

# Dubbo Regional Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2023

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# Dubbo Regional Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2023

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# Dubbo Regional Council

## General Purpose Financial Statements

for the year ended 30 June 2023

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# Dubbo Regional Council

## General Purpose Financial Statements

for the year ended 30 June 2023

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### 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:

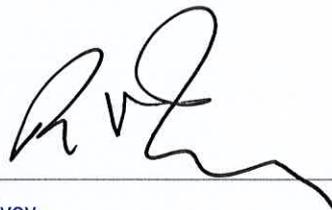
- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

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

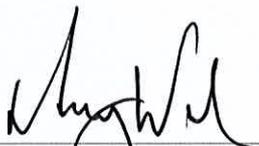
Signed in accordance with a resolution of Council made on 26 October 2023.



Mathew Dickerson  
Mayor  
26 October 2023



Richard Ivey  
Deputy Mayor  
26 October 2023



Murray Wood  
Chief Executive Officer  
26 October 2023



Jane Bassingthwaighe  
Responsible Accounting Officer  
26 October 2023



## Dubbo Regional Council

### Statement of Comprehensive Income

for the year ended 30 June 2023

\$ '000	Notes	2023	<i>Restated</i> 2022
<b>Net operating result for the year – from Income Statement</b>		<b>50,716</b>	40,446
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-8	<u>(83,931)</u>	<u>207,335</u>
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>(83,931)</b>	207,335
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Other movements		<u>–</u>	<u>(3,138)</u>
<b>Total items which will be reclassified subsequently to the operating result when specific conditions are met</b>		<b>–</b>	(3,138)
<b>Total other comprehensive income for the period</b>		<b>(83,931)</b>	204,197
<b>Total comprehensive income for the year attributable to Council</b>		<b>(33,215)</b>	244,643

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

## Dubbo Regional Council

## Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	2022	1 July 2021
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	C1-1	60,652	55,545	66,487
Investments	C1-2	98,250	88,000	54,073
Receivables	C1-4	34,368	23,489	20,627
Inventories	C1-5	8,113	4,789	2,738
Other	C1-11	933	713	638
<b>Total current assets</b>		<b>202,316</b>	<b>172,536</b>	<b>144,563</b>
<b>Non-current assets</b>				
Investments	C1-2	110,814	92,865	102,063
Receivables	C1-4	29	62	130
Inventories	C1-5	4,971	4,896	5,909
Infrastructure, property, plant and equipment (IPPE)	C1-8	2,595,567	2,669,837	2,449,014
Investments accounted for using the equity method	D2-1,D2-3	1,948	1,877	1,719
Other	C1-11	495	495	495
<b>Total non-current assets</b>		<b>2,713,824</b>	<b>2,770,032</b>	<b>2,559,330</b>
<b>Total assets</b>		<b>2,916,140</b>	<b>2,942,568</b>	<b>2,703,893</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	C3-1	12,195	12,715	15,978
Contract liabilities	C3-2	14,346	353	3,375
Borrowings	C3-3	6,230	5,984	5,829
Employee benefit provisions	C3-4	11,469	12,200	12,511
<b>Total current liabilities</b>		<b>44,240</b>	<b>31,252</b>	<b>37,693</b>
<b>Non-current liabilities</b>				
Payables	C3-1	3	3	3
Borrowings	C3-3	33,636	39,866	45,850
Employee benefit provisions	C3-4	883	868	873
Provisions	C3-5	10,752	10,738	4,276
<b>Total non-current liabilities</b>		<b>45,274</b>	<b>51,475</b>	<b>51,002</b>
<b>Total liabilities</b>		<b>89,514</b>	<b>82,727</b>	<b>88,695</b>
<b>Net assets</b>		<b>2,826,626</b>	<b>2,859,841</b>	<b>2,615,198</b>
<b>EQUITY</b>				
Accumulated surplus	C4-1	2,378,127	2,327,411	2,286,965
IPPE revaluation reserve	C4-1	448,499	532,430	328,233
<b>Total equity</b>		<b>2,826,626</b>	<b>2,859,841</b>	<b>2,615,198</b>

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

## Dubbo Regional 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		2,327,411	532,430	2,859,841	2,298,567	328,233	2,626,800
Correction of prior period errors		-	-	-	(11,602)	-	(11,602)
<b>Opening balance</b>		<b>2,327,411</b>	<b>532,430</b>	<b>2,859,841</b>	<b>2,286,965</b>	<b>328,233</b>	<b>2,615,198</b>
Net operating result for the year		50,716	-	50,716	40,446	-	40,446
<b>Net operating result for the period</b>		<b>50,716</b>	<b>-</b>	<b>50,716</b>	<b>40,446</b>	<b>-</b>	<b>40,446</b>
<b>Other comprehensive income</b>							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-8	-	(83,931)	(83,931)	-	207,335	207,335
Correction of PY Error		-	-	-	-	(3,138)	(3,138)
<b>Other comprehensive income</b>		<b>-</b>	<b>(83,931)</b>	<b>(83,931)</b>	<b>-</b>	<b>204,197</b>	<b>204,197</b>
<b>Total comprehensive income</b>		<b>50,716</b>	<b>(83,931)</b>	<b>(33,215)</b>	<b>40,446</b>	<b>204,197</b>	<b>244,643</b>
<b>Closing balance at 30 June</b>		<b>2,378,127</b>	<b>448,499</b>	<b>2,826,626</b>	<b>2,327,411</b>	<b>532,430</b>	<b>2,859,841</b>

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

## Dubbo Regional Council

## Statement of Cash Flows

for the year ended 30 June 2023

<i>Original unaudited budget 2023</i>	<i>\$ '000</i>	Notes	<i>Actual 2023</i>	<i>Actual 2022</i>
<b>Cash flows from operating activities</b>				
<b>Receipts:</b>				
71,390	Rates and annual charges		<b>72,787</b>	69,774
43,591	User charges and fees		<b>41,431</b>	39,741
1,517	Interest received		<b>6,082</b>	3,281
48,251	Grants and contributions		<b>71,011</b>	60,100
–	Bonds, deposits and retentions received		<b>59</b>	–
4,257	Other		<b>7,005</b>	1,064
<b>Payments:</b>				
(48,928)	Payments to employees		<b>(47,668)</b>	(44,317)
(30,311)	Payments for materials and services		<b>(53,447)</b>	(50,299)
(2,972)	Borrowing costs		<b>(3,358)</b>	(2,949)
–	Bonds, deposits and retentions refunded		<b>–</b>	(323)
(15,586)	Other		<b>(2,567)</b>	(2,359)
71,209	<b>Net cash flows from operating activities</b>	G1-1	<b>91,335</b>	73,713
<b>Cash flows from investing activities</b>				
<b>Receipts:</b>				
3,517	Sale of investments		<b>150,575</b>	92,022
11,557	Sale of real estate assets		<b>–</b>	6,695
1,571	Proceeds from sale of IPPE		<b>1,943</b>	1,779
–	Deferred debtors receipts		<b>75</b>	79
<b>Payments:</b>				
–	Purchase of investments		<b>(158,329)</b>	(106,122)
–	Acquisition of term deposits		<b>(20,750)</b>	(10,927)
(75,893)	Payments for IPPE		<b>(50,655)</b>	(58,310)
(5,977)	Purchase of real estate assets		<b>(3,122)</b>	(4,062)
–	Deferred debtors and advances made		<b>19</b>	20
(65,225)	<b>Net cash flows from investing activities</b>		<b>(80,244)</b>	(78,826)
<b>Cash flows from financing activities</b>				
<b>Payments:</b>				
(5,984)	Repayment of borrowings		<b>(5,984)</b>	(5,829)
(5,984)	<b>Net cash flows from financing activities</b>		<b>(5,984)</b>	(5,829)
–	<b>Net change in cash and cash equivalents</b>		<b>5,107</b>	(10,942)
3,000	Cash and cash equivalents at beginning of year	C1-1b,C1-1	<b>55,545</b>	66,487
<b>3,000</b>	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>60,652</b>	55,545
208,828	plus: Investments on hand at end of year	C1-2	<b>209,064</b>	180,865
<b>211,828</b>	<b>Total cash, cash equivalents and investments</b>		<b>269,716</b>	236,410

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

# Dubbo Regional Council

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## A About Council and these financial statements

### A1-1 Basis of preparation

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These financial statements were authorised for issue by Council on 26 October 2023. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

Council is a not for-profit entity.

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

#### **New accounting standards adopted during the year**

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

Those newly adopted standards which had a material impact on Council's reported financial position, financial performance and/or associated financial statement disclosures are further discussed in the Notes.

#### **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. fair values of infrastructure, property, plant and equipment – refer Note C1-8
- ii. tip remediation provisions – refer Note C3-5
- iii. employee benefit provisions – refer Note C3-4.

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

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

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

#### **The Consolidated Fund**

In accordance with the provisions of Section 409(1) of the *Local Government Act 1993*, 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 the Council.

## A1-1 Basis of preparation (continued)

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

- general purpose operations
- water service
- sewerage service

### The Trust Fund

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

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

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

### Goods and Services Tax (GST)

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

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

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

### Volunteer services

Council makes use of volunteers for museums also library services. Volunteer services are not recognised in the financial statements as it is not material, may not be purchased if not donated and cannot be reliably measured

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

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

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

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

Council's assessment of these new standards and interpretations (where they have been deemed as having a material impact on Council's future financial performance, financial position and cash flows) are set out below:

#### **AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities**

This Standard modifies AASB 13 Fair Value Measurement for application by not-for-profit public sector entities such as Council.

It includes authoritative implementation guidance when fair valuing non-financial assets, not held primarily for their ability to generate cash inflows and also provides guidance and clarification when valuing assets that are restricted (in their use) at Council.

This includes guidance and clarification regarding the determination of an assets highest and best use, the development and use of internal assumptions for unobservable inputs and allows for greater use of internal judgements when applying the cost approach in the measurement and determination of fair values.

**Although Council is yet to fully determine the impact of this standard, the changes will be evaluated in the future assessment of all property and infrastructure assets measured at fair value.**

The standard applies prospectively to annual periods beginning on or after 1 January 2024, with earlier application permitted.

#### **AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates**

## A1-1 Basis of preparation (continued)

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This Standard amends a number of standards as follows:

- AASB 7 to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;
- AASB 101 to require entities to disclose their material accounting policy information rather than their significant accounting policies;
- AASB 108 to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates;
- AASB 134 to identify material accounting policy information as a component of a complete set of financial statements; and
- AASB Practice Statement 2 to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

**The standard may have significant impact on Council as it requires Council to consider the materiality of the accounting policy information to be included in the financial statements.**

*AASB 101 Presentation of Financial Statements* requires the disclosure of material accounting policy information rather than significant accounting policies.

*"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:

- 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.
- the entity (or OLG) chose the accounting policy from one or more options permitted by Australian Accounting Standards.
- 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.
- 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
- 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.

Further AASB 101 notes that *'Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed.'*

This standard has an effective date for the 30 June 2024 reporting period.

## 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.

	<i>Income</i>		<i>Expenses</i>		<i>Operating result</i>		<i>Grants and contributions</i>		<i>Carrying amount of assets</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
<i>\$ '000</i>										<i>Restated</i>
<b>Functions or activities</b>										
Governance	11	31	635	1,216	(624)	(1,185)	–	–	–	–
Administration	1,910	2,879	9,313	9,590	(7,403)	(6,711)	–	–	206,566	180,782
Public order and safety	7,332	4,192	4,982	5,134	2,350	(942)	6,328	3,535	29,005	26,754
Health	–	–	264	18	(264)	(18)	–	–	–	–
Environment	21,344	19,272	16,610	12,657	4,734	6,615	4,812	3,842	181,564	146,214
Community services and education	3,117	3,172	4,874	4,470	(1,757)	(1,298)	2,175	2,206	1,505	1,200
Housing and community amenities	3,854	3,138	4,482	3,002	(628)	136	207	203	20,253	16,624
Water supplies	33,817	32,237	24,225	20,609	9,592	11,628	8,656	10,037	438,809	403,896
Sewerage services	24,164	22,496	12,084	14,366	12,080	8,130	1,978	3,071	364,387	333,709
Recreation and culture	10,430	8,070	36,628	34,017	(26,198)	(25,947)	7,131	8,616	194,172	203,872
Mining, manufacturing and construction	–	80	1,406	1,235	(1,406)	(1,155)	–	–	427	6,483
Transport and communication	40,147	32,395	35,367	38,686	4,780	(6,291)	34,322	27,287	1,387,774	1,544,644
Economic affairs	7,490	9,894	12,054	7,220	(4,564)	2,674	1,054	648	89,729	74,062
Share of gains/(losses) in associates and joint ventures (using the equity method)	71	158	–	–	71	158	–	–	1,949	1,878
General purpose income	59,953	54,652	–	–	59,953	54,652	18,431	15,868	–	–
Other	–	–	–	–	–	–	–	–	–	2,450
<b>Total functions and activities</b>	<b>213,640</b>	<b>192,666</b>	<b>162,924</b>	<b>152,220</b>	<b>50,716</b>	<b>40,446</b>	<b>85,094</b>	<b>75,313</b>	<b>2,916,140</b>	<b>2,942,568</b>

## B1-2 Components of functions or activities

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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 policymaking committees, public disclosure (e.g. GIPA), and legislative compliance.

### Administration

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

### Public order and safety

Includes Council's fire and emergency services levy, fire protection, emergency services, enforcement of regulations and animal control.

### Health

Includes immunisation, food control, health centres etc.

### Environment

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

### Community services and education

Includes administration and education; social protection (welfare); migrant, Aboriginal and other community services and administration (excluding accommodation – as it is covered under 'housing and community amenities'); youth services; aged and disabled persons services; children's services, including family day care; child care; and other family and children services.

### Housing and community amenities

Includes public cemeteries; public conveniences; street lighting; town planning; other community amenities, including housing development and accommodation for families and children, aged persons, disabled persons, migrants and Indigenous persons.

### Water supplies

Provide safe reliable and cost effective water supply that caters for the sustainable growth.

### Sewerage services

Provision of an environmentally responsible sewerage service that maintains the health of the community cost effectively, and caters for the sustainable growth.

### Recreation and culture

Includes public libraries; museums; art galleries; community centres and halls, including public halls and performing arts venues; sporting grounds and venues; swimming pools; parks; gardens; lakes; and other sporting, recreational and cultural services.

### Mining, manufacturing and construction

Includes building control, quarries and pits, mineral resources, and abattoirs.

### Transport and communication

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

### Economic affairs

Includes camping areas and caravan parks; tourism and area promotion; industrial development promotion; sale yards and markets; real estate development; commercial nurseries; and other business undertakings.

