday Park Management with a company which has a member of NSW Council's KMP as a director. The original contract was awarded through a competitive tender process based on market rates for these services. Amounts are payable on a monthly basis for the duration of the contract. The contract expired in 2023.

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

The aggregate amount of Councillor and Mayoral fees and associated expenses included in material and services in the Income Statement are:

	<b>2024 \$'000</b>	<b>2023 \$'000</b>
Mayoral fee	38	39
Councillors' fees	154	157
Councillors' (including Mayor) expenses	21	5
<b>Total</b>	<b>213</b>	<b>201</b>

## F1-3 Other related parties

### Other related parties

Type of related party:	Nature of the transactions	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provisions outstanding balances	Impairment expense
subsidiary /associate/ joint ventures /other		\$'000	\$'000		\$'000	\$'000
<b>2024</b>						
[Provide details]					-	-
2023						
[Provide details]					-	-

## F2 Other relationships

### F2-1 Audit fees

	2024 \$'000	2023 \$'000
Audit and other assurance services: Auditors of NSW Council – NSW Auditor-General:		
Audit of financial statements	87	79
Other assurance services	1	1
<b>Total fees paid or payable to the Auditor-General</b>	<b>88</b>	<b>80</b>

## Commentary

### Refer to Appendix I - section 5 of the Code, for specific guidance on AASB 124 *Related Party Disclosures*.

1. The fact that a transaction occurred at arm's length does not provide exemption from disclosure.
2. Transactions of a similar nature may be aggregated for the purpose of the disclosures.
3. Transactions with related parties include those transactions which were undertaken for nil consideration.
4. Ensure that materiality is considered as part of the disclosure and whether the disclosures will affect the decisions of the users – refer Appendix I.

#### Councillors expenses

5. Councillors' expenses are to be reported in accordance with s 217(1)(a1) of the Regulation. The total amount disclosed in this note should equal the total amount disclosed within Council's annual report.

#### Audit remuneration disclosure requirements

AASB 1054.10

6. NSW Auditor-General is the auditor of Councils and any work performed by a contract auditor on behalf of the NSW Auditor-General is included in the auditor's remuneration note.
7. Work performed additional to the audit of the financial statements, where an opinion is provided, is Other Assurance work (e.g., grant acquittals).
8. Amounts disclosed should only relate to work performed by the NSW Auditor-General or work performed by a contract auditor on behalf of the NSW Auditor-General.

## G. Other matters

### G1-1 Statement of Cash Flows information

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

	2024 \$'000	2023 \$'000
Operating result	(1,565)	38
Add / (less) non-cash items:		
(Gain) / loss on disposal of assets	13,809	11,371
Depreciation and amortisation	41,972	36,173
Impairment of receivables	-	-
Impairment of PPE	-	-
Profit on equity accounted investment	-	-
Revaluation on financial assets	-	-
Changes in assets and liabilities:		
Movements in operating assets and liabilities		
(Increase) / decrease of receivables	252	(1,821)
(Increase) / decrease of other assets	(123)	6
(Increase) / decrease inventories	369	(54)
(Increase) / decrease of contract asset	(417)	(359)
(Increase) / decrease of contract cost asset	(148)	(53)
Increase / (decrease) in trade payables	1,975	(1,224)
Increase / (decrease) in contract liabilities	157	(1,953)
Increase / (decrease) in employee benefit provision	650	560
Increase / (decrease) in other provisions	(144)	240
<b>Net Cash flows from operating activities</b>	<b>56,787</b>	<b>42,924</b>

#### (b) Non-cash financing and investing activities

Bushfire grants	-	-
Developer contributions in kind	-	-
Dedications	-	-
Other (specify if material)	1,511	1,544
	<b>1,511</b>	<b>1,544</b>

### Commentary – Statement of Cash Flows information

#### Non-cash financing and investing activities

AASB 107.43

- Investing and financing transactions that do not require the use of cash or cash equivalents are excluded from the Statement of Cash Flows. Although these transactions do not have a direct impact on current cash flows, they do affect the capital and asset structure of Council.
- An example of a non-cash transaction is the acquisition of assets by assuming directly related liabilities or through a donation.



