



Hawkesbury River County Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023



Hawkesbury River County Council

General Purpose Financial Statements

for the year ended 30 June 2023

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Overview

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

6 Walker Street
South Windsor NSW 2756

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

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

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

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

Hawkesbury River County Council

General Purpose Financial Statements

for the year ended 30 June 2023

Understanding Council's Financial Statements

Introduction

Each year NSW local governments are required to present audited financial statements to their council and community.

What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2023.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and requirements as set down by the Office of Local Government.

About the Councillor/Management Statement

The financial statements must be certified by senior staff as 'presenting fairly' the Council's financial results for the year and are required to be adopted by Council – ensuring both responsibility for and ownership of the financial statements.

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

Summarises Council's financial performance for the year, listing all income and expenses. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

2. The Statement of Comprehensive Income

Primarily records changes in the fair value of Council's Infrastructure, property, plant and equipment.

3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its assets, liabilities and "net wealth".

4. The Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "net wealth".

5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the five primary financial statements.

About the Auditor's Reports

Council's financial statements are required to be audited by the NSW Audit Office.

In NSW the auditor provides 2 audit reports:

1. an opinion on whether the financial statements present fairly the Council's financial performance and position, and
2. their observations on the conduct of the audit, including commentary on the Council's financial performance and financial position.

Who uses the Financial Statements?

The financial statements are publicly available documents and must be presented at a Council meeting between seven days and five weeks after the date of the audit report.

The public can make submissions to Council up to seven days subsequent to the public presentation of the financial statements.

Council is required to forward an audited set of financial statements to the Office of Local Government.

Hawkesbury River County Council

General Purpose Financial Statements

for the year ended 30 June 2023

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 12 October 2023.



Clr. Karen McKeown
Chairperson
12 October 2023



Clr. Jerome Cox
Deputy
12 October 2023



Chris Dewhurst
General Manager
12 October 2023



Chris Dewhurst
Responsible Accounting Officer
12 October 2023

Hawkesbury River County Council

Income Statement

for the year ended 30 June 2023

Original unaudited budget				Actual	Actual
2023	\$ '000		Notes	2023	2022
		Income from continuing operations			
22	User charges and fees		B2-1	6	10
125	Other revenues		B2-2	26	23
1,213	Grants and contributions provided for operating purposes		B2-3	1,149	1,462
20	Interest and investment income		B2-4	46	9
-	Net gain from the disposal of assets		B4-1	-	67
<u>1,380</u>	Total income from continuing operations			<u>1,227</u>	<u>1,571</u>
		Expenses from continuing operations			
940	Employee benefits and on-costs		B3-1	714	769
361	Materials and services		B3-2	531	415
80	Depreciation, amortisation and impairment of non-financial assets		B3-3	97	100
<u>1,381</u>	Total expenses from continuing operations			<u>1,342</u>	<u>1,284</u>
(1)	Operating result from continuing operations			<u>(115)</u>	<u>287</u>
(1)	Net operating result for the year attributable to Council			<u>(115)</u>	<u>287</u>
-	Net operating result for the year before grants and contributions provided for capital purposes			<u>(115)</u>	<u>287</u>

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

Hawkesbury River County Council

Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	2022
Net operating result for the year – from Income Statement		(115)	287
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	79	254
Total items which will not be reclassified subsequently to the operating result		79	254
Total other comprehensive income for the year		79	254
Total comprehensive income for the year attributable to Council		(36)	541

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

Hawkesbury River County Council

Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	2022
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	998	631
Investments	C1-2	500	900
Receivables	C1-4	73	77
Inventories	C1-5	3	6
Other	C1-7	7	8
Total current assets		1,581	1,622
Non-current assets			
Infrastructure, property, plant and equipment (IPPE)	C1-6	1,777	1,783
Total non-current assets		1,777	1,783
Total assets		3,358	3,405
LIABILITIES			
Current liabilities			
Payables	C2-1	43	114
Contract liabilities	C2-2	215	132
Employee benefit provisions	C2-3	168	191
Total current liabilities		426	437
Total liabilities		426	437
Net assets		2,932	2,968
EQUITY			
Accumulated surplus		1,331	1,446
IPPE revaluation reserve	C3-1	1,601	1,522
Council Funds interest		2,932	2,968
Total equity		2,932	2,968

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

Hawkesbury River County Council

Statement of Changes in Equity

for the year ended 30 June 2023

\$ '000	Notes	2023			2022		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		1,446	1,522	2,968	1,159	1,268	2,427
Net operating result for the year		(115)	–	(115)	287	–	287
Other comprehensive income							
Gain on revaluation of infrastructure, property, plant and equipment	C1-6	–	79	79	–	254	254
Other comprehensive income		–	79	79	–	254	254
Total comprehensive income		(115)	79	(36)	287	254	541
Closing balance at 30 June		1,331	1,601	2,932	1,446	1,522	2,968