## B2 Sources of income

### B2-1 Rates and annual charges

\$ '000	2023	2022
<b>Ordinary rates</b>		
Residential	23,367	22,266
Farmland	6,501	6,347
Mining	1	1
Business	9,226	8,904
Less: pensioner rebates (mandatory)	(507)	(505)
<b>Rates levied to ratepayers</b>	<b>38,588</b>	<b>37,013</b>
Pensioner rate subsidies received	281	276
<b>Total ordinary rates</b>	<b>38,869</b>	<b>37,289</b>
<b>Annual charges (pursuant to s496, 496A, 496B, 501 &amp; 611)</b>		
Domestic waste management services	8,718	8,280
Water supply services	8,053	7,785
Sewerage services	14,881	14,205
Drainage	1,664	1,592
Waste management services (non-domestic)	780	671
Less: pensioner rebates (mandatory)	(637)	(637)
Less: pensioner rebates (Council policy)	(193)	(181)
<b>Annual charges levied</b>	<b>33,266</b>	<b>31,715</b>
Pensioner annual charges subsidies received:		
– Water	123	121
– Sewerage	116	116
– Domestic waste management	118	115
<b>Total annual charges</b>	<b>33,623</b>	<b>32,067</b>
<b>Total rates and annual charges</b>	<b>72,492</b>	<b>69,356</b>

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

#### Accounting policy

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

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

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

## B2-2 User charges and fees

\$ '000	Timing	2023	2022
<b>Specific user charges (per s502 - specific 'actual use' charges)</b>			
Water supply services		14,342	12,434
Sewerage services		4,894	4,449
Waste management services (non-domestic)		5,475	4,978
<b>Total specific user charges</b>		<b>24,711</b>	<b>21,861</b>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s608)</b>			
Regulatory/ statutory fees		3,011	3,129
<b>Total fees and charges – statutory/regulatory</b>		<b>3,011</b>	<b>3,129</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s608))</b>			
Aerodrome		3,925	2,103
Cemeteries		484	488
Leaseback fees – Council vehicles		309	316
Transport for NSW works (state roads not controlled by Council)		929	2,322
Tourism		180	126
Water service connections		147	84
Caves entry fees		896	617
Western Plains Cultural Centre		165	370
Aquatic leisure centre	1	959	739
Family day care		304	342
Fodder sales 'greengrove' effluent reuse property		201	63
Old dubbo gaol		779	560
Private works		509	425
Public halls		2,139	1,380
Rainbow cottage long day care centre		552	502
Regional livestock markets		3,396	2,604
Sewer plan drafting fees		152	147
Showground		225	462
Sporting facilities		230	190
Other		713	941
<b>Total fees and charges – other</b>		<b>17,194</b>	<b>14,781</b>
<b>Total other user charges and fees</b>		<b>20,205</b>	<b>17,910</b>
<b>Total user charges and fees</b>		<b>44,916</b>	<b>39,771</b>
<b>Timing of revenue recognition for user charges and fees</b>			
User charges and fees recognised over time		–	–
User charges and fees recognised at a point in time		44,916	39,771
<b>Total user charges and fees</b>		<b>44,916</b>	<b>39,771</b>

### Accounting policy

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

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

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 revenues

<b>\$ '000</b>	<b>2023</b>	<b>2022</b>
Rental income – other council properties	<b>1,388</b>	1,409
Fines	<b>423</b>	300
Commissions and agency fees	<b>13</b>	11
Insurance claims recoveries	<b>218</b>	1,101
Other	<b>1,027</b>	1,975
Caves / caravan park kiosk – sales	<b>206</b>	136
StateCover WHS Incentive	<b>130</b>	130
<b>Total other revenue</b>	<b>3,405</b>	<b>5,062</b>

### Timing of revenue recognition for other revenue

Other revenue recognised over time	–	–
Other revenue recognised at a point in time	<b>3,405</b>	5,062
<b>Total other revenue</b>	<b>3,405</b>	<b>5,062</b>

### 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.

## B2-4 Grants and contributions

\$ '000	Timing	Operating 2023	Operating 2022	Capital 2023	Capital 2022
<b>General purpose grants and non-developer contributions (untied)</b>					
<b>Financial Assistance Grant</b>					
Relating to Current Year	2	3,409	6,144	–	–
Prepayment received in advance for subsequent year	2	13,742	9,447	–	–
<b>Amount recognised as income during current year</b>		<b>17,151</b>	<b>15,591</b>	<b>–</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>					
<b>Cash contributions</b>					
Water supplies	1	–	–	4,463	6,500
Bushfire and emergency services	2	464	482	8	148
Employment and training programs	2	30	38	–	–
Heritage and cultural	2	306	315	–	–
Library	2	213	202	–	–
Noxious weeds	2	108	109	–	–
Storm/flood damage		9	–	–	–
Local infrast. renewal scheme interest subsidy	1	–	–	111	170
Tourism	2	–	15	533	3,527
Street lighting	2	207	203	–	–
Community services	2	193	181	–	–
Family day care	2	1,036	1,173	–	–
Rainbow cottage long day care centre	2	873	793	–	–
Sporting facilities	2	121	8	2,176	1,001
Stormwater	2	39	79	–	–
Other specific grants	2	1,863	1,552	4,246	2,658
Transport (roads to recovery)	2	2,146	2,146	–	–
Transport (other roads and bridges funding)	1	1,167	43	12,829	13,696
<b>Previously contributions:</b>					
Transport for NSW contributions (regional roads, block grant)	2	2,463	2,437	–	–
Other contributions	2	153	686	5,307	1,375
Sporting facilities		–	–	104	247
<b>Total special purpose grants and non-developer contributions – cash</b>		<b>11,391</b>	<b>10,462</b>	<b>29,777</b>	<b>29,322</b>
<b>Non-cash contributions</b>					
Bushfire services	2	–	–	551	1,958
Drainage	2	–	–	4,447	3,240
Paving	2	–	–	633	320
Roads and bridges	1	–	–	10,277	4,455
Sewerage (excl. section 64 contributions)	2	–	–	497	1,555
Water supplies (excl. section 64 contributions)	2	–	–	1,843	1,645
Land under roads	2	–	–	296	111
<b>Total other contributions – non-cash</b>		<b>–</b>	<b>–</b>	<b>18,544</b>	<b>13,284</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>11,391</b>	<b>10,462</b>	<b>48,321</b>	<b>42,606</b>
<b>Total grants and non-developer contributions</b>		<b>28,542</b>	<b>26,053</b>	<b>48,321</b>	<b>42,606</b>
<b>Comprising:</b>					
– Commonwealth funding		19,988	18,883	2,275	5,416
– State funding		8,165	6,098	27,404	22,336
– Other funding		389	1,072	18,642	14,854

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## B2-4 Grants and contributions (continued)

<b>28,542</b>	26,053	<b>48,321</b>	42,606
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(1) \$13.742m of the 2023 – 2024 Financial Assistance Grant from Commonwealth Government was received in June 2023 and hence is reported as 2022 – 2023 income although it relates to 2023 – 2024 financial year.

## B2-4 Grants and contributions (continued)

### Developer contributions

\$ '000	Notes	Operating 2023	Operating 2022	Capital 2023	Capital 2022
<b>Developer contributions:</b>					
<b>(s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>					
<b>Cash contributions</b>					
S 64 – water supply contributions	G5	–	–	2,304	1,846
S 64 – sewerage service contributions		–	–	1,404	1,399
S 7.11 – open space		–	–	894	738
S 7.11 – drainage		–	–	155	297
S 7.11 – roadworks		–	–	3,060	2,274
Voluntary planning agreements		–	–	414	100
<b>Total developer contributions – cash</b>		<b>–</b>	<b>–</b>	<b>8,231</b>	<b>6,654</b>
<b>Total developer contributions</b>		<b>–</b>	<b>–</b>	<b>8,231</b>	<b>6,654</b>
<b>Total contributions</b>		<b>–</b>	<b>–</b>	<b>8,231</b>	<b>6,654</b>
<b>Total grants and contributions</b>		<b>28,542</b>	<b>26,053</b>	<b>56,552</b>	<b>49,260</b>
<b>Timing of revenue recognition for grants and contributions</b>					
Grants and contributions recognised over time		7,412	8,445	27,680	24,821
Grants and contributions recognised at a point in time		21,130	17,608	28,872	24,439
<b>Total grants and contributions</b>		<b>28,542</b>	<b>26,053</b>	<b>56,552</b>	<b>49,260</b>

### 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	Capital 2023	Capital 2022
<b>Unspent grants and contributions</b>		
Unspent funds at 1 July	25,476	23,496
<b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	14,449	9,133
<b>Add:</b> Funds received and not recognised as revenue in the current year	9,041	–
<b>Less:</b> grants recognised as income in a previous reporting period now spent	(9,916)	(5,214)
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	(112)	(1,939)
<b>Unspent funds at 30 June</b>	<b>38,938</b>	<b>25,476</b>

### Accounting policy

#### Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

The performance obligations vary according to the agreement. 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.

## B2-4 Grants and contributions (continued)

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completion of the project when a report / outcome is provided), whereas over time recognition is where the control of the services is ongoing throughout the project (e.g. provision of community health services through the year).

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

### Capital grants

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

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

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

### Developer contributions

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

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

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

### Other grants and contributions

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

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

## B2-5 Interest and investment income

\$ '000	2023	2022
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	232	236
– Cash and investments	7,616	3,037
– Other	96	11
<b>Amortisation of premiums and discounts</b>		
– Interest free (and interest reduced) loans provided	19	20
– Financial assets at amortised cost	(301)	(298)
<b>Total interest and investment income (losses)</b>	<b>7,662</b>	<b>3,006</b>

### Accounting policy

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

## B2-6 Other income

\$ '000	Notes	2023	2022
<b>Net share of interests in joint ventures and associates using the equity method</b>			
Joint ventures		71	158
<b>Total net share of interests in joint ventures and associates using the equity method</b>		<b>71</b>	<b>158</b>
	D2-1	<b>71</b>	<b>158</b>
<b>Total other income</b>		<b>71</b>	<b>158</b>

## B3 Costs of providing services

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

\$ '000	2023	2022
Salaries and wages	40,932	40,520
Travel expenses	176	104
Employee leave entitlements (ELE)	4,450	4,027
Superannuation	4,698	4,506
Workers' compensation insurance	2,582	2,664
Fringe benefit tax (FBT)	61	111
Payroll tax	195	190
Training costs (other than salaries and wages)	647	309
Other	310	231
<b>Total employee costs</b>	<b>54,051</b>	<b>52,662</b>
Less: capitalised costs	(6,732)	(8,177)
<b>Total employee costs expensed</b>	<b>47,319</b>	<b>44,485</b>
Number of 'full-time equivalent' employees (FTE) at year end	496	469

#### Accounting policy

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

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

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

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

## B3-2 Materials and services

\$ '000	Notes	2023	2022
Raw materials and consumables		32,566	32,134
Contractor costs		12,952	14,455
Audit Fees	F2-1	147	143
Councillor and Mayoral fees and associated expenses	F1-2	456	391
Advertising		519	442
Election expenses		–	494
Electricity and heating		3,923	3,617
Insurance		2,307	2,047
Postage		130	130
Printing and stationery		166	268
Street lighting		792	760
Telephone and communications		271	250
Valuation fees		200	187
Other expenses		1,117	1,216
Vehicle registration		224	198
Water resource charge		669	460
Contributions to emergency services		1,645	1,262
Credit card merchant fees		17	19
Family day care – fee relief		1,016	1,153
Property rental		42	49
Subscription shires association		57	56
<b>Legal expenses:</b>			
Expenses from leases of low value assets		–	41
– Legal expenses: planning and development		28	6
– Legal expenses: other		383	327
<b>Total materials and services</b>		<b>59,627</b>	<b>60,105</b>
Less: capitalised costs		(7,661)	(13,395)
<b>Total materials and services</b>		<b>51,966</b>	<b>46,710</b>

### Accounting policy

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

### B3-3 Borrowing costs

\$ '000	Notes	2023	2022
<b>(i) Interest bearing liability costs</b>			
Interest on loans		2,742	3,080
<b>Total interest bearing liability costs</b>		<b>2,742</b>	<b>3,080</b>
<b>Total interest bearing liability costs expensed</b>		<b>2,742</b>	<b>3,080</b>
<b>(ii) Other borrowing costs</b>			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	C3-5	253	(99)
<b>Total other borrowing costs</b>		<b>253</b>	<b>(99)</b>
<b>Total borrowing costs expensed</b>		<b>2,995</b>	<b>2,981</b>

#### Accounting policy

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

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

\$ '000	Notes	2023	2022
<b>Depreciation and amortisation</b>			
Plant and equipment		4,373	4,338
Office equipment		711	1,023
Furniture and fittings		186	226
Land improvements (depreciable)		108	323
<b>Infrastructure:</b>	C1-8		
– Buildings – non-specialised		1,610	1,495
– Buildings – specialised		5,925	5,980
– Other structures		8,087	6,665
– Roads		17,589	16,450
– Airport runways		938	914
– Stormwater drainage		2,206	2,178
– Water supply network		6,874	4,960
– Sewerage network		5,506	4,233
– Swimming pools		132	233
<b>Other assets:</b>			
– Other		11	57
<b>Reinstatement, rehabilitation and restoration assets:</b>			
– Tip assets	C1-8,C3-5	1,174	–
– Quarry assets	C1-8,C3-5	61	23
<b>Total gross depreciation and amortisation costs</b>		<b>55,491</b>	<b>49,098</b>
Less: capitalised costs		(1,168)	(1,193)
<b>Total depreciation and amortisation costs</b>		<b>54,323</b>	<b>47,905</b>
<b>Impairment / revaluation decrement of IPPE</b>			
<b>Infrastructure:</b>	C1-8		
– Swimming pools		–	552
<b>Total gross IPPE impairment / revaluation decrement costs</b>		<b>–</b>	<b>552</b>
Total IPPE impairment / revaluation decrement costs charged to Income Statement		–	552
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>54,323</b>	<b>48,457</b>

### 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.

## B3-5 Other expenses

<b>\$ '000</b>	Notes	<b>2023</b>	<b>2022</b>
<b>Impairment of receivables</b>			
Other		<b>372</b>	32
<b>Total impairment of receivables</b>	C1-4	<b>372</b>	<b>32</b>
<b>Other</b>			
Donations, contributions and assistance to other organisations (Section 356)		<b>2,673</b>	2,406
<b>Total other</b>		<b>2,673</b>	<b>2,406</b>
<b>Total other expenses</b>		<b>3,045</b>	<b>2,438</b>

### Accounting policy

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

Impairment expenses are recognised when identified.

## B4 Gains or losses

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

\$ '000	Notes	2023	2022
<b>Gain (or loss) on disposal of plant and equipment</b>			
	C1-8		
Proceeds from disposal – plant and equipment		1,943	1,779
Less: carrying amount of plant and equipment assets sold/written off		–	(1,644)
Sales Adjustments		2,337	–
<b>Gain (or loss) on disposal</b>		<b>4,280</b>	<b>135</b>
<b>Gain (or loss) on disposal of infrastructure</b>			
	C1-8		
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure assets sold/written off		(7,552)	(11,126)
<b>Gain (or loss) on disposal</b>		<b>(7,552)</b>	<b>(11,126)</b>
<b>Gain (or loss) on disposal of real estate assets held for sale</b>			
	C1-5		
Proceeds from disposal – real estate assets		–	6,695
Less: carrying amount of real estate assets sold/written off		–	(2,853)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>3,842</b>
<b>Gain (or loss) on disposal of investments</b>			
	C1-2		
Proceeds from disposal/redemptions/maturities – investments		150,575	92,022
Less: carrying amount of investments sold/redeemed/matured		(150,579)	(92,022)
<b>Gain (or loss) on disposal</b>		<b>(4)</b>	<b>–</b>
<b>Net gain (or loss) from disposal of assets</b>		<b>(3,276)</b>	<b>(7,149)</b>

#### Accounting policy

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

## B5 Performance against budget

### B5-1 Material budget variations

Council's original budget was adopted by the Council on 22 June 2023 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
<b>Revenues</b>				
Rates and annual charges	71,250	72,492	1,242	2% <b>F</b>
User charges and fees	40,749	44,916	4,167	10% <b>F</b>
Other revenues	2,826	3,405	579	20% <b>F</b>
Council reclassified \$349K of long term lease income from 'fee income' to 'other revenue' and received a \$250K EnergyCo Renewable Energy Zone (REZ) contribution.				
Operating grants and contributions	21,002	28,542	7,540	36% <b>F</b>
Council received an additional 25% portion of the 2023/2024 Financial Assistance Grant during the 2023 financial year as a prepayment, Regional Airports Screening Infrastructure (RASI) support grants relating to the Dubbo Regional Airport operating costs and the Transport for NSW Pothole Repair Program.				
Capital grants and contributions	25,089	56,552	31,463	125% <b>F</b>
Grant funding tied to projects that were not finalised in the 2022 financial year were rolled into the 2023 financial year, mainly related to the Boothenba Road upgrade.				
Council received \$5.07M from Transport for NSW for the Regional and Local Roads Repair Program and \$5.2M for further development of the NSW RFS Aviation Centre of Excellence.				
Council also received higher than anticipated developer contributions.				
Interest and investment revenue	1,621	7,662	6,041	373% <b>F</b>
Interest income was increased to reflect the increasing interest rates and the impact on cash at bank and the maturing investment portfolio.				
Other income	-	71	71	∞ <b>F</b>
<b>Expenses</b>				
Employee benefits and on-costs	49,777	47,319	2,458	5% <b>F</b>
Materials and services	46,213	51,966	(5,753)	(12)% <b>U</b>
Additional expenditure transferred from the capital heavy patching budget to fund Regional Road Preservation operational expenditure due to the impact of the Floods.				
Additional expenditure associated with operational grants and contribution income, mainly related to Central West Green Energy Hub and Taronga Western Plains Zoo tourism and hospitality Centre of Excellence.				
Borrowing costs	2,795	2,995	(200)	(7)% <b>U</b>
Depreciation, amortisation and impairment of non-financial assets	45,103	54,323	(9,220)	(20)% <b>U</b>

**B5-1 Material budget variations (continued)**

<b>\$ '000</b>	<b>2023 Budget</b>	<b>2023 Actual</b>	<b>2023 ----- Variance -----</b>	
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Indexation of asset classes and componentisation of previously work in project assets.

<b>Other expenses</b>	<b>2,627</b>	<b>3,045</b>	<b>(418)</b>	<b>(16)%</b>	<b>U</b>
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Additional expenditure relation to donations, contributions and assistance to other organisations.