**G2-1 Commitments**

	<b>2024</b>	2023
	<b>\$'000</b>	\$'000
<b>Capital commitments (exclusive of GST)</b>		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Buildings	<b>5,731</b>	204
Plant and equipment	<b>2,457</b>	-
Sewerage and water infrastructure	<b>4,299</b>	746
Road infrastructure	<b>2,944</b>	59
Other (specify if material)	-	-
<b>Total</b>	<b>15,431</b>	1,009

[Provide a description of the commitment in place] – E.g. The council has committed to a renovation of the library and recreation facilities which will take place over the next two years.

**Commentary - Commitments**

AASB 116.74c

AASB 138.22e

AASB 140.75h

1. Councils provide information about commitments as required under specific standards. This includes contractual commitments:
  - a) for the acquisition of property, plant and equipment
2. for the acquisition of intangible assets
3. to purchase, construct or develop investment property or for repairs, maintenance or enhancements
4. The amount to be disclosed in the minimum amount Council is committed to over the life of the contract. For example, if a waste collection contract (which is not a lease) is based on a fixed level of service plus a variable element, it would only be the fixed element that would be disclosed.
5. Council may have entered into contracts at the reporting date that don't require disclosure as commitments, for example Council has signed a master agreement for consulting services but a specific engagement has not been agreed at reporting date.

### G3-1 Events occurring after reporting date

On 10 July 2024 NSW Council's administration building was destroyed by fire. NSW Council is insured for the building, but it is presently not known whether the insurance is adequate to cover the full cost of reconstruction and business interruption.

On 1 August 2024 NSW Council entered into a waste disposal contract with ABC Waste Limited. Under this contract ABC Waste Ltd will take responsibility for management of NSW Council's waste disposal facility and collection and disposal of all domestic and trade waste in the NSW Council area for a period of ten years. The fee payable to ABC Waste Limited depends on the amount of waste generated and is estimated to be in the region of \$80 million over the 10-year period. Forty-seven employees ceased to be employed by NSW Council and became employees of ABC Waste Limited as a result of the arrangement.

The financial effects of the above events have not been brought to account at 30 June 2024.

### Commentary – Events occurring after reporting date

AASB 110.3

1. Events after reporting date are those events, favourable and unfavourable, that occur between the reporting date and the date when the financial statement is authorised for issue. Two types of events can be identified:
  - a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
2. those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

AASB 110.8

3. Council shall adjust the amounts recognised in its financial statements to reflect adjusting events after the reporting date. For example:
  - a) the settlement of a court case confirming Council had a liability at the reporting date
  - a. the discovery of fraud or errors that show the financial statements are incorrect.
  - b. Information received after the year end indicating an asset was impaired at the reporting date.

AASB 110.21

4. If non-adjusting events are material and could influence economic decisions taken on the basis of the financial statements, then Council should disclose
  - a) the nature of the event; and
  - a. an estimate of its financial effect, or a statement that the estimate cannot be made.
5. For example
  - a) Significant damage to infrastructure assets
  - b) change in legislation significantly impacting Council services
  - c) decision to withdraw from the provision of a significant services
  - d) commencement of major litigation arising from events occurring after balance date
  - e) announcement of proposed amalgamations or boundary changes

## G4. Changes from prior year statements

### G4-1 Changes in accounting policy

[Provide details of any changes in accounting policies during the year, including the reason for the change and the impact on the financial statements, as well as a third Statement of Financial Position if the impact at 1 July 2022 is material – the disclosure in Note G4-2 *Correction of errors* can be used for accounting policy changes.]

### Commentary - changes in accounting policies

AASB 101.10f

#### Third Statement of Financial Position

1. A third Statement of Financial Position is required where a change in accounting policy has resulted in a material change to the Statement of Financial Position previously presented at the opening comparative date.
2. If the retrospective change had nil or an immaterial impact on the Statement of Financial Position at the beginning of the comparative period, Council should state that fact rather than including the detailed disclosures.
3. The relevant line items which have changed should be presented in this note.