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

Hawkesbury River County Council

Statement of Cash Flows

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
Cash flows from operating activities				
<i>Receipts:</i>				
-	User charges and fees		7	11
-	Interest received		36	8
-	Grants and contributions		1,347	1,621
-	Other		42	(32)
<i>Payments:</i>				
-	Payments to employees		(729)	(790)
-	Payments for materials and services		(564)	(450)
-	Other		(160)	(42)
-	Net cash flows from operating activities	G1-1	(21)	326
Cash flows from investing activities				
<i>Receipts:</i>				
-	Proceeds from sale of IPPE		2	185
<i>Payments:</i>				
-	Acquisition / (redemption) of term deposits		400	(550)
-	Payments for IPPE		(14)	(244)
-	Net cash flows from investing activities		388	(609)
-	Net change in cash and cash equivalents		367	(283)
-	Cash and cash equivalents at beginning of year		631	914
-	Cash and cash equivalents at end of year	C1-1	998	631

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

Hawkesbury River County Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 12 October 2023. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

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

Council is a not for-profit entity.

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

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements.

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- i. estimated fair values of infrastructure, property, plant and equipment – refer Note C1-6
- ii. employee benefit provisions – refer Note C2-3

Significant judgements in applying the Council's accounting policies

Council has made a significant judgement about the impairment of a number of its receivables

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

Monies and other assets received by Council

The Consolidated Fund

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

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

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

A1-1 Basis of preparation (continued)

- General purpose operations

The Trust Fund

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

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

Goods and Services Tax (GST)

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

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

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

Volunteer services

Council does not rely on volunteers to perform its work. We have decided not to recognise the work done by Volunteers as we do not consider the amount to be material.

New accounting standards adopted during the year

No new accounting standards applicable during the year for the first time had a significant impact on Council.

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 2023 reporting periods.

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

Council has assessed that the likely impact of these to not be significant.

B Financial Performance

B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Functions or activities										
Governance	-	-	-	-	-	-	-	-	1,525	1,568
Environment	1,181	1,495	1,342	1,284	(161)	211	1,016	1,244	1,833	2,289
General Purpose Income	46	9	-	-	46	9	-	-	-	-
Other	-	67	-	-	-	67	133	218	-	(452)
Total functions and activities	1,227	1,571	1,342	1,284	(115)	287	1,149	1,462	3,358	3,405

B1-2 Components of functions or activities

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

Governance

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

Environment

Noxious plants control.

General Purpose Income

Council receives Interest on the money it has Invested.

Other Revenue

Council receives Commissions & Agency Fees on the projects it manages.

B2 Sources of income

B2-1 User charges and fees

\$ '000	2023	2022
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s608)		
Private works – section 67	6	10
Total fees and charges – statutory/regulatory	6	10
Total other user charges and fees	6	10
Total user charges and fees	6	10
Timing of revenue recognition for user charges and fees		
User charges and fees recognised at a point in time (2)	6	10
Total user charges and fees	6	10

Accounting policy

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

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

B2-2 Other revenues

\$ '000	2023	2022
Employee contribution on motor vehicle	20	19
Sales – general	6	4
Total other revenue	26	23

Timing of revenue recognition for other revenue

Other revenue recognised at a point in time (2)	26	23
Total other revenue	26	23

Accounting policy for other revenue

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

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

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

B2-3 Grants and contributions

\$ '000	Notes	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Cash contributions					
Previously specific grants:					
Environmental Programs	B2-3	496	386	–	–
Constituent councils	B2-3	653	1,076	–	–
Total grants and non-developer contributions		1,149	1,462	–	–
Comprising:					
– State funding		496	386	–	–
– Local Council members		653	1,076	–	–
		1,149	1,462	–	–

Unspent grants and contributions

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

\$ '000	Operating 2023	Operating 2022	Capital 2023	Capital 2022
Unspent grants and contributions				
Unspent funds at 1 July	132	97	–	–
Add: Funds received and not recognised as revenue in the current year	363	214	–	–
Less: Funds received in prior year but revenue recognised and funds spent in current year	(280)	(179)	–	–
Unspent funds at 30 June	215	132	–	–

Accounting policy

The AASB notation (above) identifies the revenue recognition pattern for material items of Council revenue:

15 (1) indicates income recognised under AASB 15 “at a point in time”,

15 (2) indicates income recognised under AASB 15 “over time”,

1058 (1) indicates income recognised under AASB 1058 “at a point in time”, while

B2-3 Grants and contributions (continued)

1058 (2) indicates income recognised under AASB 1058 “over time”.

Grant income under AASB 15

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue are recognised when control of each performance obligations is satisfied.

The performance obligations are varied based on the agreement but include obligations in grants agreements. 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.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

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

Grant income

Assets arising from grants in the scope of AASB 1058 are recognised at the assets fair value when the asset is received. Councils 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

Capital grants

Capital grants received to enable Council to acquire or construct an item of infrastructure, property, plant and equipment to identified specifications which will be under Council’s control and which is enforceable 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 as there is no profit margin.