**Statement of cash flows**

<b>Cash flows from operating activities</b>	<b>71,209</b>	<b>91,335</b>	<b>20,126</b>	<b>28%</b>	<b>F</b>
<b>Cash flows from investing activities</b>	<b>(65,225)</b>	<b>(80,244)</b>	<b>(15,019)</b>	<b>23%</b>	<b>U</b>
<b>Cash flows from financing activities</b>	<b>(5,984)</b>	<b>(5,984)</b>	<b>-</b>	<b>0%</b>	<b>F</b>

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

\$ '000	2023	2022
<b>Cash assets</b>		
Cash on hand and at bank	3	3
Cash equivalent assets		
– Deposits at call	60,649	55,542
<b>Total cash and cash equivalents</b>	<b>60,652</b>	<b>55,545</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	60,652	55,545
<b>Balance as per the Statement of Cash Flows</b>	<b>60,652</b>	<b>55,545</b>

#### 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
<b>Debt securities at amortised cost</b>				
Term deposits	90,750	53,000	88,000	35,000
NCD's, FRN's (with maturities > 3 months)	7,500	57,814	–	57,865
<b>Total</b>	<b>98,250</b>	<b>110,814</b>	<b>88,000</b>	<b>92,865</b>
<b>Total financial investments</b>	<b>98,250</b>	<b>110,814</b>	<b>88,000</b>	<b>92,865</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>158,902</b>	<b>110,814</b>	<b>143,545</b>	<b>92,865</b>

#### Accounting policy

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

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

#### Financial assets

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

#### Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

## C1-2 Financial investments (continued)

### 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.

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

Council has a number of strategic investments in entities over which they do not have significant influence nor control. 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 the Other Comprehensive Income Statement.

### Financial assets through profit or loss

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

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

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

\$ '000	2023	2022
(a) Externally restricted cash, cash equivalents and investments		
<b>Total cash, cash equivalents and investments</b>	<b>269,716</b>	236,410
Less: Externally restricted cash, cash equivalents and investments	<b>(200,015)</b>	(167,633)
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>69,701</b>	68,777
<b>External restrictions</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	15,621	11,698
Unexpended grants	38,938	25,476
Water fund	63,219	59,502
Sewer fund	73,660	62,761
Stormwater management	4,357	4,047
Domestic waste management	4,220	4,149
<b>Total external restrictions</b>	<b>200,015</b>	167,633

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

\$ '000	2023	2022
(b) Internal allocations		

### Internal allocations

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

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

<b>\$ '000</b>	<b>2023</b>	<b>2022</b>
Employees leave entitlement	<b>3,401</b>	3,446
Property development	–	1,577
Dubbo Regional Airport	<b>2,027</b>	2,827
Livestock markets	<b>3,298</b>	2,771
Other waste management services	<b>21,612</b>	17,904
Road network – state roads	<b>1,401</b>	1,431
Fleet management services	<b>9,728</b>	9,991
Future Asset Renewal	<b>28,234</b>	28,830
<b>Total internal allocations</b>	<b>69,701</b>	<b>68,777</b>

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

## C1-4 Receivables

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
Rates and annual charges	3,407	–	3,393	–
Interest and extra charges	319	–	375	–
User charges and fees	10,857	–	7,084	–
Accrued revenues				
– Interest on investments	2,672	–	754	–
Deferred debtors	39	29	81	62
Government grants and subsidies	14,884	–	5,304	–
Net GST receivable	898	–	1,457	–
Due from other levels of government	32	–	10	–
Other debtors	1,967	–	5,402	–
<b>Total</b>	<b>35,075</b>	<b>29</b>	<b>23,860</b>	<b>62</b>
<b>Less: provision for impairment</b>				
User charges and fees	(707)	–	(371)	–
<b>Total provision for impairment – receivables</b>	<b>(707)</b>	<b>–</b>	<b>(371)</b>	<b>–</b>
<b>Total net receivables</b>	<b>34,368</b>	<b>29</b>	<b>23,489</b>	<b>62</b>

\$ '000	2023	2022
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year (calculated in accordance with AASB 9)	371	741
+ new provisions recognised during the year	336	(369)
<b>Balance at the end of the year</b>	<b>707</b>	<b>372</b>

### Accounting policy

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

### Impairment

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

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

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

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

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

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

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

## C1-5 Inventories

\$ '000	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>(i) Inventories at cost</b>				
Stores and materials	1,231	–	1,013	–
Trading stock	173	–	114	–
Real estate for resale	6,709	4,971	3,662	4,896
<b>Total inventories at cost</b>	<b>8,113</b>	<b>4,971</b>	<b>4,789</b>	<b>4,896</b>
<b>Total inventories</b>	<b>8,113</b>	<b>4,971</b>	<b>4,789</b>	<b>4,896</b>

### (i) Other disclosures

\$ '000	Notes	2023 Current	2023 Non-current	2022 Current	2022 Non-current
<b>(a) Details for real estate development</b>					
Residential		6,709	4,971	3,662	4,896
<b>Total real estate for resale</b>		<b>6,709</b>	<b>4,971</b>	<b>3,662</b>	<b>4,896</b>

(Valued at the lower of cost and net realisable value)

#### Represented by:

Acquisition costs		6,709	4,971	3,662	4,896
<b>Total costs</b>		<b>6,709</b>	<b>4,971</b>	<b>3,662</b>	<b>4,896</b>
<b>Total real estate for resale</b>		<b>6,709</b>	<b>4,971</b>	<b>3,662</b>	<b>4,896</b>

#### Movements:

Real estate assets at beginning of the year		3,662	4,896	1,440	5,909
– Purchases and other costs		3,047	75	5,075	(1,013)
– WDV of sales (expense)	B4-1	–	–	(2,853)	–
<b>Total real estate for resale</b>		<b>6,709</b>	<b>4,971</b>	<b>3,662</b>	<b>4,896</b>

### Accounting policy

#### Raw materials and stores, work in progress and finished goods

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

#### Land held for resale

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

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

## C1-6 Contract assets and Contract cost assets

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Council does not have Contract assets to report

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

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Council did not classify any non-current assets or disposal groups as 'held for sale'.

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

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period									At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions	Carrying value of disposals	Depreciation expense	Remeasurement adjustment (via P&L)	WIP transfers	Adjustments and transfers at cost	Adjust and Transfers Accumulated Depreciation	Revaluation increments/ (decrements) to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000															
Capital work in progress <sup>2</sup>	81,724	–	81,724	11,568	21,490	(11)	–	–	(34,159)	(987)	–	–	79,626	–	79,626
Plant and equipment	66,437	(30,958)	35,479	14	6,363	(1,703)	(4,373)	–	–	60	(6)	–	68,387	(32,553)	35,834
Office equipment	6,427	(3,538)	2,889	19	315	(32)	(711)	–	–	–	–	–	5,049	(2,568)	2,481
Furniture and fittings	4,967	(3,550)	1,417	–	155	(43)	(186)	–	–	(10)	5	–	4,794	(3,457)	1,337
<b>Land:</b>															
– Operational land	44,483	–	44,483	–	98	(32)	–	–	999	–	–	9,926	55,474	–	55,474
– Community land <sup>3</sup>	33,432	–	33,432	–	–	(5)	–	–	–	–	–	7,156	40,582	–	40,582
– Land under roads (post 30/6/08)	1,560	–	1,560	–	296	–	–	–	–	–	–	–	1,856	–	1,856
Land improvements – non-depreciable	1,393	–	1,393	–	–	–	–	–	1,150	–	–	328	2,871	–	2,871
Land improvements – depreciable	7,651	(5,282)	2,369	62	–	(5)	(108)	–	82	640	(460)	2,760	10,989	(5,649)	5,340
<b>Infrastructure:</b>															
– Airport runways	68,944	(10,807)	58,137	21	2,042	–	(938)	–	–	–	–	3,017	74,623	(12,345)	62,278
– Buildings – non-specialised	60,572	(29,888)	30,684	119	–	(3)	(1,610)	–	180	(4,302)	1,769	1,916	60,605	(31,853)	28,752
– Buildings – specialised	222,869	(87,817)	135,052	622	6,820	(162)	(5,925)	–	1,615	4,588	(1,771)	10,306	251,808	(100,663)	151,145
– Other structures	186,919	(71,998)	114,921	1,846	2,133	(2,141)	(8,087)	–	(4,204)	1,076	(238)	7,349	196,585	(83,931)	112,654
– Roads	1,376,658	(397,286)	979,372	6	11,753	(2,998)	(17,589)	–	22,627	(53)	1	(69,964)	1,383,228	(460,071)	923,157
– Bulk earthworks (non-depreciable)	445,930	–	445,930	–	–	–	–	–	6,664	–	–	(111,075)	341,519	–	341,519
– Stormwater drainage	181,394	(47,533)	133,861	–	4,447	–	(2,206)	–	149	–	–	9,426	198,973	(53,295)	145,678
– Water supply network	447,673	(132,256)	315,417	–	1,950	(416)	(6,874)	–	4,827	–	–	24,250	488,915	(149,760)	339,155
– Sewerage network	385,508	(148,113)	237,395	233	671	–	(5,506)	–	70	17	(1)	17,922	416,265	(165,464)	250,801
– Swimming pools	8,451	(2,689)	5,762	–	–	–	(132)	–	–	–	–	–	8,451	(2,821)	5,630
<b>Other assets:</b>															
– Heritage collections	33	(5)	28	–	–	–	–	–	–	–	–	20	50	(2)	48
– Other	2,282	(916)	1,366	–	–	(1)	(11)	–	–	(1,141)	701	2,732	3,700	(53)	3,647
<b>Reinstatement, rehabilitation and restoration assets (refer Note 11):</b>															
– Tip assets	7,477	(1,032)	6,445	–	–	–	(1,174)	(207)	–	–	–	–	7,270	(2,208)	5,062
– Quarry assets	1,206	(485)	721	–	–	–	(61)	(19)	–	–	–	–	1,187	(547)	640
<b>Total infrastructure, property, plant and equipment</b>	<b>3,643,990</b>	<b>(974,153)</b>	<b>2,669,837</b>	<b>14,510</b>	<b>58,533</b>	<b>(7,552)</b>	<b>(55,491)</b>	<b>(226)</b>	<b>–</b>	<b>(112)</b>	<b>–</b>	<b>(83,931)</b>	<b>3,702,807</b>	<b>(1,107,240)</b>	<b>2,595,567</b>

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

(2) A total of \$24,644 Capital WIP is recorded within several asset classes Net balance for 2022/2023, and identified to be moved in 2024. These asset classes and amounts are as follows: Plant and Equipment - \$1,068; Office Equipment - \$320; Furniture and Fittings - \$117; Operational Land - \$27; Land under Roads - \$3; Land Improvements Depreciable - \$15; Buildings Specialised - \$15,987; Buildings Non Specialised - \$183; Other Structures - \$4,316 and Airport and Taxiways - \$2,607.

(3) The balances as at 30 June 2021 and 30 June 2022 have been restated

## C1-8 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	Carrying value of disposals	Depreciation expense	Impairment loss (recognised in P/L)	WIP transfers	Adjustments and transfers	Remeasurement adjustment (via P/L)	Revaluation increments/(decrements to equity) (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000														
Capital work in progress <sup>4</sup>	88,717	–	88,717	41,448	(2,258)	–	–	(20,261)	(25,922)	–	–	81,724	–	81,724
Plant and equipment	65,170	(30,167)	35,003	6,364	(1,644)	(4,338)	–	–	94	–	–	66,437	(30,958)	35,479
Office equipment	4,703	(2,546)	2,157	349	(2)	(1,023)	–	–	1,408	–	–	6,427	(3,538)	2,889
Furniture and fittings	4,777	(3,337)	1,440	219	(17)	(226)	–	–	1	–	–	4,967	(3,550)	1,417
<b>Land:</b>														
– Operational land	36,844	–	36,844	85	–	–	–	–	–	–	7,521	44,483	–	44,483
– Community land <sup>2</sup>	32,344	–	32,344	–	–	–	–	–	–	–	1,126	33,432	–	33,432
– Land under roads (post 30/6/08)	1,449	–	1,449	111	–	–	–	–	–	–	–	1,560	–	1,560
Land improvements – non-depreciable	1,393	–	1,393	–	–	–	–	–	–	–	–	1,393	–	1,393
Land improvements – depreciable	7,572	(4,971)	2,601	26	(34)	(323)	–	–	99	–	–	7,651	(5,282)	2,369
<b>Infrastructure:</b>														
– Buildings – non-specialised	51,323	(24,186)	27,137	1,822	–	(1,495)	–	–	(1,098)	–	4,318	60,572	(29,888)	30,684
– Buildings – specialised	188,058	(70,037)	118,021	6,461	(1,375)	(5,980)	–	–	(1,958)	–	19,883	222,869	(87,817)	135,052
– Other structures	173,919	(61,701)	112,218	3,106	(5,681)	(6,665)	–	–	1,781	–	10,162	186,919	(71,998)	114,921
– Roads	1,223,914	(343,551)	880,363	3,584	–	(16,450)	–	17,941	1,415	–	92,522	1,376,658	(397,286)	979,372
– Airport runways	44,558	(8,765)	35,793	414	–	(914)	–	–	16,771	–	6,071	68,944	(10,807)	58,137
– Bulk earthworks (non-depreciable)	418,030	–	418,030	2,046	–	–	–	–	(16,273)	–	42,127	445,930	–	445,930
– Stormwater drainage	178,154	(45,355)	132,799	3,241	–	(2,178)	–	–	(1)	–	–	181,394	(47,533)	133,861
– Water supply network	373,618	(128,730)	244,888	1,644	(295)	(4,960)	–	727	20,800	–	52,613	447,673	(132,256)	315,417
– Sewerage network	336,618	(72,563)	264,055	1,555	(59)	(4,233)	–	1,593	6,622	–	(32,146)	385,508	(148,113)	237,395
– Swimming pools	14,387	(2,509)	11,878	–	(1,405)	(233)	(552)	–	(3,925)	–	–	8,451	(2,689)	5,762
<b>Other assets:</b>														
– Heritage collections	33	(5)	28	–	–	–	–	–	–	–	–	33	(5)	28
– Other	2,096	(859)	1,237	–	–	(57)	–	–	186	–	–	2,282	(916)	1,366
<b>Reinstatement, rehabilitation and restoration assets (refer Note 11):</b>														
– Tip assets	880	(880)	–	–	–	–	–	–	–	6,445	–	7,477	(1,032)	6,445
– Quarry assets	1,082	(463)	619	–	–	(23)	–	–	–	123	–	1,206	(485)	721
<b>Total infrastructure, property, plant and equipment</b>	<b>3,249,639</b>	<b>(800,625)</b>	<b>2,449,014</b>	<b>72,475</b>	<b>(12,770)</b>	<b>(49,098)</b>	<b>(552)</b>	<b>–</b>	<b>–</b>	<b>6,568</b>	<b>204,197</b>	<b>3,643,990</b>	<b>(974,153)</b>	<b>2,669,837</b>

(2) The balances as at 30 June 2021 and 30 June 2022 have been restated

(4) A total of \$19,043 Capital WIP is recorded within several asset classes Net balance for 2021/2022, and identified to be moved in 2024. These asset classes and amounts are as follows: Plant and Equipment - \$52; Furniture and Fittings - \$52; Operational Land - \$12; Land under Roads - \$3; Land Improvements Depreciable - \$5; Buildings Specialised - \$11,156; Buildings Non Specialised - \$1,833; Other Structures - \$5,535 and Airport and Taxiways - \$396.

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

### Accounting policy

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

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

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

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

#### Useful lives of IPPE

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

<b>Plant and equipment</b>	Years	<b>Other equipment</b>	Years
Office equipment	1 to 8	Playground equipment	5 to 15
Office furniture	1 to 10	Benches, seats etc.	10 to 20
Computer equipment	1 to 8		
Vehicles	5 to 8	<b>Buildings</b>	
Heavy plant/road making equipment	5 to 8	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 100
		<b>Stormwater assets</b>	
<b>Water and sewer assets</b>		Drains	80 to 120*
Dams and reservoirs	100	Culverts	80*
Bores	30	Flood control structures	60 to 150*
Reticulation pipes: PVC	70		
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 50		
		<b>Other infrastructure assets</b>	
<b>Transportation assets</b>		Bulk earthworks	Infinite
Sealed roads: surface	20 to 23	Swimming pools	5 to 50
Sealed roads: structure	40 to 90	Other open space/recreational assets	15 to 80
Unsealed roads	10 to 24		
Bridge: concrete	110		
Bridge: other	100		
Road pavements	60 to 90		
Kerb, gutter and footpaths	40 to 120		

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

#### Revaluation model

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

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

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

#### Land under roads

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

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

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

### **Crown reserves**

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

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

### **Rural Fire Service assets**

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

These Rural Fire Service assets are recognised as assets of the Council in these financial statements.