#### Changes in accounting policies

4. Council should specify whether the change in accounting policy is voluntary or due to an adoption of a new accounting standard.

#### Initial application of an Australian Accounting Standard

AASB 108.28

5. Where a new accounting standard is expected to affect a number of councils, the Code will provide illustrative disclosure. If the application of other accounting standards has a significant effect on Councils, the disclosure requirements of AASB 108.28 or specific transition disclosures from the relevant standard should be included.

#### Voluntary change in accounting policy

AASB 108.29

6. Councils who voluntarily change an accounting policy should do so only if the change provides reliable and more relevant information to the users. The relevant disclosures from AASB 108.29 should be included in the financial statements.

**G4-2 Correction of errors**

[If a material error relating to a prior period has been retrospectively adjusted in the financial statements, then a description of the nature and impact of the error should be provided.]

The errors identified above have been corrected by restating the balances at the beginning of the earliest period presented (1 July 2022) and taking the adjustment through to accumulated surplus/revaluation surplus [delete as appropriate depending on error] at that date. Comparatives have been changed to reflect the correction of errors. The impact on each line item at 1 July 2022 is shown in the table below.

**Changes to the opening Statement of Financial Position at 1 July 2022**

[Insert details of each line item which was impacted by the correction of the errors/change in accounting policy/ reclassification at 1 July 2022.]

	Original balance at 1 July 2022 \$'000	Increase/ (decrease) \$'000	Restated balance at 1 July 2022 \$'000
<b>Statement of Financial Position</b>			
[insert details of affected line item]			

[If the adjustment of the error had no impact or only an immaterial impact on the Statement of Financial Position at 1 July 2022, councils should state that fact rather than including the table above.]

**Adjustment to the comparative figures for the year ended 30 June 2023**

[Insert details of each line item which was impacted by the correction of the errors/change in accounting policy/ reclassification.]

	Original balance \$'000	Increase/(decrease) \$'000	Restated balance \$'000
<b>Statement of Financial Position</b>			
[insert details of affected line item]			
<b>Income Statement</b>			
[insert details of affected line item]			

**Commentary – Correction of errors**

- AASB 101.10f **Third Statement of Financial Position**
1. A third Statement of Financial Position is required where a change in accounting policy or correction of error has resulted in a material change to the Statement of Financial Position previously presented at the opening comparative date.
  2. The relevant line items which have changed should be presented in this note.
- Correction of errors**
- AASB 108.42
3. Specific guidance for accounting for errors is provided within AASB 108, however the basic principle is that prior period errors are to be accounted for in the period in which they occurred. This means that most prior period errors will be adjusted in the comparative year or opening equity of the comparative period.
- AASB 108.44
4. When it is impracticable to determine the period-specific effects of an error on comparative information for one or more prior periods presented, the council shall restate the opening balances of assets, liabilities and equity for the earliest period for which retrospective restatement is practicable (which may be the current period).

### G4-3 Changes in accounting estimates

[If any significant estimates have been amended during the year, e.g., useful life of IPPE, Councils should include information about the impact of these changes in the current year, as well as any potential impact on future years.]

#### Commentary - Changes in accounting estimates

- |             |  |
|-------------|--|
| AASB 108.36 | <ol style="list-style-type: none"> <li>1. The effect of a change in an accounting estimate, other than a change to which Paragraph 37 of AASB108 applies (refer below), shall be recognised prospectively by including it in profit or loss in:             <ol style="list-style-type: none"> <li>a) the period of the change if the change affects that period only; or</li> </ol> </li> <li>2. the period of the change and future periods if the change affects both.</li> </ol> |
| AASB 108.37 | <ol style="list-style-type: none"> <li>3. To the extent that a change in an accounting estimate gives rise to changes in assets and liabilities, or relates to an item of equity, it shall be recognised by adjusting the carrying amount of the related asset, liability or equity item in the period of the change.</li> <li>4. A change in accounting estimate is adjusted in the current and future periods. There is no impact on accumulated surplus.</li> </ol>               |
| AASB 108.39 | <ol style="list-style-type: none"> <li>5. Disclosure is required of the nature and amount of a change in an accounting estimate that has an effect in the current period or is expected to have an effect in future periods, except for the disclosure of the effect on future periods when it is impracticable to estimate that effect.</li> </ol>  |