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

B2-4 Interest and investment income

\$ '000	2023	2022
Interest on financial assets measured at amortised cost		
– Cash and investments	46	9
Total interest and investment income (losses)	46	9
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
General Council cash and investments	46	9
Total interest and investment income	46	9

Accounting policy

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

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2023	2022
Salaries and wages	629	656
Employee leave entitlements (ELE)	(2)	29
Superannuation	66	66
Workers' compensation insurance	16	12
Protective clothing	5	6
Total employee costs expensed	714	769

Accounting policy

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

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

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

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

B3-2 Materials and services

\$ '000	Notes	2023	2022
Raw materials and consumables		5	3
Audit Fees	E2-1	18	14
Councillor and Mayoral fees and associated expenses	E1-2	71	53
Cleaning		4	3
Computer software charges		17	18
Electricity and heating		3	2
Insurance		85	77
Office expenses (including computer expenses)		14	22
Postage		4	4
Printing and stationery		4	4
Telephone and communications		10	10
Travel expenses		(17)	–
Depot services		12	10
Training costs (other than salaries and wages)		7	8
Other expenses		34	25
Other grant and other programs		211	108
Plant running		49	54
Total materials and services		531	415

Accounting policy

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

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

\$ '000	Notes	2023	2022
Depreciation and amortisation			
Plant and equipment		83	89
Office equipment		10	7
Infrastructure:	C1-6		
– Buildings – specialised		4	4
Total gross depreciation and amortisation costs		97	100
Total depreciation and amortisation costs		97	100
Total depreciation, amortisation and impairment for non-financial assets		97	100

Accounting policy

Depreciation and amortisation

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

Impairment of non-financial assets

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

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.

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

\$ '000	Notes	2023	2022
Gain (or loss) on disposal of plant and equipment	C1-6		
Proceeds from disposal – plant and equipment		2	185
Less: carrying amount of plant and equipment assets sold/written off		(2)	(118)
Gain (or loss) on disposal		–	67

Accounting policy

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement.

The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer and the asset is de-recognised.

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 09 June 2022 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Revenues				
User charges and fees Budget Sales did not eventuate	22	6	(16)	(73)% U
Other revenues Budget Sales did not eventuate	125	26	(99)	(79)% U
Operating grants and contributions	1,213	1,149	(64)	(5)% U
Interest and investment revenue Interest Rates increased much faster then what was budgeted	20	46	26	130% F
Net gains from disposal of assets	-	-	-	∞ F
Expenses				
Employee benefits and on-costs We did not need as many staff as we had budgeted on	940	714	226	24% F
Materials and services Costs on these items were rising faster then budgeted	361	531	(170)	(47)% U
Depreciation, amortisation and impairment of non-financial assets Depreciation was greater than expected when the budget was done	80	97	(17)	(21)% U
Statement of cash flows				
Cash flows from operating activities	-	(21)	(21)	∞ U
Cash flows from investing activities	-	388	388	∞ F

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2023	2022
Cash assets		
Cash on hand and at bank	137	8
Cash equivalent assets		
– Short-term deposits	861	623
Total cash and cash equivalents	998	631

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	998	631
Balance as per the Statement of Cash Flows	998	631

Accounting policy

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

C1-2 Financial investments

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Debt securities at amortised cost				
Long term deposits	500	–	900	–
Total	500	–	900	–
Total financial investments	500	–	900	–
Total cash assets, cash equivalents and investments	1,498	–	1,531	–

Accounting policy

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

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

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

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

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

\$ '000	2023	2022
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	1,498	1,531
Cash, cash equivalents and investments not subject to external restrictions	1,283	1,399
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	215	132
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Total external restrictions	215	132

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

C1-4 Receivables

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Accrued revenues				
– Interest on investments	12	–	2	–
Amounts due from other councils	19	–	44	–
Other debtors	42	–	31	–
Total	73	–	77	–
Total net receivables	73	–	77	–

C1-5 Inventories

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
(i) Inventories at cost				
Stores and materials	3	-	6	-
Total inventories at cost	3	-	6	-
Total inventories	3	-	6	-

Accounting policy

Raw materials and stores, work in progress and finished goods

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

C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period			At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions new assets	Depreciation expense	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000									
Plant and equipment	887	(578)	309	2	(83)	–	889	(661)	228
Office equipment	145	(121)	24	10	(10)	–	153	(129)	24
Land:									
– Operational land	1,155	–	1,155	–	–	60	1,230	–	1,230
Infrastructure:									
– Buildings – specialised	518	(223)	295	–	(4)	19	522	(227)	295
Total infrastructure, property, plant and equipment	2,705	(922)	1,783	12	(97)	79	2,794	(1,017)	1,777

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

By aggregated asset class	At 1 July 2021			Asset movements during the reporting period			At 30 June 2022		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions new assets	Depreciation expense	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000									
Plant and equipment	953	(662)	291	226	(89)	–	887	(578)	309
Office equipment	147	(122)	25	6	(7)	–	145	(121)	24
Land:									
– Operational land	911	–	911	–	–	244	1,155	–	1,155
Infrastructure:									
– Buildings – specialised	495	(219)	276	13	(4)	10	518	(223)	295
Total infrastructure, property, plant and equipment	2,506	(1,003)	1,503	245	(100)	254	2,705	(922)	1,783

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

Accounting policy

Infrastructure, property, plant and equipment are held at fair value. Independent comprehensive valuations are performed at least every five years, however the carrying amount of assets is assessed by Council at each reporting date to confirm that it is not materially different from current fair value. A valuation was done on the land & buildings as at 30/6/2023 by an independent valuer and our land & buildings have been adjusted to match the independent valuer.