## C1-9 Investment properties

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Council has not classified any land or buildings as 'investment properties'

## C1-10 Intangible assets

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Council is unaware of any control over intangible assets that warrant recognition in the financial statements, including either internally generated and developed assets or purchased assets.

## C1-11 Other

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### Other assets

<b>\$ '000</b>	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
Prepayments	933	–	713	–
Shares in unlisted companies – StateCover	–	495	–	495
<b>Total other assets</b>	<b>933</b>	<b>495</b>	<b>713</b>	<b>495</b>

## C2 Leasing activities

### C2-1 Council as a lessee

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Council does not have any Leases.

### C2-2 Council as a lessor

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Council does not have any Leases.

## C3 Liabilities of Council

### C3-1 Payables

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
Prepaid rates	4,090	–	3,781	–
Goods and services – operating expenditure	3,466	–	4,670	–
Accrued expenses:				
– Borrowings	354	–	405	–
– Salaries and wages	2,298	–	1,931	–
Security bonds, deposits and retentions	1,987	–	1,928	–
Other	–	3	–	3
<b>Total payables</b>	<b>12,195</b>	<b>3</b>	<b>12,715</b>	<b>3</b>

#### Accounting policy

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

#### Payables

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

### C3-2 Contract Liabilities

\$ '000	Notes	2023		2022	
		Current	Non-current	Current	Non-current
<b>Grants and contributions received in advance:</b>					
Unexpended grants (received prior to performance obligation being satisfied)	(i)	14,041	–	–	–
<b>Total grants received in advance</b>		<b>14,041</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>User fees and charges received in advance:</b>					
Payments Received in Advance		305	–	353	–
<b>Total user fees and charges received in advance</b>		<b>305</b>	<b>–</b>	<b>353</b>	<b>–</b>
<b>Total contract liabilities</b>		<b>14,346</b>	<b>–</b>	<b>353</b>	<b>–</b>

#### Notes

(i) The contract liability relates to grants received prior to the revenue recognition criteria in AASB 15 being satisfied.

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

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

### C3-3 Borrowings

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
Loans – secured	6,230	33,636	5,984	39,866
<b>Total borrowings</b>	<b>6,230</b>	<b>33,636</b>	<b>5,984</b>	<b>39,866</b>

## C3-3 Borrowings (continued)

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

	2022		Non-cash movements				2023
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
\$ '000							
Loans – secured	45,850	(5,984)	–	–	–	–	39,866
<b>Total liabilities from financing activities</b>	<b>45,850</b>	<b>(5,984)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>39,866</b>

	2021		Non-cash movements				2022
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
\$ '000							
Loans – secured	51,679	(5,829)	–	–	–	–	45,850
<b>Total liabilities from financing activities</b>	<b>51,679</b>	<b>(5,829)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>45,850</b>

## (b) Financing arrangements

\$ '000	2023	2022
<b>Total facilities</b>		
Credit cards/purchase cards	600	600
Bank Guarantee	200	200
<b>Total financing arrangements</b>	<b>800</b>	<b>800</b>
<b>Drawn facilities</b>		
– Credit cards/purchase cards	156	154
– Bank Guarantee	40	40
<b>Total drawn financing arrangements</b>	<b>196</b>	<b>194</b>
<b>Undrawn facilities</b>		
– Credit cards/purchase cards	444	446
– Bank Guarantee	160	160
<b>Total undrawn financing arrangements</b>	<b>604</b>	<b>606</b>

**Accounting policy**

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

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

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

### C3-4 Employee benefit provisions

\$ '000	2023		2022	
	Current	Non-current	Current	Non-current
Annual leave	4,362	–	4,776	–
Sick leave	419	–	548	–
Long service leave	6,559	883	6,742	868
Other leave	129	–	134	–
<b>Total employee benefit provisions</b>	<b>11,469</b>	<b>883</b>	<b>12,200</b>	<b>868</b>

#### 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 – employee benefits	4,508	4,814
	<b>4,508</b>	<b>4,814</b>

#### 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.

### C3-5 Provisions

\$ '000	2023		2022	
	Current	Non-Current	Current	Non-Current
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	–	10,752	–	10,738
<b>Sub-total – asset remediation/restoration</b>	<b>–</b>	<b>10,752</b>	<b>–</b>	<b>10,738</b>
<b>Total provisions</b>	<b>–</b>	<b>10,752</b>	<b>–</b>	<b>10,738</b>

## C3-5 Provisions (continued)

### Description of and movements in provisions

\$ '000	Other provisions			Total
	Self insurance	Asset remediation	Other	
<b>2023</b>				
At beginning of year	–	10,738	–	10,738
Additional provisions	–	326	–	326
Unwinding of discount	–	(312)	–	(312)
Total other provisions at end of year	–	10,752	–	10,752
<b>2022</b>				
At beginning of year	–	4,276	–	4,276
<b>Changes to provision:</b>				
– Revised costs	–	6,340	–	6,340
Additional provisions	–	41	–	41
Unwinding of discount	–	81	–	81
Total other provisions at end of year	–	10,738	–	10,738

### Nature and purpose of provisions

#### Asset remediation

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

#### Accounting policy

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

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

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

#### Asset remediation – tips and quarries

Council recognises an obligation for the remediation of the Whylandra Landfill but cannot determine a reasonable estimate to the costs due to the useful life ranging from 50-100 years. Council declares a contingent liability for the Whylandra Landfill which currently undergoes remediation on an on-going basis when required.

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

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

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

## C4 Reserves

### C4-1 Nature and purpose of reserves

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#### **IPPE Revaluation reserve**

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

## D Council structure

### D1 Results by fund

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

#### D1-1 Income Statement by fund

\$ '000	<b>General 2023</b>	<b>Water 2023</b>	<b>Sewer 2023</b>
<b>Income from continuing operations</b>			
Rates and annual charges	49,296	8,672	14,524
User charges and fees	24,643	14,889	5,384
Interest and investment income	4,248	1,423	1,991
Other revenues	3,180	55	170
Grants and contributions provided for operating purposes	28,292	134	116
Grants and contributions provided for capital purposes	45,930	8,644	1,978
Other income	(1,966)	–	2,037
<b>Total income from continuing operations</b>	<b>153,623</b>	<b>33,817</b>	<b>26,200</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	37,240	5,926	4,153
Materials and services	38,622	9,472	3,872
Borrowing costs	1,155	1,306	534
Depreciation, amortisation and impairment of non-financial assets	41,646	7,116	5,561
Other expenses	3,045	–	–
Net losses from the disposal of assets	2,873	403	–
<b>Total expenses from continuing operations</b>	<b>124,581</b>	<b>24,223</b>	<b>14,120</b>
<b>Operating result from continuing operations</b>	<b>29,042</b>	<b>9,594</b>	<b>12,080</b>
<b>Net operating result for the year</b>	<b>29,042</b>	<b>9,594</b>	<b>12,080</b>
<b>Net operating result attributable to each council fund</b>	29,042	9,594	12,080
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(16,888)</b>	<b>950</b>	<b>10,102</b>

## D1-2 Statement of Financial Position by fund

\$ '000	<b>General 2023</b>	<b>Water 2023</b>	<b>Sewer 2023</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	49,569	4,219	6,864
Investments	42,750	45,000	10,500
Receivables	25,626	5,807	2,935
Inventories	7,983	130	–
Other	874	21	38
<b>Total current assets</b>	<b>126,802</b>	<b>55,177</b>	<b>20,337</b>
<b>Non-current assets</b>			
Investments	40,518	14,000	56,296
Receivables	29	–	–
Inventories	4,971	–	–
Infrastructure, property, plant and equipment	1,940,119	368,165	287,283
Investments accounted for using the equity method	1,948	–	–
Other	451	44	–
<b>Total non-current assets</b>	<b>1,988,036</b>	<b>382,209</b>	<b>343,579</b>
<b>Total assets</b>	<b>2,114,838</b>	<b>437,386</b>	<b>363,916</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	11,572	422	201
Contract liabilities	14,346	–	–
Borrowings	2,386	1,412	2,432
Employee benefit provision	10,457	1,012	–
<b>Total current liabilities</b>	<b>38,761</b>	<b>2,846</b>	<b>2,633</b>
<b>Non-current liabilities</b>			
Payables	3	–	–
Borrowings	8,784	18,491	6,361
Employee benefit provision	804	79	–
Provisions	10,752	–	–
<b>Total non-current liabilities</b>	<b>20,343</b>	<b>18,570</b>	<b>6,361</b>
<b>Total liabilities</b>	<b>59,104</b>	<b>21,416</b>	<b>8,994</b>
<b>Net assets</b>	<b>2,055,734</b>	<b>415,970</b>	<b>354,922</b>
<b>EQUITY</b>			
Accumulated surplus	1,826,372	269,470	282,285
Revaluation reserves	229,362	146,500	72,637
<b>Council equity interest</b>	<b>2,055,734</b>	<b>415,970</b>	<b>354,922</b>
<b>Total equity</b>	<b>2,055,734</b>	<b>415,970</b>	<b>354,922</b>

(in accordance with s410(3) of the *Local Government Act 1993*)

## D2 Interests in other entities

\$ '000	<i>Council's share of net assets</i>	
	2023	2022
<b>Council's share of net assets</b>		
<b>Net share of interests in joint ventures and associates using the equity method – assets</b>		
Joint ventures	1,948	1,877
<b>Total net share of interests in joint ventures and associates using the equity method – assets</b>	<b>1,948</b>	<b>1,877</b>
Total Council's share of net assets	1,948	1,877

### D2-1 Interests in joint arrangements

#### Net carrying amounts – Council's share

\$ '000	<i>Place of business</i>	<i>Nature of relationship</i>	<i>Interest in ownership</i>			
			2023	2022	2023	2022
Macquarie Regional Library	Branches in Dubbo, Narromine and Warrumbungle Council area	Joint Venture	71.3%	71.3%	1,948	1,877
<b>Total carrying amounts – material joint ventures</b>					<b>1,948</b>	<b>1,877</b>

#### Material joint ventures

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

#### Details

	<i>Principal activity</i>	<i>Measurement method</i>
Macquarie Regional Library	Public library services	Equity

#### Relevant interests and fair values

	<i>Interest in outputs</i>		<i>Proportion of voting power</i>	
	2023	2022	2023	2022
Macquarie Regional Library	69.9%	67.2%	33.0%	33.0%

#### Summarised financial information for joint ventures

\$ '000	<i>Macquarie Regional Library</i>	
	2023	2022
<b>Statement of financial position</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,305	2,166
Other current assets	65	82
<b>Non-current assets</b>	<b>1,221</b>	<b>1,258</b>

continued on next page ...

## D2-1 Interests in joint arrangements (continued)

\$ '000	<i>Macquarie Regional Library</i>	
	2023	2022
<b>Current liabilities</b>		
Current financial liabilities (excluding trade and other payables and provisions)	825	841
<b>Non-current liabilities</b>		
Non-current financial liabilities (excluding trade and other payables and provisions)	34	33
<b>Net assets</b>	<b>2,732</b>	<b>2,632</b>
<b>Statement of comprehensive income</b>		
Income	3,570	3,253
Interest income	86	7
Depreciation and amortisation	(340)	(170)
Other expenses	(3,214)	(2,855)
<b>Profit/(loss) from continuing operations</b>	<b>102</b>	<b>235</b>
<b>Profit/(loss) for the period</b>	<b>102</b>	<b>235</b>
<b>Total comprehensive income</b>	<b>102</b>	<b>235</b>
<b>Share of income – Council (%)</b>	<b>69.9%</b>	<b>67.2%</b>
<b>Profit/(loss) – Council (\$)</b>	<b>71</b>	<b>158</b>
<b>Total comprehensive income – Council (\$)</b>	<b>71</b>	<b>158</b>
<b>Reconciliation of the carrying amount</b>		
Opening net assets (1 July)	2,634	2,399
Profit/(loss) for the period	102	235
<b>Closing net assets</b>	<b>2,736</b>	<b>2,634</b>
<b>Council's share of net assets (%)</b>	<b>71.3%</b>	<b>71.3%</b>
<b>Council's share of net assets (\$)</b>	<b>1,948</b>	<b>1,877</b>

**Accounting policy**

Council has determined that it has only joint ventures

**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 the Council for the purposes of the consolidated financial statements.

## E Risks and accounting uncertainties

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

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

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

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

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

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

The risks associated with the financial instruments held are:

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

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

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

\$ '000	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	2,697	2,364

#### (b) Credit risk

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

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures. Council also encourages ratepayers to pay their 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 Council monthly and benchmarks are set and monitored for acceptable collection performance. The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

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

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

#### Credit risk profile

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

### Receivables – rates and annual charges

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

\$ '000	Not yet overdue rates and annual charges			Total
	overdue	< 5 years	≥ 5 years	
<b>2023</b>				
Gross carrying amount	2,863	544	–	3,407
2022				
Gross carrying amount	2,391	1,002	–	3,393

### Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
<b>2023</b>						
Gross carrying amount	31,126	446	8	40	77	31,697
Expected loss rate (%)	5.00%	5.00%	5.00%	5.00%	100.00%	5.23%
2022						
Gross carrying amount	16,586	2,604	222	133	984	20,529
Expected loss rate (%)	5.00%	5.00%	5.00%	5.00%	100.00%	9.55%

### (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.

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total contractual cash flows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
<b>2023</b>							
Payables	0.00%	1,987	10,213	–	–	12,200	12,198
Borrowings	6.40%	–	8,777	29,943	24,552	63,272	39,866
<b>Total financial liabilities</b>		<b>1,987</b>	<b>18,990</b>	<b>29,943</b>	<b>24,552</b>	<b>75,472</b>	<b>52,064</b>

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

<b>\$ '000</b>	<b>Weighted average interest rate</b>	<b>Subject to no maturity</b>	<b>payable in:</b>		<b>Total contractu al cash flows</b>	<b>Actual carrying values</b>	
			<b>≤ 1 Year</b>	<b>1 - 5 Years</b>	<b>&gt; 5 Years</b>		
2022							
Payables	0.00%	1,928	10,791	–	–	12,719	12,718
Borrowings	5.98%	–	8,959	34,664	28,608	72,231	45,850
<b>Total financial liabilities</b>		<u>1,928</u>	<u>19,750</u>	<u>34,664</u>	<u>28,608</u>	<u>84,950</u>	<u>58,568</u>



## E2-1 Fair value measurement (continued)

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### Valuation techniques

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

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

#### Infrastructure, property, plant and equipment (IPPE)

##### Level 2 inputs

##### Plant & equipment

It is considered that there is a liquid second hand market for Council's plant and equipment, however, there is subjectivity of prices in this market dependent on the age and condition of the equipment being sold. Council has determined that the plant and equipment is to be classified as level 2 inputs.

##### Office equipment and furniture & fittings

There is a liquid second hand market for these types of assets, but the market is not liquid enough to qualify the assets as valued at level 1. The reason for retaining book value in note 11 is that these assets typically have very short useful lives, are held to the end of their economic life and have no residual value, and the written down value reflects their value in use rather than their market value.

##### Operational land

There is an active liquid market for most of Council's Operational Land, however, the subjectivity of pricing has resulted in this land to be classified as Level 2.

##### Level 3 inputs

##### Buildings - specialised and non-specialised and other structures

Valuations of buildings was carried out by an external valuer, but the valuation was on the written down current replacement cost of the buildings rather than the market value. Consequently, all buildings are categorised as level 3 unobservable inputs, as the valuations do not reflect market valuations.

##### Quarry assets

The quarry assets are valued on the basis of the price of acquiring the same quality material from commercial quarries that operate within the Dubbo local government area. The reason for level 3 classification is that there is a degree of estimation required to determine the amount of material remaining in the quarry, and also the potential variation in quality of the material that has yet to be won from the quarry.

##### Community land

Community land was valued using urban and rural average municipal site values. These were determined by analysing the total rateable value of urban and rural lands, and then dividing the total valuations by the total area to determine an average rate per hectare or square metre. This was then applied to the areas of community land. This work was carried out by Council's rating staff. This method has no market observable inputs as the rating value is the valuation provided by the Valuer General for rating purposes, and may or may not align with the market value of the land. However, it is not a market valuation of the land. The level 3 unobservable inputs are the valuations provided by the Valuer General on which the value of the land is determined.

##### Land under roads

Council has elected to only recognise land under roads that have been acquired after 30 June 2008. There are two methods by which this land is valued, neither of which represent the market value of the land as there is no market for land that is currently used for road or road reserve purposes. Land which is transferred to Council from private subdividers is valued using the municipal site value as outlined in valuation of community land above then discounted accordingly. Land under roads relating to Council's own subdivisions is valued at the cost of that land at acquisition, on an area basis. The level 3 unobservable inputs are the average municipal site value of subdividers land vested in Council, and the cost of the land acquired by Council for subdivision on an area basis.