## G5. Statement of developer contributions

### G5-1 Summary of developer contributions

Purpose	Opening balance at 1 July 2023 \$'000	Contributions received			Interest & investment income earned \$'000	Amounts expended \$'000	Internal borrowings \$'000	Held as restricted asset at 30 June 2024 \$'000	Cumulative balance of internal borrowings (to)/from \$'000
		Cash \$'000	Non-cash Land \$'000	Non-cash Other \$'000					
Drainage	471	5	-	-	13	-	-	489	-
Roads	2,431	83	-	-	69	-	-	2,583	-
Traffic facilities	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-
Open space	(290)	216	-	-	(5)	-	-	(79)	-
Community	860	205	-	-	27	-	-	1,092	-
Other (specify if material)	235	1	-	-	6	-	-	242	-
s7.11 under	3,707	510	-	-	110	-	-	4,327	-
s7.11 not under plans	207	7	-	-	5	-	-	219	-
s7.12 levies	123	183	-	-	6	-	-	312	-
s7.4 Planning agreements	97	-	-	-	2	-	-	99	-
Section 64	5,902	1,427	-	-	175	(573)	-	6,931	-
<b>Total contributions</b>	<b>10,036</b>	<b>2,127</b>	<b>-</b>	<b>-</b>	<b>298</b>	<b>(573)</b>	<b>-</b>	<b>11,888</b>	<b>-</b>

Under the Environmental Planning and Assessment Act 1979, NSW 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 NSW Council to borrow or use general revenue to fund the difference

### G5-2 Developer contributions by plan – Plan xx

Purpose	Opening balance at 1 July 2023 \$'000	Contributions received			Interest & investment income earned \$'000	Amounts expended \$'000	Internal borrowings \$'000	Held as restricted asset at 30 June 2024 \$'000	Cumulative balance of internal borrowings (to)/from \$'000
		Cash \$'000	Non-cash Land \$'000	Non-cash Other \$'000					

### G5-3 Contributions not under plans

Purpose	Opening balance at 1 July 2023 \$'000	Contributions received			Interest and investment income earned \$'000	Amounts expended \$'000	Internal borrowings \$'000	Held as restricted asset at 30 June 2024 \$'000	Cumulative balance of internal borrowings (to)/from \$'000
		Cash \$'000	Non-cash Land \$'000	Non-cash Other \$'000					
Drainage	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-
Traffic facilities	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-
Open space	-	-	-	-	-	-	-	-	-
Community facilities	-	-	-	-	-	-	-	-	-
Other (specify if material)	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Commentary – Statement of developer contributions

EPA Act 1979  
EPA Reg Cl.218(3)  
EPA Reg Cl.218A

1. All developer contributions received by Council are to be disclosed, distinguishing between cash and non-cash items. Contributions are recognised when a council gains control over the asset (cash or non-cash).
2. In relation to contributed infrastructure, Council gains control over the asset once it is available for Council (or public) use. The existence of a warranty or defect liability period does not allow the deferral of recognition of a contribution.
3. All contributions are to be recognised at fair value which is supportable by Council. Any adjustment from the developer contribution value flowing from a fair value assessment when control is obtained, must be accounted for through the income statement rather than the IPPE Revaluation Surplus.
4. Council must disclose the following information for each contribution plan in the notes to its annual financial report:
  - a) the opening and closing balances of money held by Council for the accounting period covered by the report
  - b) the value of land and material public benefits, other than land or money, contributed
  - c) the total amounts received by way of monetary Section 7.11 contributions or Section 7.12 levies during that period, by reference to the various kinds of public amenities or services for which they have been received
  - d) the total amounts spent in accordance with the contributions plan during that period, by reference to the various kinds of public amenities or services for which they have been spent
  - e) the outstanding obligations of Council to provide public amenities or services by reference to the various kinds of public amenities or services for which monetary Section 7.11 contributions or Section 7.12 levies have been received during that or any previous accounting period (to be disclosed in this note).