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

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

When infrastructure, property, plant and equipment are acquired by Council for nil or nominal consideration, the assets are initially recognised at their fair value at acquisition date.

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

Plant and Equipment	Years	Buildings	Years
Office furniture & equipment	2 to 20	Buildings: masonry	50 to 100
Computer Equipment	4	Buildings: other	10 to 40
Vehicles	5 to 8		
Other plant and equipment	5 to 15		

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

C1-7 Other

Other assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Prepayments	7	–	8	–
Total other assets	7	–	8	–

Current other assets not anticipated to be settled within the next 12 months

The following inventories and other assets, even though classified as current are not expected to be recovered in the next 12 months;

C2 Liabilities of Council

C2-1 Payables

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Goods and services – operating expenditure	5	–	5	–
Accrued expenses:				
– Salaries and Wages & PAYG Withholding	31	–	23	–
– Expense other	9	–	15	–
ATO – net GST payable	(2)	–	71	–
Total payables	43	–	114	–

Accounting policy

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

Payables 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.

C2-2 Contract Liabilities

Contract liabilities relating to restricted assets

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Externally restricted assets				
Unspent grants held as contract liabilities	215	–	132	–
Contract liabilities relating to externally restricted assets	215	–	132	–
Total contract liabilities relating to restricted assets	215	–	132	–
Total contract liabilities	215	–	132	–

Accounting policy

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

C2-3 Employee benefit provisions

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
Annual leave	56	–	49	–
Long service leave	112	–	142	–
Total employee benefit provisions	168	–	191	–

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

\$ '000	2023	2022
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	112	142
	112	142

Accounting policy

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

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

C3 Reserves

C3-1 Nature and purpose of reserves

IPPE Revaluation reserve

The infrastructure, property, plant and equipment revaluation reserve is used to record increments / decrements of non-current asset values due to their revaluation.

D Risks and accounting uncertainties

D1-1 Risks relating to financial instruments held

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

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

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

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

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

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables, term deposits** – are estimated to be the carrying value that approximates market value.
- Financial assets classified (i) **'at fair value through profit and loss'** or (ii) **'available-for-sale'** – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

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

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

The risks associated with the instruments held are:

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

(a) Market risk – interest rate and price risk

\$ '000	2023	2022
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	10	13
Impact of a 10% movement in price of investments		

(b) Credit risk

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

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

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

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 material receivables that have been subjected to a re-negotiation of repayment terms.

Receivables - non-rates and annual charges and contract assets

Council applies the simplified approach for non-rates and annual charges debtors to provide for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision. To measure the expected credit losses, non-rates and annual charges debtors have been grouped based on shared credit risk characteristics and the days past due. Historically our bad debts are nil.

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2023						
Gross carrying amount	73	–	–	–	–	73
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	–	–	–	–	–	–
2022						
Gross carrying amount	77	–	–	–	–	77
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	–	–	–	–	–	–

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

(c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in: ≤ 1 Year	1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2023							
Payables	0.00%	–	43	–	–	43	43
Total financial liabilities		–	43	–	–	43	43
2022							
Payables	0.00%	–	114	–	–	114	114
Total financial liabilities		–	114	–	–	114	114

D2-1 Fair value measurement

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

– Infrastructure, property, plant and equipment

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

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

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

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

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

\$ '000	Notes	Fair value measurement hierarchy							
		Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2023	2022	2023	2022	2023	2022	2023	2022
Recurring fair value measurements									
Infrastructure, property, plant and equipment C1-6									
Land at Fair Valuation	30/06/2023	30/06/22	1,230	1,155	–	–	1,230	1,155	
Buildings at Fair Valuation	30/06/2023	30/06/22	–	–	295	295	295	295	
Total infrastructure, property, plant and equipment			1,230	1,155	295	295	1,525	1,450	

Valuation techniques

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

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

Infrastructure, property, plant and equipment (IPPE)

For the Land & Buildings, the Council uses a registered Valuer to determine the fair value every 5 years.

Highest and best use

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

E People and relationships

E1 Related party disclosures

E1-1 Key management personnel (KMP)

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

There were no other transactions with KMP and their related parties in the current year.

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

\$ '000	2023	2022
Compensation:		
Short-term benefits	235	178
Total	235	178

E1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2023	2022
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Member expenses – chairperson fee	12	9
Member expenses – members' fees	50	40
Members' expenses (incl. chairperson) – other (excluding fees above)	9	4
Total	71	53

E2 Other relationships

E2-1 Audit fees

\$ '000	2023	2022
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During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

Auditors of the Council - NSW Auditor-General:

(i) Audit and other assurance services

Audit and review of financial statements

18	14
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Remuneration for audit and other assurance services