##### Land improvements depreciable and non-depreciable

## E2-1 Fair value measurement (continued)

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Land improvements - non-depreciable are valued at current replacement cost. This is a level 3 unobservable input as the valuation method does not reflect a market rate as there is no active market for sale of land improvements - non-depreciable.

### **Airport runways/taxiways**

Airport runways/taxiways are valued at current replacement cost. This is a level 3 unobservable input as the valuation method does not reflect a market rate as there is no active market for sale of airport runways/taxiways.

### **Infrastructure roads, bridges and footpaths**

Valuation of roads was undertaken by Council staff, based on the current written down value of the road assets within Council's network. As this is based on the current costs of construction at time of valuation, and not market value, this valuation is a level 3 unobservable input valuation.

### **Bulk earthworks (non-depreciable)**

Valuation of non-depreciable bulk earthworks has two different valuations depending on whether the earthworks relate to roads or stormwater retarding basins. All earthworks relating to roads were valued in conjunction with the valuation of the roads by Council staff, on a current replacement cost basis. All stormwater retarding basin earthworks were valued on a current replacement cost basis by Council staff as an internal valuation. The basis of determining the value for internal valuations was a combination of the cost of similar works carried out by Council, recent similar contract works, and reference rates for construction of similar earthworks. Both the internal and external valuations are level 3 unobservable inputs valuations due to the fact that market valuation was not a factor in determining the value of the assets.

### **Stormwater, water and sewer infrastructure assets**

All three asset networks were valued by Council staff using recent Council cost of constructing similar assets, recent contractor costs to construct Council assets, and then cross validating the costs to construction cost indexes provided by the NSW Office of Water. The written down value was then assessed by estimating the total and remaining useful lives of the asset to determine the written down current replacement cost of each asset.

### **Heritage collection assets**

These items comprise historical artefacts that have been obtained generally by purchase through antique dealers or through private sale. As there is not an active liquid market in the types of items acquired, they are valued at historical cost, and therefore have been assessed as being Level 3 unobservable input valuations.

### **Library books**

The library books are reported at fair value in the notes, however, due to the nature of these items they are valued at historical cost. There are no major variances between the fair value and carrying amount of these assets. The cost of these assets were based on invoices at the time of capitalisation.

### **Tip and quarry restoration assets**

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

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

There were no changes in valuation techniques from prior years.

## E2-1 Fair value measurement (continued)

### Fair value measurements using significant unobservable inputs (level 3)

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

	<i>Valuation technique/s</i>	<i>Unobservable inputs</i>
<b>Infrastructure, property, plant and equipment</b>		
Capital works in progress	Cost approach	Gross replacement cost
Community Land	NSW Valuer General land valuation	Land value, land area
Land under Roads	NSW Valuer General land valuation	Land value, land area
Land improvements non-depreciable	Cost approach	Asset condition, remaining lives, residual value
Land improvements depreciable	Cost approach	Asset condition, remaining lives, residual value
Buildings non specialised	Cost approach	Gross replacement cost
Building specialised	Cost approach	Gross replacement cost
Other structures	Cost approach	Asset condition, remaining lives, residual value
Roads	Cost approach	Asset condition, remaining lives, residual value
Airports, runways, taxiways	Cost approach	Asset condition, remaining lives, residual value
Bulk earthworks	Cost approach	Asset condition, remaining lives, residual value
Stormwater drainage	Cost approach	Asset condition, remaining lives, residual value
Water supply network	Cost approach	Asset condition, remaining lives, residual value
Sewerage network	Cost approach	Asset condition, remaining lives, residual value
Swimming pools	Cost approach	Asset condition, remaining lives, residual value
Other open space recreational	Cost approach	Asset condition, remaining lives, residual value
Heritage collections	Cost approach	Gross replacement cost
Library books	Cost approach	Gross replacement cost
Other assets	Cost approach	Gross replacement cost
Tip restoration assets	Cost estimate of future liability	
Quarry restoration assets	Cost estimate of future liability	

## E2-1 Fair value measurement (continued)

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

\$ '000	<i>Capital works in progress</i>		<i>Community Land</i>		<i>Land under Roads</i>		<i>Land improvement non-dep</i>	
	2023	2022	2023	2022 <i>Restated</i>	2023	2022	2023	2022
<b>Opening balance</b>	<b>81,724</b>	88,717	<b>33,432</b>	32,344	<b>1,560</b>	1,449	<b>1,393</b>	1,393
<b>Total gains or losses for the period</b>								
Recognised in other comprehensive income – revaluation surplus	–	–	<b>7,155</b>	1,126	–	–	<b>328</b>	–
<b>Other movements</b>								
Transfers from/(to) another asset class	<b>(35,146)</b>	(46,183)	–	(38)	–	–	<b>1,150</b>	–
Purchases (GBV)	<b>33,059</b>	41,448	–	–	<b>296</b>	111	–	–
Disposals (WDV)	<b>(11)</b>	(2,258)	<b>(5)</b>	–	–	–	–	–
<b>Closing balance</b>	<b>79,626</b>	81,724	<b>40,582</b>	33,432	<b>1,856</b>	1,560	<b>2,871</b>	1,393

\$ '000	<i>Land improvement dep</i>		<i>Buildings non specialised</i>		<i>Building specialised</i>		<i>Other structures</i>	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Opening balance</b>	<b>2,369</b>	2,601	<b>30,684</b>	27,137	<b>135,051</b>	118,021	<b>114,921</b>	112,218
<b>Total gains or losses for the period</b>								
Recognised in other comprehensive income – revaluation surplus	<b>2,559</b>	–	<b>4,041</b>	4,318	<b>17,461</b>	19,883	<b>12,948</b>	10,162
<b>Other movements</b>								
Transfers from/(to) another asset class	<b>722</b>	99	<b>(2,722)</b>	(1,098)	<b>13,567</b>	(1,958)	<b>3,540</b>	1,781
Purchases (GBV)	<b>62</b>	26	<b>119</b>	1,822	<b>7,442</b>	6,461	<b>3,979</b>	3,106
Disposals (WDV)	<b>(5)</b>	(34)	<b>(1,403)</b>	–	<b>(7,524)</b>	(1,375)	<b>(8,808)</b>	(5,681)
Depreciation and impairment	<b>(367)</b>	(323)	<b>(1,967)</b>	(1,495)	<b>(14,851)</b>	(5,981)	<b>(13,926)</b>	(6,665)
<b>Closing balance</b>	<b>5,340</b>	2,369	<b>28,752</b>	30,684	<b>151,146</b>	135,051	<b>112,654</b>	114,921

\$ '000	<i>Roads</i>		<i>Airports, runways, taxiways</i>		<i>Bulk earthworks</i>		<i>Stormwater drainage</i>	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Opening balance</b>	<b>979,375</b>	880,363	<b>58,137</b>	35,792	<b>445,930</b>	418,030	<b>133,861</b>	132,799
<b>Total gains or losses for the period</b>								
Recognised in other comprehensive income – revaluation surplus	<b>(13,402)</b>	92,522	<b>3,616</b>	6,071	<b>(111,075)</b>	42,127	<b>12,983</b>	–
<b>Other movements</b>								
Transfers from/(to) another asset class	<b>22,681</b>	19,356	–	16,773	<b>6,664</b>	(16,273)	<b>149</b>	(1)
Purchases (GBV)	<b>11,759</b>	3,584	<b>2,063</b>	415	–	2,046	<b>4,447</b>	3,241
Disposals (WDV)	<b>(3,106)</b>	–	–	–	–	–	–	–
Depreciation and impairment	<b>(74,150)</b>	(16,450)	<b>(1,538)</b>	(914)	–	–	<b>(5,762)</b>	(2,178)
<b>Closing balance</b>	<b>923,157</b>	979,375	<b>62,278</b>	58,137	<b>341,519</b>	445,930	<b>145,678</b>	133,861

\$ '000	<i>Water supply network</i>		<i>Sewerage network</i>		<i>Swimming pools</i>		<i>Heritage collections</i>	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Opening balance</b>	<b>315,417</b>	244,888	<b>237,395</b>	264,055	<b>5,763</b>	11,878	<b>28</b>	28
<b>Total gains or losses for the period</b>								

## E2-1 Fair value measurement (continued)

\$ '000	<i>Water supply network</i>		<i>Sewerage network</i>		<i>Swimming pools</i>		<i>Heritage collections</i>	
	2023	2022	2023	2022	2023	2022	2023	2022
Recognised in other comprehensive income – revaluation surplus	<b>34,970</b>	52,613	<b>29,766</b>	(32,138)	–	–	<b>17</b>	–
<b>Other movements</b>								
Transfers from/(to) another asset class	<b>4,827</b>	21,527	<b>87</b>	8,215	–	(3,925)	–	–
Purchases (GBV)	<b>1,950</b>	1,644	<b>904</b>	1,555	–	–	–	–
Disposals (WDV)	<b>(416)</b>	(295)	–	(59)	–	(1,405)	–	–
Depreciation and impairment	<b>(17,594)</b>	(4,960)	<b>(17,351)</b>	(4,233)	<b>(133)</b>	(785)	<b>3</b>	–
<b>Closing balance</b>	<b>339,154</b>	315,417	<b>250,801</b>	237,395	<b>5,630</b>	5,763	<b>48</b>	28

\$ '000	<i>Other assets</i>		<i>Tip restoration assets</i>		<i>Quarry restoration assets</i>		<i>Total</i>	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Opening balance</b>	<b>1,366</b>	1,237	<b>6,445</b>	–	<b>719</b>	619	<b>2,585,570</b>	<b>2,373,569</b>
Recognised in other comprehensive income – revaluation surplus	<b>2,706</b>	–	–	6,445	–	100	<b>4,073</b>	<b>203,229</b>
Transfers from/(to) another asset class	<b>(1,142)</b>	186	<b>(207)</b>	–	<b>(19)</b>	–	<b>14,151</b>	<b>(1,539)</b>
Purchases (GBV)	–	–	–	–	–	–	<b>66,080</b>	<b>65,459</b>
Disposals (WDV)	<b>(2)</b>	(57)	–	–	–	–	<b>(21,280)</b>	<b>(11,164)</b>
Depreciation and impairment	<b>718</b>	–	<b>(1,176)</b>	–	<b>(60)</b>	–	<b>(148,154)</b>	<b>(43,984)</b>
<b>Closing balance</b>	<b>3,646</b>	1,366	<b>5,062</b>	6,445	<b>640</b>	719	<b>2,500,440</b>	<b>2,585,570</b>

### Highest and best use

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

## E3-1 Contingencies

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

### LIABILITIES NOT RECOGNISED

#### 1. Guarantees

##### (i) Defined benefit plans

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

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

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

##### *Description of the funding arrangements.*

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

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

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

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

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

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

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

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

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

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

The amount of employer contributions to the defined benefit section of the Fund and recognised as an expense for the year ending 30 June 2023 was \$374,551.63. The last formal valuation of the Fund was undertaken by the Fund Actuary, Richard Boyfield FIAA as at 30 June 2022.

## E3-1 Contingencies (continued)

Council's expected contribution to the plan for the next annual reporting period is \$337,153.20.

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

Employer reserves only *	\$millions	Asset Coverage
Assets	2,290.9	
Past Service Liabilities	2,236.1	102.4%
Vested Benefits	2,251.6	101.7%

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

The share of any funding surplus or deficit that can be attributed to Council is 1.35%

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

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

Investment return	6% per annum
Salary inflation *	3.5% per annum
Increase in CPI	2.5% per annum

\* Plus promotional increases

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

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

### (ii) CivicRisk Mutual Limited

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

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

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

### (iii) StateCover Limited

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

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

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

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

## 2. Other liabilities

### (i) Third party claims

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

## E3-1 Contingencies (continued)

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

### (ii) Potential land acquisitions due to planning restrictions imposed by Council

Council has classified a number of privately owned land parcels as local open space or bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

At reporting date, reliable estimates as to the value of any potential liability (and subsequent land asset) from such potential acquisitions has not been possible.

## ASSETS NOT RECOGNISED

### (ii) Infringement notices/fines

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

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

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

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

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

<b>\$ '000</b>	<b>2023</b>	<b>2022</b>
<b>Compensation:</b>		
Short-term benefits	<b>2,320</b>	2,330
Other long-term benefits	<b>190</b>	209
<b>Total</b>	<b>2,510</b>	<b>2,539</b>

Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of Council delivering a public service objective (e.g. access to library or Council swimming pool by KMP) will not be disclosed.

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

<b>\$ '000</b>	<b>2023</b>	<b>2022</b>
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Councillor expenses – councillors' fees/committee fees	<b>342</b>	285
Councillors' and committee expenses (incl. mayor) – other (excluding fees above)	<b>114</b>	106
<b>Total</b>	<b>456</b>	<b>391</b>

## F2 Other relationships

### F2-1 Audit fees

\$ '000	2023	2022
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
<b>Auditors of the Council - NSW Auditor-General:</b>		
Audit and Review of Financial Statements	-	-
<b>(i) Audit and other assurance services</b>		
Audit and review of financial statements	147	136
<b>Remuneration for audit and other assurance services</b>	<b>147</b>	<b>136</b>
<b>Total Auditor-General remuneration</b>	<b>147</b>	<b>136</b>
<b>Non NSW Auditor-General audit firms</b>		
<b>(i) Audit and other assurance services</b>		
Other assurance services	-	7
<b>Remuneration for audit and other assurance services</b>	<b>-</b>	<b>7</b>
<b>Total remuneration of non NSW Auditor-General audit firms</b>	<b>-</b>	<b>7</b>
<b>Total audit fees</b>	<b>147</b>	<b>143</b>

## G Other matters

### G1-1 Statement of Cash Flows information

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

\$ '000	2023	2022
<b>Net operating result from Income Statement</b>	<b>50,716</b>	40,446
<b>Add / (less) non-cash items:</b>		
Depreciation and amortisation	54,323	47,905
(Gain) / loss on disposal of assets	3,276	7,149
Non-cash capital grants and contributions	(18,544)	(13,284)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Revaluation decrements / impairments of IPP&E direct to P&L	–	552
Amortisation of premiums, discounts and prior period fair valuations		
– Financial assets at amortised cost / held to maturity (2022)	301	298
– Interest on all fair value adjusted interest free advances made by Council	(19)	(20)
Unwinding of discount rates on reinstatement provisions	(312)	81
Share of net (profits)/losses of associates/joint ventures using the equity method	(71)	(158)
<b>Movements in operating assets and liabilities and other cash items:</b>		
(Increase) / decrease of receivables	(11,257)	(2,503)
Increase / (decrease) in provision for impairment of receivables	336	(370)
(Increase) / decrease of inventories	(277)	171
(Increase) / decrease of other current assets	(220)	(75)
Increase / (decrease) in payables	(1,204)	(3,760)
Increase / (decrease) in accrued interest payable	(51)	(49)
Increase / (decrease) in other accrued expenses payable	367	484
Increase / (decrease) in other liabilities	368	62
Increase / (decrease) in contract liabilities	13,993	(3,022)
Increase / (decrease) in employee benefit provision	(716)	(316)
Increase / (decrease) in other provisions	326	6,381
<b>Net cash flows from operating activities</b>	<b>91,335</b>	<b>79,972</b>

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

Infrastructure contributions	18,544	13,284
<b>Total non-cash investing and financing activities</b>	<b>18,544</b>	<b>13,284</b>

## G2-1 Commitments

### Capital commitments (exclusive of GST)

\$ '000	2023	2022
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Road Infrastructure	209	3,559
Other structures	4,160	11,014
Water infrastructure	2,941	5,242
Sewer infrastructure	463	334
<b>Total commitments</b>	<b>7,773</b>	<b>20,149</b>

#### Details of capital commitments

Dubbo Regional Council has committed to the following:

- Design and construction of the non potable pipeline and Drought Relief ancillary works
- Construction of Northern Borefield Pipeline
- Construction of Rural Fire Service Centre of Excellence
- Design and construction of Bridges - Terrabella, Burrendong and Benolong

## G3-1 Events occurring after the reporting date

Claims totalling \$5,107,301.33 are being submitted under the NSW Government natural disaster declarations grant funding with Transport NSW to recover a portion of eligible expenditure relating to flooding events in 2022/2023 (AGRN 987, AGRN 1025 and AGRN 1034). Payment is expected to be received in the 2023/2024 financial year, following review and subsequent approval by Transport NSW.

## G4 Changes from prior year statements

### G4-1 Correction of errors

On review of Community Land it was discovered that Council Council has recognised the value associated with lots of land that it does not control. This resulted in an overstatement in the opening balance at 1 July 2021 of \$11,602K. Revaluations on the over statement for the Non Council land have also been removed thus being \$3,138 for 2021/2022.