## G6. Statement of performance measures

### G6-1 Statement of performance measures – consolidated results

	Amounts 2024 \$'000	2024 indicators	2023 indicators	Benchmarks
<b>1. Operating performance</b>				<b>&gt;0</b>
Total continuing operating revenue <sup>1</sup> excluding capital grants and contributions less operating expenses <sup>2</sup>				
Total continuing operating revenue <sup>1</sup> excluding capital grants and contributions				
<b>2. Own source operating revenue</b>				<b>&gt;60%</b>
Total continuing operating revenue <sup>1</sup> excluding all grants and contributions				
Total continuing operating revenue <sup>1</sup> inclusive of all grants and contributions				
<b>3. Unrestricted current ratio</b>				<b>&gt;1.5x</b>
Current assets less all external restrictions				
Current liabilities less specific purpose liabilities				
<b>4. Debt service cover ratio</b>				<b>&gt;2x</b>
Operating results <sup>1</sup> before capital excluding interest and depreciation/impairment/amortisation				
Principal repayments (from the Statement of Cash Flows) + borrowing costs (from the Income Statement)				
<b>5. Rates and annual charges outstanding percentage</b>				<b>&lt;5% metro &lt;10%regional and rural</b>
Rates and annual charges outstanding				
Rates and annual charges collectable				
<b>6. Cash expense cover ratio</b>				<b>&gt;3 months</b>
Current year's cash and cash equivalents + term deposits				
Payments from cash flow of operating and financing activities				
		x12		

<sup>1</sup> 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

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



**G6-2 Statement of performance measures by fund**

	General indicators		Water indicators		Sewer indicators		Benchmarks
	2024	2023	2024	2023	2024	2023	
<b>1. Operating performance</b>							<b>&gt;0</b>
Total continuing operating revenue <sup>1</sup> excluding capital grants and contributions less operating expenses <sup>2</sup>							
Total continuing operating revenue <sup>1</sup> excluding capital grants and contributions							
<b>2. Own source operating revenue</b>							<b>&gt;60%</b>
Total continuing operating revenue <sup>1</sup> excluding all grants and contributions							
Total continuing operating revenue <sup>1</sup> inclusive of all grants and contributions							
<b>3. Unrestricted current ratio</b>							<b>&gt;1.5x</b>
Current assets less all external restrictions							
Current liabilities less specific purpose liabilities							
<b>4. Debt service cover ratio</b>							<b>&gt;2x</b>
Operating results <sup>1</sup> before capital excluding interest and depreciation/impairment/amortisation							
Principal repayments (from the Statement of Cash Flows) + borrowing costs (from the Income Statement)							
<b>5. Rates and annual charges outstanding percentage</b>							<b>&lt;5% metro</b>
Rates and annual charges outstanding							<b>&lt;10% regional &amp; rural</b>
Rates and annual charges collectable							
<b>6. Cash expense cover ratio</b>							<b>&gt;3 months</b>
Current year cash and cash equivalents + term deposits							} x12
Payments from cash flow of operating and financing activities							

<sup>1</sup> 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

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

## Commentary – Performance indicators

1. The consolidated performance indicators should include all results from Council including controlled entities.
2. Councils are required to include at least one year of comparatives. Council may choose to include more comparative periods however the same number of comparative periods should be shown for each ratio presented.
3. Where the Code includes metro and regional/rural benchmarks, Council should only include the benchmark which is relevant to them.

### 4. Operating performance

#### *Purpose*

This ratio measures the extent to which a council has succeeded in containing operating expenditure within operating revenue. It is important to emphasise that this ratio is focusing on operating performance, and hence capital grants and contributions, fair value adjustments, and reversal of revaluation decrements are excluded. Pensioner rate subsidies are included. The benchmark is greater than 0%.