18	14
----	----

Total Auditor-General remuneration

18	14
----	----

F Other matters

F1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

\$ '000	2023	2022
Net operating result from Income Statement	(115)	287
Add / (less) non-cash items:		
Depreciation and amortisation	97	100
(Gain) / loss on disposal of assets	–	(67)
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	4	(75)
(Increase) / decrease of inventories	3	(1)
Decrease/(increase) in other assets	1	(8)
Increase / (decrease) in payables	–	5
Increase / (decrease) in other accrued expenses payable	2	4
Increase / (decrease) in other liabilities	(73)	71
Increase / (decrease) in contract liabilities	83	35
Increase/(decrease) in employee leave entitlements	(23)	(25)
Net cash flows from operating activities	(21)	326

F2-1 Events occurring after the reporting date

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

F3 Statement of performance measures

F3-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2023	Indicator 2023	Indicators 2022 2021		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(115)	(9.37)%	14.63%	(5.41)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	1,227				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	78	6.36%	2.79%	10.68%	> 60.00%
Total continuing operating revenue ¹	1,227				
3. Unrestricted current ratio					
Current assets less all external restrictions	1,366	13.80x	9.14x	11.62x	> 1.50x
Current liabilities less specific purpose liabilities	99				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	(18)	∞	∞	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	-				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	1,498	12.37 months	14.33 months	10.22 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	121				

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

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

F3-2 Statement of performance measures by fund

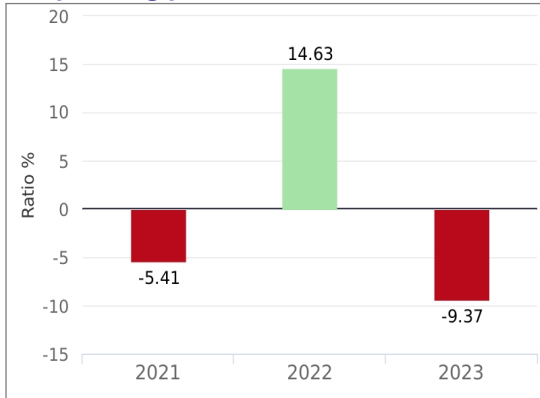
\$ '000	General Indicators ³		Benchmark
	2023	2022	
1. Operating performance ratio			
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(9.37)%	14.63%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹			
2. Own source operating revenue ratio			
Total continuing operating revenue excluding capital grants and contributions ¹	6.36%	2.79%	> 60.00%
Total continuing operating revenue ¹			
3. Unrestricted current ratio			
Current assets less all external restrictions	13.80x	9.14x	> 1.50x
Current liabilities less specific purpose liabilities			
4. Debt service cover ratio			
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	∞	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)			
6. Cash expense cover ratio			
Current year's cash and cash equivalents plus all term deposits	12.37 months	14.33 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities			

End of the audited financial statements

G Additional Council disclosures (unaudited)

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

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2022/23 result

2022/23 ratio (9.37)%

Management is happy with the operating expenses.

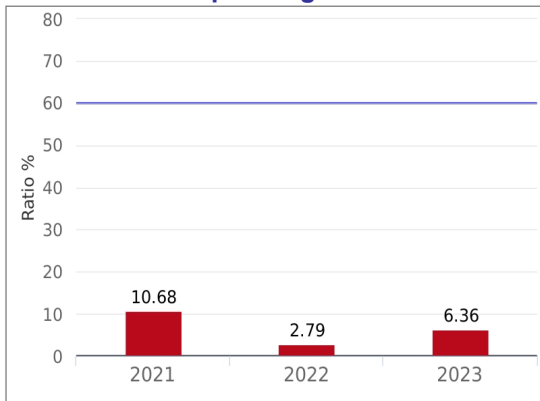
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2022/23 result

2022/23 ratio 6.36%

Council relies on external funding sources.

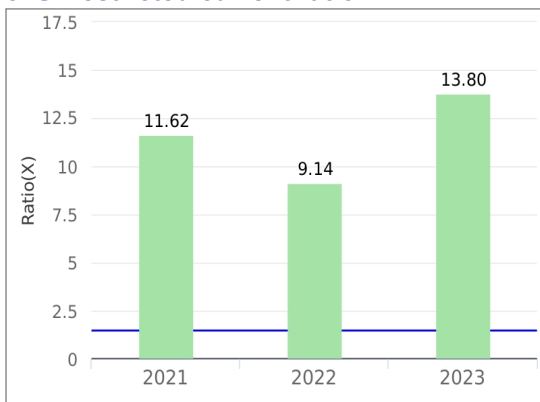
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2022/23 result

2022/23 ratio 13.80x

Council is confident it has adequate working capital to cover its short term activities.