The above error has been corrected by restating the balances at the earliest period presented 1 July 2021 and taking the adjustment to 'Accumulated surplus'. The comparatives have been restated for the error.'

### Changes to the opening Statement of Financial Position at 1 July 2021

#### Statement of Financial Position

<b>\$ '000</b>	<b>Original Balance 1 July, 2021</b>	<b>Impact Increase/ (decrease)</b>	<b>Restated Balance 1 July, 2021</b>
Infrastructure, property, plant and equipment	2,460,616	(11,602)	2,449,014
<b>Total Assets</b>	<b>2,715,495</b>	<b>(11,602)</b>	<b>2,703,893</b>
<b>Net Assets</b>	<b>2,626,800</b>	<b>(11,602)</b>	<b>2,615,198</b>
Accumulated Surplus	2,298,567	(11,602)	2,286,965
<b>Total Equity</b>	<b>2,626,800</b>	<b>(11,602)</b>	<b>2,615,198</b>

### Adjustments to the comparative figures for the year ended 30 June 2022

#### Statement of Financial Position

<b>\$ '000</b>	<b>Original Balance 30 June, 2022</b>	<b>Impact Increase/ (decrease)</b>	<b>Restated Balance 30 June, 2022</b>
Infrastructure, property, plant and equipment	2,684,577	(14,740)	2,669,837
<b>Total Assets</b>	<b>2,957,308</b>	<b>(14,740)</b>	<b>2,942,568</b>
<b>Net Assets</b>	<b>2,874,581</b>	<b>(14,740)</b>	<b>2,859,841</b>
Accumulated Surplus	2,339,013	(11,602)	2,327,411
IPPE REvaluation Reserve	535,568	(3,138)	532,430
<b>Total Equity</b>	<b>2,874,581</b>	<b>(14,740)</b>	<b>2,859,841</b>

#### Income Statement

#### Statement of Comprehensive Income

<b>\$ '000</b>	<b>Original Balance 30 June, 2022</b>	<b>Impact Increase/ (decrease)</b>	<b>Restated Balance 30 June, 2022</b>
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## G4-1 Correction of errors (continued)

<b>\$ '000</b>	<b>Original Balance 30 June, 2022</b>	<b>Impact Increase/ (decrease)</b>	<b>Restated Balance 30 June, 2022</b>
Other Comprehensive Income	207,335	(3,138)	204,197
<b>Total Comprehensive Income</b>	<b>247,781</b>	<b>(3,138)</b>	<b>244,643</b>

## G5 Statement of developer contributions as at 30 June 2023

### G5-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2022	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Drainage	1,377	155	–	–	43	(5)	–	1,570	–
Roads	7,493	3,060	–	–	309	(395)	–	10,467	–
Parking	98	–	–	–	3	–	–	101	–
Open space	2,429	894	–	–	101	(321)	–	3,103	–
Voluntary planning agreements	211	–	–	–	–	–	–	211	–
<b>S7.11 contributions – under a plan</b>	11,608	4,109	–	–	456	(721)	–	15,452	–
<b>S7.12 levies – under a plan</b>	90	139	–	–	–	(60)	–	169	–
<b>Total S7.11 and S7.12 revenue under plans</b>	11,698	4,248	–	–	456	(781)	–	15,621	–
S64 contributions	–	–	–	–	–	–	–	–	–
<b>Total contributions</b>	11,698	4,248	–	–	456	(781)	–	15,621	–

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

## G5-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2022	Contributions received during the year				Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2023	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other						
<b>CONTRIBUTION PLAN (former Dubbo)</b>										
Drainage	1,377	155	–	–	43	(5)	–	1,570	–	
Roads	7,493	3,060	–	–	309	(395)	–	10,467	–	
Parking	98	–	–	–	3	–	–	101	–	
Open space	2,429	894	–	–	101	(321)	–	3,103	–	
Voluntary planning agreements	211	–	–	–	–	–	–	211	–	
<b>Total</b>	<b>11,608</b>	<b>4,109</b>	<b>–</b>	<b>–</b>	<b>456</b>	<b>(721)</b>	<b>–</b>	<b>15,452</b>	<b>–</b>	

## S7.12 Levies – under a plan

<b>CONTRIBUTION PLAN NUMBER 2012 (former Wellington)</b>										
Public order and safety	12	20	–	–	–	(10)	–	22	–	
Community services and education	12	20	–	–	–	(10)	–	22	–	
Household and community amenities	12	20	–	–	–	(10)	–	22	–	
Recreation and culture	17	26	–	–	–	(10)	–	33	–	
Transport and communication	15	23	–	–	–	(10)	–	28	–	
Economic affairs	22	30	–	–	–	(10)	–	42	–	
<b>Total</b>	<b>90</b>	<b>139</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(60)</b>	<b>–</b>	<b>169</b>	<b>–</b>	

## G6 Statement of performance measures

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

\$ '000	<b>Amounts 2023</b>	<b>Indicator 2023</b>	<b>Indicators 2022</b>	<b>Indicators 2021</b>	<b>Benchmark</b>
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>(2,259)</b>	<b>(1.44)%</b>	(0.86)%	(9.36)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>157,017</b>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>128,475</b>	<b>60.16%</b>	60.88%	61.63%	> 60.00%
Total continuing operating revenue <sup>1</sup>	<b>213,569</b>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	<b>104,184</b>	<b>3.04x</b>	4.33x	2.93x	> 1.50x
Current liabilities less specific purpose liabilities	<b>34,253</b>				
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>55,059</b>	<b>6.13x</b>	5.64x	3.96x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>8,979</b>				
<b>5. Rates and annual charges outstanding percentage</b>					
Rates and annual charges outstanding	<b>3,726</b>	<b>4.87%</b>	5.13%	5.35%	< 10.00%
Rates and annual charges collectable	<b>76,492</b>				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<b>204,402</b>	<b>21.70</b>	20.20	20.25	> 3.00
Monthly payments from cash flow of operating and financing activities	<b>9,419</b>	<b>months</b>	months	months	months

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

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

## G6-2 Statement of performance measures by fund

\$ '000	General Indicators <sup>3</sup>		Water Indicators		Sewer Indicators		Benchmark
	2023	2022	2023	2022	2023	2022	
<b>1. Operating performance ratio</b>							
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>(12.37)%</b>	(7.76)%	<b>3.77%</b>	7.17%	<b>41.71%</b>	26.04%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>							
<b>2. Own source operating revenue ratio</b>							
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>51.66%</b>	54.85%	<b>74.04%</b>	68.87%	<b>92.01%</b>	86.35%	> 60.00%
Total continuing operating revenue <sup>1</sup>							
<b>3. Unrestricted current ratio</b>							
Current assets less all external restrictions	<b>3.04x</b>	4.33x	<b>19.39x</b>	15.22x	<b>7.72x</b>	4.59x	> 1.50x
Current liabilities less specific purpose liabilities							
<b>4. Debt service cover ratio</b>							
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>4.13x</b>	4.62x	<b>7.18x</b>	5.96x	<b>30.33x</b>	15.73x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
<b>5. Rates and annual charges outstanding percentage</b>							
Rates and annual charges outstanding	<b>6.99%</b>	7.40%	<b>0.00%</b>	0.00%	<b>0.00%</b>	0.00%	< 10.00%
Rates and annual charges collectable							
<b>6. Cash expense cover ratio</b>							
Current year's cash and cash equivalents plus all term deposits	<b>20.53 months</b>	18.74 months	∞	∞	∞	∞	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

(1) - (2) Refer to Notes at Note G5-1 above.

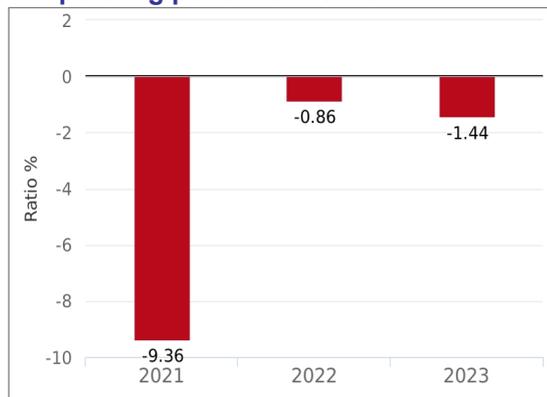
(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

**End of the audited financial statements**

## H Additional Council disclosures (unaudited)

### H1-1 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 (1.44)%

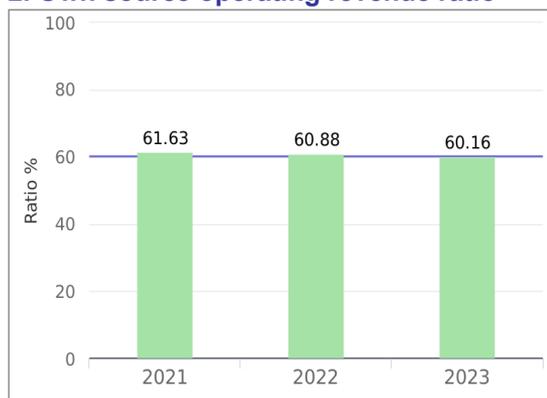
Benchmark: — > 0.00%

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 60.16%

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 3.04x

Benchmark: — > 1.50x

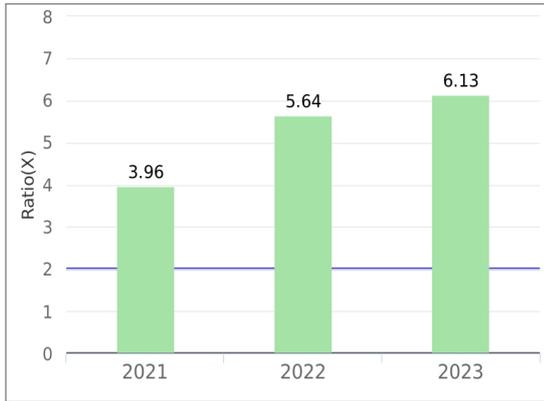
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-1 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	6.13x

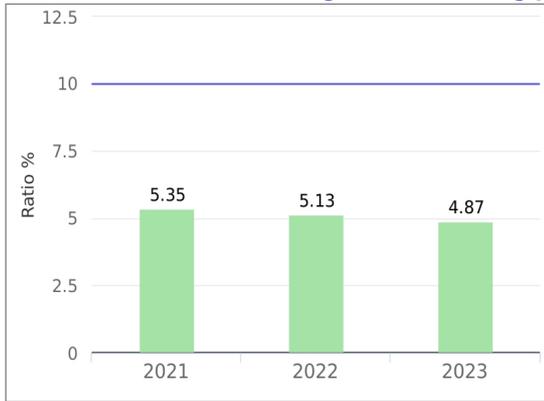
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



**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	4.87%

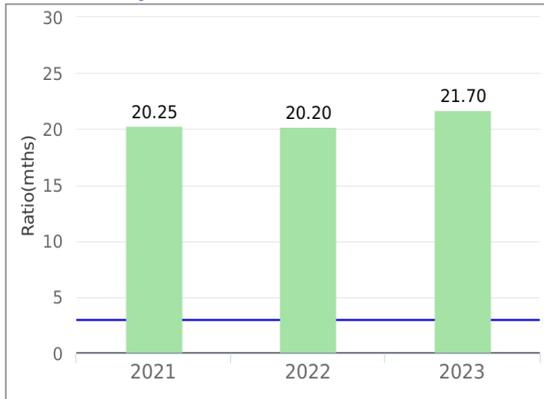
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



**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	21.70 months

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

## H1-2 Council information and contact details

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**Principal place of business:**

Church Street  
Dubbo NSW 2830

**Contact details**

**Mailing Address:**

PO Box 81  
Dubbo NSW 2830

**Telephone:** 02 6801 4000

**Facsimile:** 02 6801 4259

**Opening hours:**

9:00am - 5:00pm  
Monday to Friday

**Internet:** [www.dubbo.nsw.gov.au](http://www.dubbo.nsw.gov.au)

**Email:** [council@dubbo.nsw.gov.au](mailto:council@dubbo.nsw.gov.au)

**Officers**

**Chief Executive Officer**

Murray Wood

**Responsible Accounting Officer**

Jane Bassingthwaighte

**Public Officer**

Dean Frost

**Auditors**

Audit Office of New South Wales  
GPO Box 12  
Sydney NSW 2001

**Elected members**

**Mayor**

Mathew Dickerson

**Councillors**

Richard Ivey  
Joshua Black  
Lewis Burns  
Shibli Chowdhury  
Vicki Etheridge  
Jessica Gough  
Damien Mahon  
Pamella Wells  
Matthew Wright

**Other information**

**ABN:** 53 539 070 928



**INDEPENDENT AUDITOR'S REPORT**  
**Report on the general purpose financial statements**  
**Dubbo Regional Council**

To the Councillors of Dubbo Regional Council

## Opinion

I have audited the accompanying financial statements of Dubbo Regional Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 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. The financial statements include the consolidated financial statements of the Council and the entities it controlled at the year's end or from time to time during the year.

In my opinion:

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

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

## Basis for Opinion

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

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

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

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

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

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

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

### **Other Information**

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

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

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

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

I have nothing to report in this regard.

### **The Councillors' Responsibilities for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf) description forms part of my auditor's report.

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

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



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

27 October 2023  
SYDNEY



Mathew Dickerson  
Mayor  
Dubbo Regional Council  
PO Box 81  
DUBBO NSW 2830

Contact: Min Lee  
Phone no: 02 9275 7151  
Our ref: R008-16585809-46356

27 October 2023

Dear Mayor

**Report on the Conduct of the Audit  
for the year ended 30 June 2023  
Dubbo Regional Council**

I have audited the general purpose financial statements (GPFS) of the Dubbo Regional 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.

## **SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS**

I identified the following significant audit issues and observations during my audit of the Council's financial statements. These issues and observations were addressed as part of my audit.

### **Access to programs and data (repeat)**

I have identified the following:

- activity (audit) logs of privileged account activity within Civica Authority can be amended or deleted
- management could not provide evidence of the monitoring and review of privileged user activity

## INCOME STATEMENT

### Operating result

	2023	2022	Variance
	\$m	\$m	%
Rates and annual charges revenue	72.4	69.4	 4.3
Grants and contributions revenue	85.1	75.3	 13.0
Operating result from continuing operations	50.7	40.4	 25.5
Net operating result before capital grants and contributions	(5.8)	(8.8)	 34.1

Rates and annual charges revenue (\$72.4 million) increased by \$3.0 million (4.3 per cent) in 2022–23 due to rate peg increase of 2.3 per cent.

Grants and contributions revenue (\$85.1 million) increased by \$9.8 million (13.0 per cent) in 2022–23 due to:

- increase in grants received to assist Council to recover from the impact of natural disasters, including \$5.1 million for the Regional and Local Roads Repair Program
- receiving 96 per cent of the financial assistance grants for 2023-24 in advance (75 per cent in 2021-22)
- \$5.8 million increase in non cash contribution for roads and bridges.

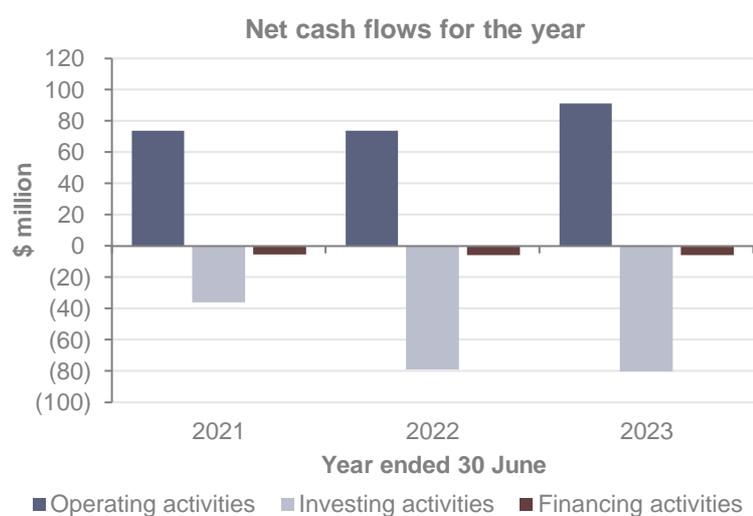
The Council's operating result from continuing operations (\$50.7 million including depreciation, amortisation and impairment expense of \$54.3 million) was \$10.3 million higher than the 2021–22 result. This was mainly due to increase in revenue \$20.9 million partially offset by increased expenses \$10.7 million.

The net operating result before capital grants and contributions (deficit of \$5.8 million) improved by \$3.0 million compared to the 2021–22 result.

## STATEMENT OF CASH FLOWS

Cash balances increased due to receiving \$13.7 million or 96 per cent of the 2023-24 financial assistance grant in advance.