Total continuing operations revenue<sup>1</sup> excluding capital grants and contributions less operating expenses<sup>2</sup>

Total continuing operations revenue<sup>1</sup> excluding capital grants and contributions

### 5. Own source operating revenue

#### *Purpose*

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions. A council's financial flexibility improves as its own source revenue increases. The benchmark is greater than 60%.

Total continuing operations revenue<sup>1</sup> less all grants and contributions

Total continuing operations revenue<sup>1</sup> inclusive of all grants and contributions

### 6. Unrestricted current ratio

#### *Purpose*

The 'unrestricted current ratio' is specific to local government and is designed to represent a council's ability to meet short-term obligations as they fall due. Restrictions placed on various funding sources (e.g., Section 7.11 developer contributions, RMS contributions) complicate the traditional current ratio used to assess liquidity of businesses, as cash allocated to specific projects is restricted and cannot be used to meet a council's other operating and borrowing costs. The benchmark is greater than 1.5 times.

Current assets less all external restrictions

Current liabilities less specific purpose liabilities

#### **Calculation of unrestricted current ratio**

*Current assets less externally restricted assets*

Current assets less all external restrictions\*

Less inventories shown in current but not expected to be realised in next 12 months.

Current liabilities less specific purpose liabilities

Total current liabilities as shown in the Statement of Financial Position less specific purpose liabilities Less ELE and deposits/retentions shown in current but not expected to be paid in next 12 months.

\*External restrictions shown in current cash and cash equivalents, investments, receivables and other assets.

<sup>1</sup> 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

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

## Commentary – Performance indicators

### Current assets less all external restrictions

- specific purpose unexpended loans
- RMS advances
- self-insurance claims
- other (included in liabilities)
- developer contributions
- RMS contributions
- specific purpose unexpended grants
- water
- sewerage
- DWM
- other (included in revenue)

### Restricted receivables (current)

- specific purpose unexpended loans
- RMS advances
- self-insurance claims
- other (included in liabilities)
- developer contributions
- RMS contributions
- specific purpose unexpended grants
- water
- sewerage
- DWM
- other (included in revenue)

### Restricted other assets (current)

- stores and materials (water, sewerage, DWM, other)
- trading stock (water, sewerage, DWM, other)
- prepayments (water, sewerage, DWM, other).

### Current liabilities less all specific purpose liabilities

- payables (water, sewerage, DWM, other)
- interest bearing liabilities (water, sewerage, DWM, other)
- provisions (water, sewerage, DWM, other)

#### 7. Debt service cover ratio

##### *Purpose*

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments. The benchmark is greater than two times.

Operating results before capital excluding interest and depreciation

Principal repayments (from the Statement of Cash Flows) +  
borrowing costs (from the Income Statement).

#### 8. Rates and annual charges outstanding

##### *Purpose*

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

The benchmark is <5% metro; <10% regional and rural.

Rates and annual charges outstanding

Rates and annual charges collectable

Outstanding rates and annual charges, and related interest and extra charges (current and non-current) [receivables note].

less

Impairment of receivables (rates and annual charges and related interest and extra charges) (current and non-current) [receivables note]

## Commentary – Performance indicators

Rates and annual charges collectable

Rates and annual charges levied for the year [Income Statement]; and interest and extra charges levied during the year [income note]; and misc. fees and charges for overdue or recovery of rates [income note]; and rates and annual charges outstanding, and related interest and extra charges for the previous year(s) (current and non-current) [receivables note].

less

Impairment of receivables for previous year(s) (rates and annual charges and related interest and extra charges) (current and non-current) [receivables note].

9. Cash expense cover ratio

*Purpose*

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

$$\left[ \frac{\text{Current year's cash equivalents + term deposits}}{\text{Payments from cash flow of operating and financing activities}} \right] \times 12$$

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10. Where there has been a change in council policy which affects the calculation of an indicator, then the change in policy must be disclosed in the note and the current and previous periods recalculated in accordance with the revised policy.

**End of the audited financial statements**