Benchmark: — > 1.50x

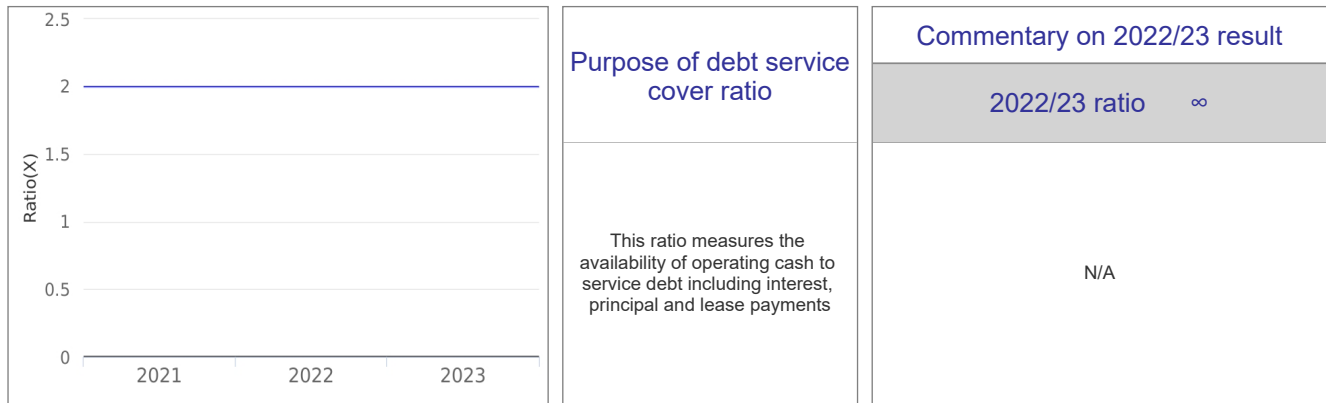
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

4. Debt service cover ratio



Purpose of debt service cover ratio

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

Commentary on 2022/23 result

2022/23 ratio ∞

N/A

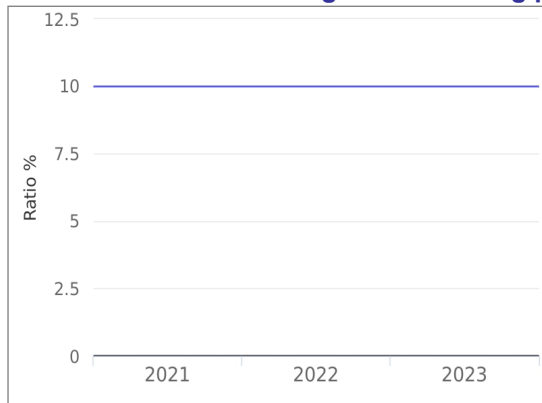
Benchmark: — > 2.00x

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2022/23 result

2022/23 ratio ∞

N/A

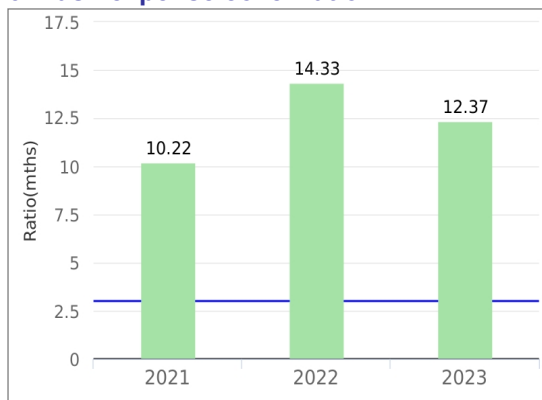
Benchmark: — < 10.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.

Commentary on 2022/23 result

2022/23 ratio 12.37 months

Management believe's that we will not have a short term problem meeting our future obligations.

Benchmark: — > 3.00months

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

G1-2 Financial review

Key financial figures of Council over the past 5 years

\$ '000	2023	2022	2021	2020	2019
Inflows:					
User charges revenue	6	10	11	88	76
Interest and investment revenue (losses)	46	9	16	29	48
Grants income – operating and capital	1,149	1,462	1,238	1,251	519
Total income from continuing operations	1,227	1,571	1,453	1,491	1,527
Sale proceeds from IPPE	2	185	87	28	78
Outflows:					
Employee benefits and on-cost expenses	714	769	942	901	1,105
Materials and contracts expenses	531	415	416	383	159
Total expenses from continuing operations	1,342	1,284	1,461	1,402	1,595
Total cash purchases of IPPE	14	244	126	153	121
Operating surplus/(deficit) (excl. capital income)	(115)	287	(8)	89	(68)
Financial position figures					
Current assets	1,581	1,622	1,271	1,408	2,519
Current liabilities	426	437	347	473	1,676
Net current assets	1,155	1,185	924	935	843
Available working capital (Unrestricted net current assets)	1,323	1,376	1,140	1,180	731
Cash and investments – unrestricted	1,283	1,399	1,167	1,173	1,259
Cash and investments – total	1,498	1,531	1,264	1,366	1,615
Total value of IPPE (excl. land and earthworks)	1,564	1,550	1,595	1,915	1,648
Total accumulated depreciation	1,017	922	1,003	1,326	1,112
Indicative remaining useful life (as a % of GBV)	35%	41%	37%	31%	33%

Source: published audited financial statements of Council (current year and prior year)

G1-3 Council information and contact details

Principal place of business:

6 Walker Street
South Windsor NSW 2756

Contact details

Mailing Address:

PO Box 6021
South Windsor DC 2756

Telephone: (02) 4574 9600

Facsimile: (02) 4587 7354

Opening hours:

8:30am - 4:00pm
Monday to Friday

Internet: www.hrcc.nsw.gov.au

Email: council@hrcc.nsw.gov.au

Officers

General Manager

Chris Dewhurst

Responsible Accounting Officer

Chris Dewhurst

Public Officer

Chris Dewhurst

Auditors

Audit Office of NSW
Level 19, Tower 2 Darling Park
201 Sussex St
Sydney NSW 2000

Elected members

Chairperson

Clr. Karen McKeown

Councillors

Clr. Karen McKeown
Clr. Jerome Cox
Clr. Marlene Shipley
Clr. Jessica Brazier
Clr. Julie Griffiths
Clr. Brad Bunting
Clr. Danielle Wheeler
Clr. Amanda Kotlash

Other information

ABN: 21 896 475 450



Clr Karen McKeown OAM
Chairperson
Hawkesbury River County Council
PO Box 6021
SOUTH WINDSOR NSW 2756

Contact: Kenneth Leung
Phone no: 02 9275 7257
Our ref: R008-16585809-46487/1818

25 October 2023

Dear Clr McKeown

**Report on the Conduct of the Audit
for the year ended 30 June 2023
Hawkesbury River County Council**

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

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

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



INCOME STATEMENT

Operating result

	2023	2022	Variance
	\$'000	\$'000	%
Rates and annual charges revenue	6	10	40
Grants and contributions revenue	1,149	1,462	21
Operating result from continuing operations	(115)	287	140
Net operating result before capital grants and contributions	(115)	287	140

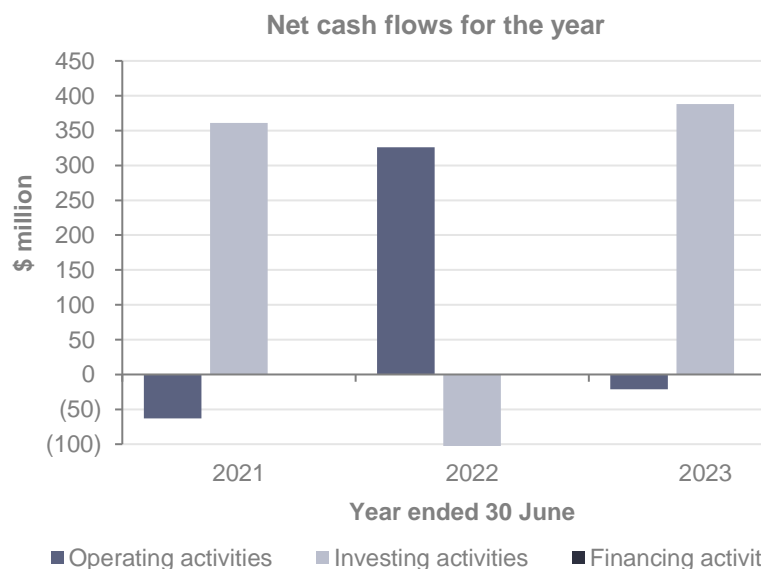
The Council's operating result from continuing operations (\$115,000) including depreciation and amortisation expense of \$97,000 was \$402,000 lower than the 2021–22 result.

The decrease was mainly due to:

- decrease in grants and contributions provided for operating purposes of \$313,000
- increase in materials and services costs of \$116,000.

STATEMENT OF CASH FLOWS

- Cash inflows from operating activities decreased, mainly as a result of a decrease in receipts from grants and contributions in the current year.
- Cash inflows from investing activities increased as a result of an investment in term deposits.
- Council does not engage in financing activities.





FINANCIAL POSITION

Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	1,498	1,531	<ul style="list-style-type: none"> Externally restricted funds relate to specific purpose unexpected grants, which increased in the current year.
Restricted cash and investments:			
• External restrictions	215	132	
• Internal restrictions	-	-	

PERFORMANCE

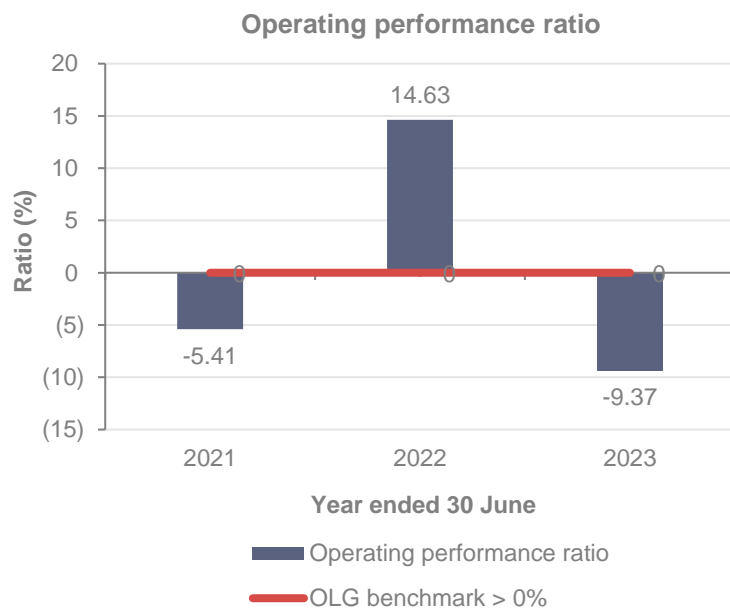
Performance measures

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

Operating performance ratio

The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements).