- higher other receipts from operating activities
- higher cash outflows from investing activities



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2023	2022	Commentary
	\$m	\$m	
<b>Total cash, cash equivalents and investments</b>	<b>269.7</b>	<b>236.4</b>	Externally restricted balances comprise mainly of developer contributions, water and sewer funds.
Restricted and allocated cash, cash equivalents and investments:			Internal allocations are determined by council policies or decisions, which are subject to change.
• External restrictions	200.0	167.6	
• Internal allocations	69.7	68.7	

### Debt

At 30 June 2023, Council had:

- \$39.9 million in secured loans (\$45.9 million in 2021-22)
- \$600,000 in credit card facility with \$156,000 used.
- \$200,000 in bank guarantee with \$40,000 drawn.

## PERFORMANCE

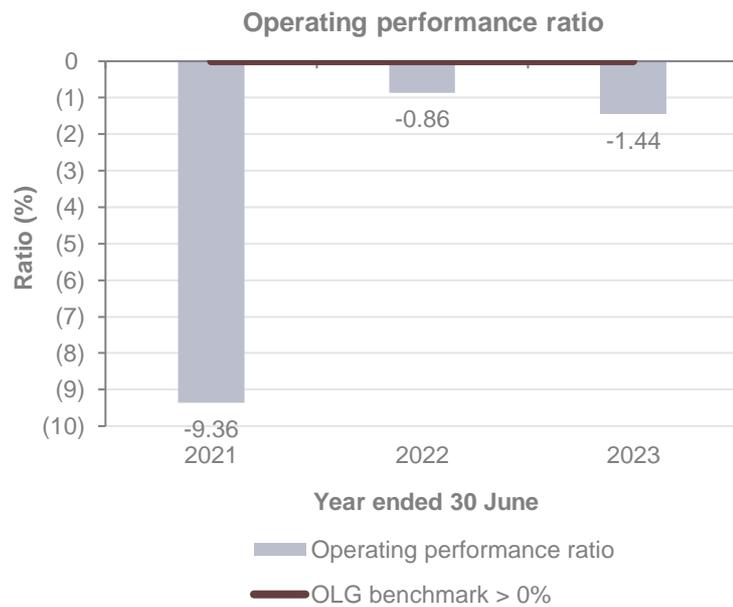
### Performance measures

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

### Operating performance ratio

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

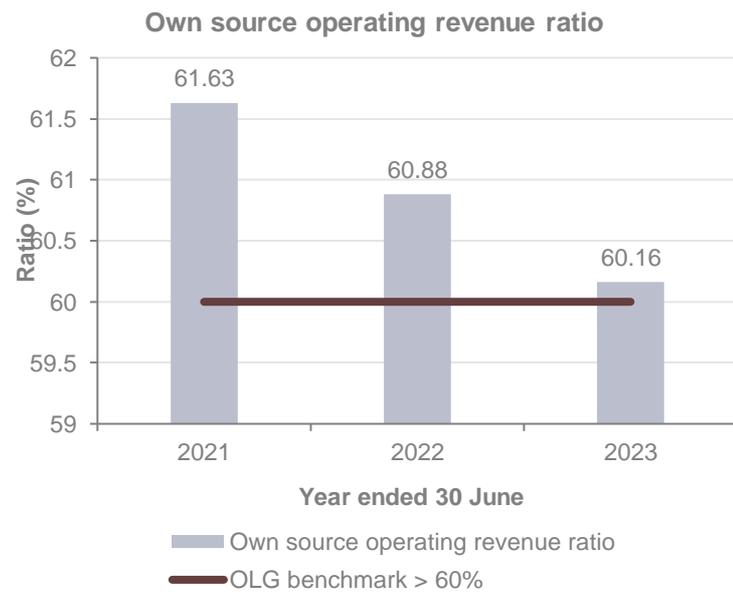
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



### Own source operating revenue ratio

The Council met the benchmark for the current reporting period.

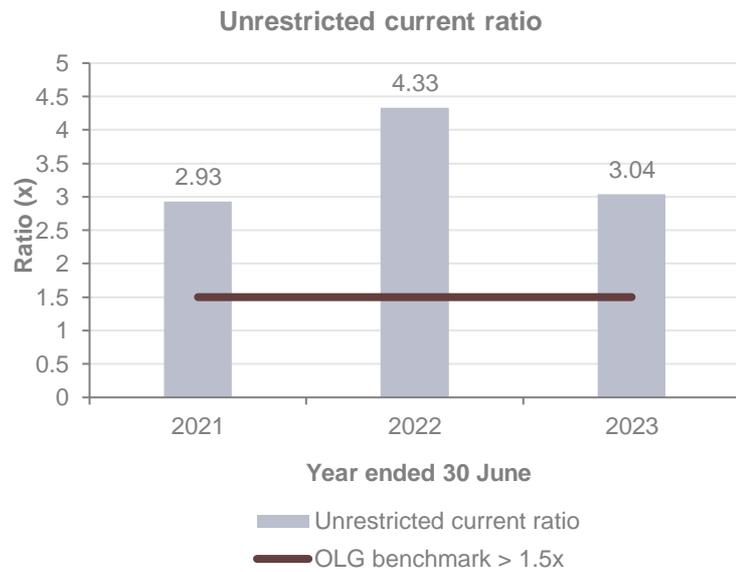
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



### Unrestricted current ratio

The Council continues to exceed the benchmark for the current reporting period.

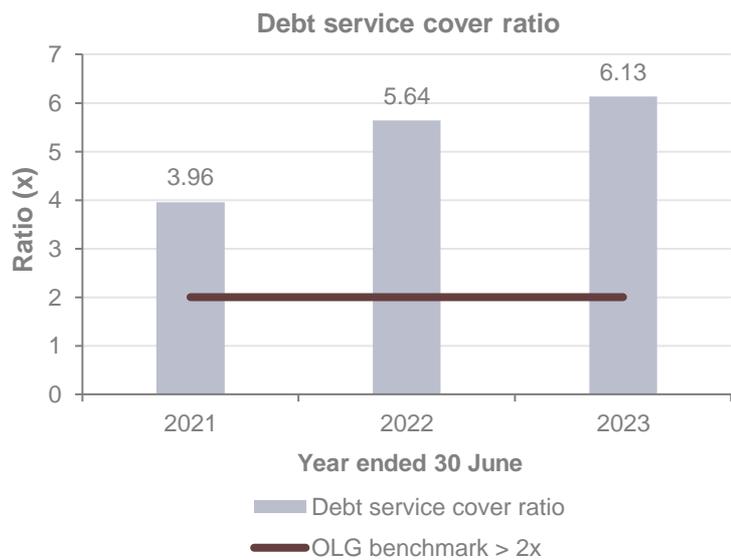
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



### Debt service cover ratio

The Council continues to exceed the benchmark for the current reporting period.

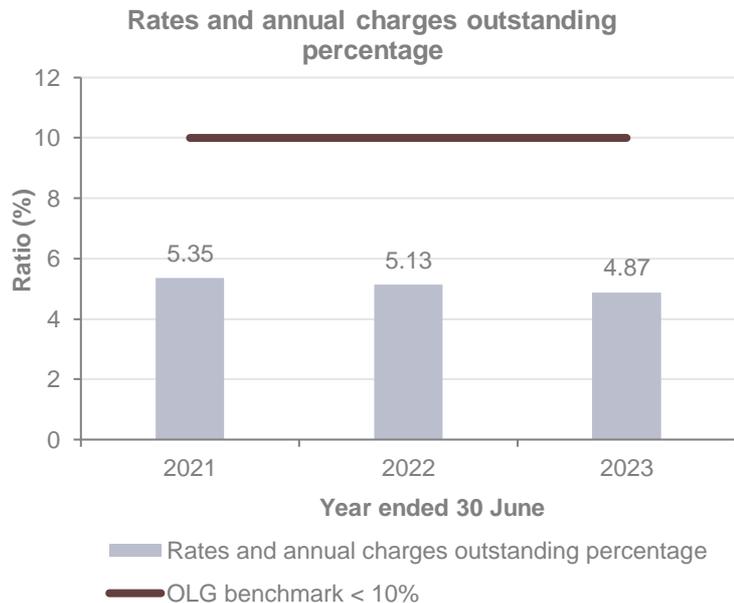
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



## Rates and annual charges outstanding percentage

The Council continues to exceed the benchmark for the current reporting period.

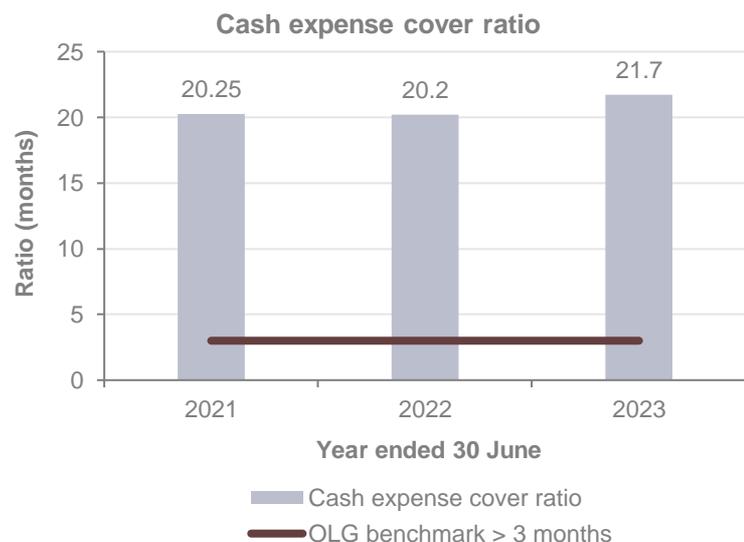
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



## Cash expense cover ratio

The Council continues to exceed the benchmark for the current reporting period.

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



## Infrastructure, property, plant and equipment renewals

Council's performance is as follows:

- asset renewals were \$14.5 million in 2022–23 (\$15.1 million in 2021–22).

## OTHER MATTERS

### Legislative compliance

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

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

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

Min Lee  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

# Dubbo Regional Council

## SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2023

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# Dubbo Regional Council

## Special Purpose Financial Statements

for the year ended 30 June 2023

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## Dubbo Regional Council

### Special Purpose Financial Statements

for the year ended 30 June 2023

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

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

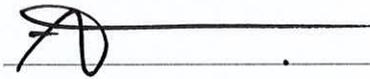
- the NSW Government Policy Statement '*Application of National Competition Policy to Local Government*',
- the Division of Local Government Guidelines '*Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality*',
- the Local Government *Code of Accounting Practice and Financial Reporting*,
- the NSW Office of Water *Best-Practice Management of Water and Sewerage Guidelines*.

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

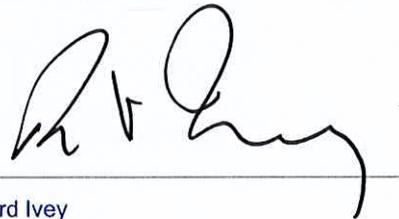
- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records.
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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

Signed in accordance with a resolution of Council made on 26 October 2023.



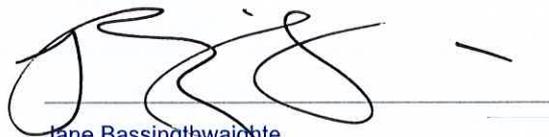
Mathew Dickerson  
Mayor  
26 October 2023



Richard Ivey  
Deputy Mayor  
26 October 2023



Murray Wood  
Chief Executive Officer  
26 October 2023



Jane Bassingthwaite  
Responsible Accounting Officer  
26 October 2023

## Dubbo Regional Council

## Income Statement of water supply business activity

for the year ended 30 June 2023

\$ '000	2023	2022
<b>Income from continuing operations</b>		
Access charges	8,672	8,438
User charges	14,889	12,990
Interest and investment income	1,423	687
Grants and contributions provided for operating purposes	134	–
Other income	55	86
Gain on Sale of Asset	–	–
<b>Total income from continuing operations</b>	<b>25,173</b>	<b>22,201</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	5,926	5,285
Borrowing costs	1,306	1,379
Materials and services	9,472	7,753
Depreciation, amortisation and impairment	7,116	5,248
Net loss from the disposal of assets	403	944
Calculated taxation equivalents	134	153
<b>Total expenses from continuing operations</b>	<b>24,357</b>	<b>20,762</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>816</b>	<b>1,439</b>
Grants and contributions provided for capital purposes	8,644	10,036
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>9,460</b>	<b>11,475</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>9,460</b>	<b>11,475</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(204)	(360)
<b>Surplus (deficit) after tax</b>	<b>9,256</b>	<b>11,115</b>
<b>Plus accumulated surplus</b>	<b>259,737</b>	<b>248,109</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	134	153
– Corporate taxation equivalent	204	360
<b>Closing accumulated surplus</b>	<b>269,331</b>	<b>259,737</b>
<b>Return on capital %</b>	<b>0.6%</b>	<b>0.8%</b>
<b>Subsidy from Council</b>	<b>12,678</b>	<b>9,608</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	9,256	11,115
Less: capital grants and contributions (excluding developer contributions)	(8,644)	(10,036)
<b>Surplus for dividend calculation purposes</b>	<b>612</b>	<b>1,079</b>
<b>Dividend calculated from surplus</b>	<b>306</b>	<b>540</b>

## Dubbo Regional Council

## Income Statement of sewerage business activity

for the year ended 30 June 2023

\$ '000	2023	2022
<b>Income from continuing operations</b>		
Access charges	14,524	14,015
User charges	4,920	4,472
Liquid trade waste charges	35	28
Fees	429	233
Interest and investment income	1,991	603
Grants and contributions provided for operating purposes	116	–
Other income	170	74
Gain on Sale of Assets	2,037	–
<b>Total income from continuing operations</b>	<b>24,222</b>	<b>19,425</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	4,153	3,915
Borrowing costs	534	638
Materials and services	3,872	3,828
Depreciation, amortisation and impairment	5,561	4,341
Net loss from the disposal of assets	–	1,645
Calculated taxation equivalents	198	213
<b>Total expenses from continuing operations</b>	<b>14,318</b>	<b>14,580</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>9,904</b>	<b>4,845</b>
Grants and contributions provided for capital purposes	1,978	3,070
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>11,882</b>	<b>7,915</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>11,882</b>	<b>7,915</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(2,476)	(1,211)
<b>Surplus (deficit) after tax</b>	<b>9,406</b>	<b>6,704</b>
<b>Plus accumulated surplus</b>	<b>270,205</b>	<b>262,077</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	198	213
– Corporate taxation equivalent	2,476	1,211
<b>Closing accumulated surplus</b>	<b>282,285</b>	<b>270,205</b>
<b>Return on capital %</b>	<b>3.6%</b>	<b>2.0%</b>
<b>Subsidy from Council</b>	<b>1,111</b>	<b>4,348</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	9,406	6,704
Less: capital grants and contributions (excluding developer contributions)	(1,978)	(3,070)
<b>Surplus for dividend calculation purposes</b>	<b>7,428</b>	<b>3,634</b>
<b>Dividend calculated from surplus</b>	<b>3,714</b>	<b>1,817</b>

## Dubbo Regional Council

### Income Statement of Dubbo Regional Airport

for the year ended 30 June 2023

<b>\$ '000</b>	<b>2023</b> <b>Category 1</b>	<b>2022</b> <b>Category 1</b>
<b>Income from continuing operations</b>		
User charges	3,936	2,105
Grants and contributions provided for operating purposes	721	1,006
Other income	419	354
<b>Total income from continuing operations</b>	<b>5,076</b>	<b>3,465</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	821	689
Borrowing costs	29	70
Materials and services	2,945	2,148
Depreciation, amortisation and impairment	2,443	3,432
Net loss from the disposal of assets	111	5
Calculated taxation equivalents	139	143
<b>Total expenses from continuing operations</b>	<b>6,488</b>	<b>6,487</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(1,412)</b>	<b>(3,022)</b>
Grants and contributions provided for capital purposes	629	962
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(783)</b>	<b>(2,060)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(783)</b>	<b>(2,060)</b>
<b>Surplus (deficit) after tax</b>	<b>(783)</b>	<b>(2,060)</b>
<b>Plus accumulated surplus</b>	<b>80,607</b>	<b>82,524</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	139	143
<b>Closing accumulated surplus</b>	<b>79,963</b>	<b>80,607</b>
<b>Return on capital %</b>	<b>(1.3)%</b>	<b>(3.0)%</b>
<b>Subsidy from Council</b>	<b>5,718</b>	<b>6,585</b>