The benchmark set by OLG is greater than zero per cent. The council did not meet the OLG benchmark for the current reporting period.

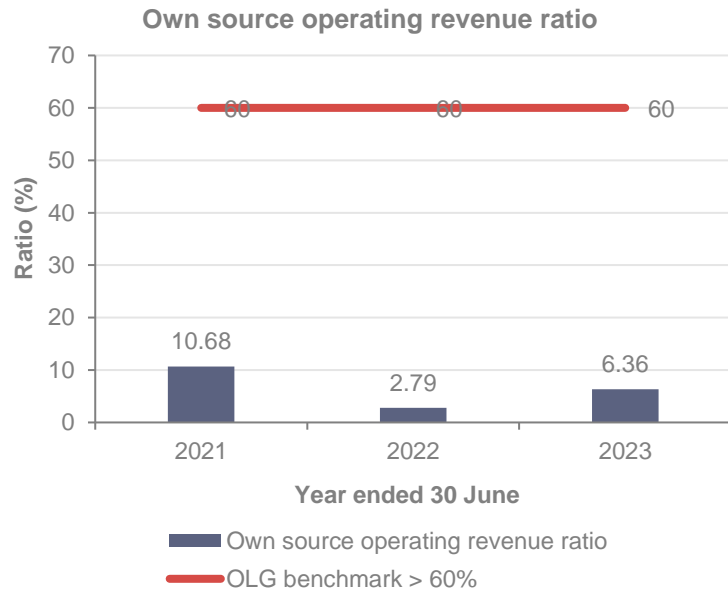




Own source operating revenue ratio

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

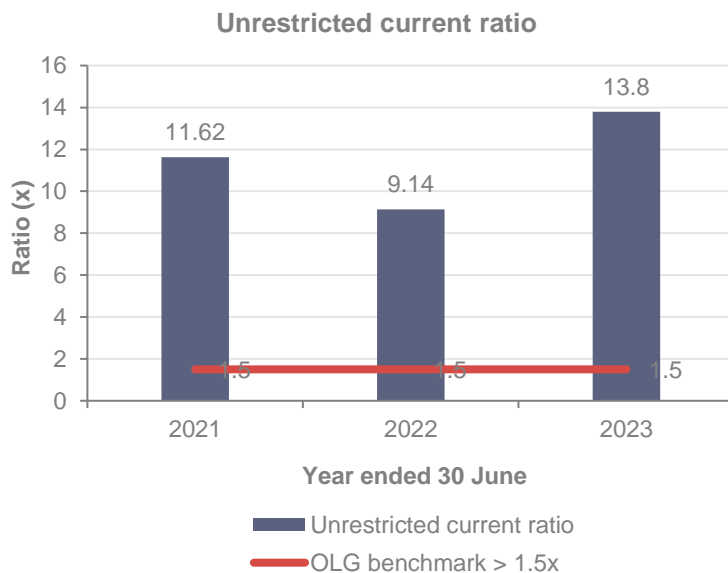
- The Council did not meet the OLG benchmark for the current reporting period.
- This ratio has increased in 2022-23.
- The ration reflects that Council's-main source of income is derived from government grants and contributions.
- This is expected given Council was established for a specific purpose.



Unrestricted current ratio

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

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

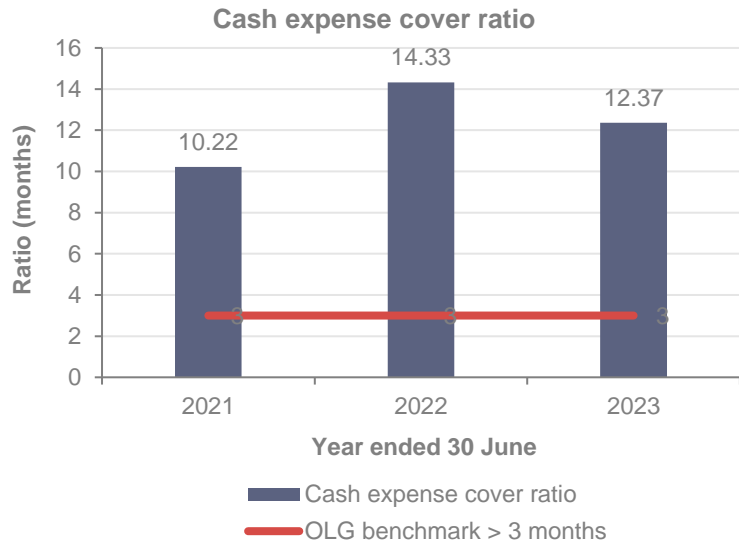




Cash expense cover ratio

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

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





OTHER MATTERS

Legislative compliance

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

Council's:

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

A handwritten signature in blue ink, appearing to read 'K. Leung'.

Kenneth Leung

Delegate of the Auditor-General for New South Wales



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Hawkesbury River County Council

To the Councillors of Hawkesbury River County Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Kenneth Leung
Delegate of the Auditor-General for New South Wales

25 October 2023
SYDNEY