## Dubbo Regional Council

### Income Statement of Livestock Markets

for the year ended 30 June 2023

\$ '000	2023 Category 1	2022 Category 1
<b>Income from continuing operations</b>		
User charges	3,407	2,611
Other income	40	38
<b>Total income from continuing operations</b>	<b>3,447</b>	<b>2,649</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	786	651
Materials and services	1,648	1,672
Depreciation, amortisation and impairment	1,753	1,801
Net loss from the disposal of assets	943	67
Calculated taxation equivalents	29	30
<b>Total expenses from continuing operations</b>	<b>5,159</b>	<b>4,221</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(1,712)</b>	<b>(1,572)</b>
Grants and contributions provided for capital purposes	10	–
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(1,702)</b>	<b>(1,572)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(1,702)</b>	<b>(1,572)</b>
<b>Surplus (deficit) after tax</b>	<b>(1,702)</b>	<b>(1,572)</b>
<b>Plus accumulated surplus</b>	<b>23,815</b>	<b>25,357</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	29	30
<b>Closing accumulated surplus</b>	<b>22,142</b>	<b>23,815</b>
<b>Return on capital %</b>	<b>(5.6)%</b>	<b>(5.6)%</b>
<b>Subsidy from Council</b>	<b>2,935</b>	<b>2,603</b>

## Dubbo Regional Council

## Income Statement of Property Development

for the year ended 30 June 2023

<b>\$ '000</b>	<b>2023</b> <b>Category 1</b>	<b>2022</b> <b>Category 1</b>
<b>Income from continuing operations</b>		
Interest and investment income	–	31
Net gain from the disposal of assets	–	3,790
Other income	<b>71</b>	134
<b>Total income from continuing operations</b>	<b>71</b>	<b>3,955</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	<b>594</b>	486
Materials and services	<b>419</b>	311
Depreciation, amortisation and impairment	<b>34</b>	27
Calculated taxation equivalents	<b>163</b>	162
<b>Total expenses from continuing operations</b>	<b>1,210</b>	<b>986</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(1,139)</b>	2,969
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(1,139)</b>	2,969
<b>Surplus (deficit) from all operations before tax</b>	<b>(1,139)</b>	2,969
Less: corporate taxation equivalent (25%) [based on result before capital]	–	(742)
<b>Surplus (deficit) after tax</b>	<b>(1,139)</b>	<b>2,227</b>
<b>Plus accumulated surplus</b>	<b>22,091</b>	18,960
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	<b>163</b>	162
– Corporate taxation equivalent	–	742
<b>Closing accumulated surplus</b>	<b>21,115</b>	22,091
<b>Return on capital %</b>	<b>(156.0)%</b>	489.1%
<b>Subsidy from Council</b>	<b>1,168</b>	–

## Dubbo Regional Council

## Income Statement of Rainbow Cottage

for the year ended 30 June 2023

<b>\$ '000</b>	<b>2023</b> <b>Category 2</b>	<b>2022</b> <b>Category 2</b>
<b>Income from continuing operations</b>		
User charges	551	502
Grants and contributions provided for operating purposes	883	793
<b>Total income from continuing operations</b>	<b>1,434</b>	<b>1,295</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	1,245	1,239
Materials and services	345	289
Depreciation, amortisation and impairment	76	77
Calculated taxation equivalents	8	10
<b>Total expenses from continuing operations</b>	<b>1,674</b>	<b>1,615</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(240)</b>	<b>(320)</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(240)</b>	<b>(320)</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(240)</b>	<b>(320)</b>
<b>Surplus (deficit) after tax</b>	<b>(240)</b>	<b>(320)</b>
<b>Plus accumulated surplus</b>	<b>(601)</b>	<b>(291)</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	8	10
<b>Closing accumulated surplus</b>	<b>(833)</b>	<b>(601)</b>
<b>Return on capital %</b>	<b>(16.3)%</b>	<b>(27.3)%</b>
<b>Subsidy from Council</b>	<b>299</b>	<b>363</b>

## Dubbo Regional Council

### Statement of Financial Position of water supply business activity

as at 30 June 2023

\$ '000	2023	2022
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	4,219	6,502
Investments	45,000	34,000
Receivables	5,807	4,624
Inventories	130	190
Other	21	40
<b>Total current assets</b>	<b>55,177</b>	<b>45,356</b>
<b>Non-current assets</b>		
Investments	14,000	19,000
Infrastructure, property, plant and equipment	368,165	339,496
Other	44	44
<b>Total non-current assets</b>	<b>382,209</b>	<b>358,540</b>
<b>Total assets</b>	<b>437,386</b>	<b>403,896</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Contract liabilities	–	1
Payables	422	414
Borrowings	1,412	1,335
Employee benefit provisions	1,012	1,231
<b>Total current liabilities</b>	<b>2,846</b>	<b>2,981</b>
<b>Non-current liabilities</b>		
Borrowings	18,491	19,902
Employee benefit provisions	79	69
<b>Total non-current liabilities</b>	<b>18,570</b>	<b>19,971</b>
<b>Total liabilities</b>	<b>21,416</b>	<b>22,952</b>
<b>Net assets</b>	<b>415,970</b>	<b>380,944</b>
<b>EQUITY</b>		
Accumulated surplus	269,470	259,880
Revaluation reserves	146,500	121,064
<b>Total equity</b>	<b>415,970</b>	<b>380,944</b>

## Dubbo Regional Council

## Statement of Financial Position of sewerage business activity

as at 30 June 2023

\$ '000	2023	2022
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	6,864	6,371
Investments	10,500	3,000
Receivables	2,935	2,311
Other	38	33
<b>Total current assets</b>	<b>20,337</b>	<b>11,715</b>
<b>Non-current assets</b>		
Investments	56,296	53,390
Infrastructure, property, plant and equipment	287,283	268,603
<b>Total non-current assets</b>	<b>343,579</b>	<b>321,993</b>
<b>Total assets</b>	<b>363,916</b>	<b>333,708</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Contract liabilities	-	1
Payables	201	227
Borrowings	2,432	2,324
<b>Total current liabilities</b>	<b>2,633</b>	<b>2,552</b>
<b>Non-current liabilities</b>		
Borrowings	6,361	8,792
<b>Total non-current liabilities</b>	<b>6,361</b>	<b>8,792</b>
<b>Total liabilities</b>	<b>8,994</b>	<b>11,344</b>
<b>Net assets</b>	<b>354,922</b>	<b>322,364</b>
<b>EQUITY</b>		
Accumulated surplus	282,285	270,205
Revaluation reserves	72,637	52,159
<b>Total equity</b>	<b>354,922</b>	<b>322,364</b>

## Dubbo Regional Council

### Statement of Financial Position of Dubbo Regional Airport

as at 30 June 2023

<b>\$ '000</b>	<b>2023</b> <b>Category 1</b>	<b>2022</b> <b>Category 1</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Investments	654	1,237
Receivables	503	290
<b>Total current assets</b>	<b>1,157</b>	<b>1,527</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	107,825	99,254
<b>Total non-current assets</b>	<b>107,825</b>	<b>99,254</b>
<b>Total assets</b>	<b>108,982</b>	<b>100,781</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	192	131
Borrowings	218	1,217
Employee benefit provisions	242	259
<b>Total current liabilities</b>	<b>652</b>	<b>1,607</b>
<b>Non-current liabilities</b>		
Borrowings	–	1,405
Employee benefit provisions	9	15
<b>Total non-current liabilities</b>	<b>9</b>	<b>1,420</b>
<b>Total liabilities</b>	<b>661</b>	<b>3,027</b>
<b>Net assets</b>	<b>108,321</b>	<b>97,754</b>
<b>EQUITY</b>		
Accumulated surplus	79,962	80,607
Revaluation reserves	28,359	17,147
<b>Total equity</b>	<b>108,321</b>	<b>97,754</b>

## Dubbo Regional Council

## Statement of Financial Position of Livestock Markets

as at 30 June 2023

<b>\$ '000</b>	<b>2023</b> <b>Category 1</b>	<b>2022</b> <b>Category 1</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Investments	7,002	6,062
Receivables	232	149
<b>Total current assets</b>	<b>7,234</b>	<b>6,211</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	30,432	28,167
<b>Total non-current assets</b>	<b>30,432</b>	<b>28,167</b>
<b>Total assets</b>	<b>37,666</b>	<b>34,378</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	65	93
Employee benefit provisions	188	197
<b>Total current liabilities</b>	<b>253</b>	<b>290</b>
<b>Non-current liabilities</b>		
Employee benefit provisions	8	7
<b>Total non-current liabilities</b>	<b>8</b>	<b>7</b>
<b>Total liabilities</b>	<b>261</b>	<b>297</b>
<b>Net assets</b>	<b>37,405</b>	<b>34,081</b>
<b>EQUITY</b>		
Accumulated surplus	22,142	23,815
Revaluation reserves	15,263	10,266
<b>Total equity</b>	<b>37,405</b>	<b>34,081</b>

## Dubbo Regional Council

## Statement of Financial Position of Property Development

as at 30 June 2023

\$ '000	2023 Category 1	2022 Category 1
<b>ASSETS</b>		
<b>Current assets</b>		
Investments	6,311	12,945
Receivables	2,568	–
Inventories	6,707	3,662
<b>Total current assets</b>	<b>15,586</b>	<b>16,607</b>
<b>Non-current assets</b>		
Inventories	4,967	4,896
Infrastructure, property, plant and equipment	730	607
<b>Total non-current assets</b>	<b>5,697</b>	<b>5,503</b>
<b>Total assets</b>	<b>21,283</b>	<b>22,110</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	28	19
<b>Total current liabilities</b>	<b>28</b>	<b>19</b>
<b>Total liabilities</b>	<b>28</b>	<b>19</b>
<b>Net assets</b>	<b>21,255</b>	<b>22,091</b>
<b>EQUITY</b>		
Accumulated surplus	21,115	22,091
Revaluation reserves	140	–
<b>Total equity</b>	<b>21,255</b>	<b>22,091</b>

## Dubbo Regional Council

## Statement of Financial Position of Rainbow Cottage

as at 30 June 2023

<b>\$ '000</b>	<b>2023</b> <b>Category 2</b>	<b>2022</b> <b>Category 2</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Receivables	18	16
<b>Total current assets</b>	<b>18</b>	<b>16</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	1,474	1,173
<b>Total non-current assets</b>	<b>1,474</b>	<b>1,173</b>
<b>Total assets</b>	<b>1,492</b>	<b>1,189</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	50	57
Employee benefit provisions	239	285
<b>Total current liabilities</b>	<b>289</b>	<b>342</b>
<b>Non-current liabilities</b>		
Employee benefit provisions	21	15
Borrowings	882	677
<b>Total non-current liabilities</b>	<b>903</b>	<b>692</b>
<b>Total liabilities</b>	<b>1,192</b>	<b>1,034</b>
<b>Net assets</b>	<b>300</b>	<b>155</b>
<b>EQUITY</b>		
Accumulated surplus	(833)	(601)
Revaluation reserves	1,133	756
<b>Total equity</b>	<b>300</b>	<b>155</b>

## Note – Significant Accounting Policies

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

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

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

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

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

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

### National Competition Policy

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

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

### Declared business activities

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

#### Category 1

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

##### a. Water Supply Service

Comprising the whole of the water supply operations and net assets servicing the city of Dubbo, the town of Wellington and the villages of Wongarbron, Ballimore, Brocklehurst, Geurie, Mumbil and North Yeoval.

##### b. Sewerage Service

Comprising the whole of the sewerage reticulation and treatment operations and net assets system servicing the city of Dubbo, the town of Wellington and the villages of Wongarbron, Brocklehurst, Geurie and Mumbil.

##### c. Dubbo Regional Airport

Comprising the whole of the airport operations and net assets located on Coreena Road.

##### d. Dubbo Regional Livestock Markets

Comprising the whole of the livestock markets operations and net assets located on Bootherba Road.

##### e. Property Development

Council's property development function competes with other private land developers in Dubbo in the development of both industrial and residential land for purchase.

NB. The surplus on disposal of land is disclosed in the Income Statement of the Business Activities as operating revenue. In the General Purpose Financial Statements this is disclosed as gain/(loss) on disposal of assets.

#### Category 2

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

##### a. Rainbow Cottage Long Day Care Centre

## Note – Significant Accounting Policies (continued)

Rainbow Cottage, located in Mitchell Street, provides day care for children aged between 0 and 5 years.

Several other long day care facilities operate within Dubbo, and Rainbow Cottage is in direct competition with these centres.

### Taxation equivalent charges

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

#### Notional rate applied (%)

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

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

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

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

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

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

### Income tax

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

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

Accordingly, there is no need for disclosure of internal charges in the SPFS. The rate applied of 25% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

### Local government rates and charges

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

### Loan and debt guarantee fees

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

#### (i) Subsidies

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

## Note – Significant Accounting Policies (continued)

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### (ii) Return on investments (rate of return)

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

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.02% at 30/6/23.

### (iii) Dividends

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

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

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



## INDEPENDENT AUDITOR'S REPORT

### Report on the special purpose financial statements

#### Dubbo Regional Council

To the Councillors of Dubbo Regional Council

### Opinion

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

The Declared Business Activities of the Council are:

- Water Supply
- Sewerage
- Dubbo Regional Airport
- Livestock Markets
- Property Development
- Rainbow Cottage

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

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

### Basis for Opinion

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

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

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

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

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

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

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

### **Emphasis of Matter - Basis of Accounting**

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

### **Other Information**

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

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

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

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

I have nothing to report in this regard.

### **The Councillors' Responsibilities for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

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

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

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

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

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

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

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

27 October 2023  
SYDNEY

# Dubbo Regional Council

SPECIAL SCHEDULES  
for the year ended 30 June 2023

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Dubbo Regional Council

Special Schedules

for the year ended 30 June 2023

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## INDEPENDENT AUDITOR'S REPORT

### Special Schedule – Permissible income for general rates

#### Dubbo Regional Council

To the Councillors of Dubbo Regional Council

### Opinion

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

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

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

### Basis for Opinion

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

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

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

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

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

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

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

### Emphasis of Matter - Basis of Accounting

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

### Other Information

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

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

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

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

I have nothing to report in this regard.

### **The Councillors' Responsibilities for the Schedule**

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

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

### **Auditor's Responsibilities for the Audit of the Schedule**

My objectives are to:

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

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

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

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

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



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

27 October 2023  
SYDNEY

## Dubbo Regional Council

## Permissible income for general rates

\$ '000	Notes	Calculation 2022/23	Calculation 2023/24
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	39,766	41,210
Plus or minus adjustments <sup>2</sup>	b	491	634
<b>Notional general income</b>	c = a + b	<b>40,257</b>	<b>41,844</b>
<b>Permissible income calculation</b>			
Or rate peg percentage	e	2.30%	3.70%
Or plus rate peg amount	i = e x (c + g)	926	1,548
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>41,183</b>	<b>43,392</b>
Plus (or minus) last year's carry forward total	l	33	5
<b>Sub-total</b>	n = (l + m)	<b>33</b>	<b>5</b>
<b>Total permissible income</b>	o = k + n	<b>41,216</b>	<b>43,397</b>
Less notional general income yield	p	41,210	43,309
<b>Catch-up or (excess) result</b>	q = o - p	<b>5</b>	<b>88</b>
<b>Carry forward to next year <sup>6</sup></b>	t = q + r + s	<b>5</b>	<b>88</b>

**Notes**

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

## Dubbo Regional Council

## Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost		2022/23 Required maintenance <sup>a</sup>	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Buildings	Other	14,469	14,469	4,398	4,398	179,897	312,413	62.0%	17.0%	15.0%	4.0%	2.0%
	<b>Sub-total</b>	<b>14,469</b>	<b>14,469</b>	<b>4,398</b>	<b>4,398</b>	<b>179,897</b>	<b>312,413</b>	<b>62.0%</b>	<b>17.0%</b>	<b>15.0%</b>	<b>4.0%</b>	<b>2.0%</b>
Other structures	Other structures	6,957	6,957	2,434	2,434	112,654	196,585	39.0%	45.0%	10.0%	5.0%	1.0%
	<b>Sub-total</b>	<b>6,957</b>	<b>6,957</b>	<b>2,434</b>	<b>2,434</b>	<b>112,654</b>	<b>196,585</b>	<b>39.0%</b>	<b>45.0%</b>	<b>10.0%</b>	<b>5.0%</b>	<b>1.0%</b>
Roads	Other	48,364	48,364	27,419	27,419	1,264,676	1,724,747	55.0%	29.0%	12.0%	3.0%	1.0%
	<b>Sub-total</b>	<b>48,364</b>	<b>48,364</b>	<b>27,419</b>	<b>27,419</b>	<b>1,264,676</b>	<b>1,724,747</b>	<b>55.0%</b>	<b>29.0%</b>	<b>12.0%</b>	<b>3.0%</b>	<b>1.0%</b>
Water supply network	Other	35,754	35,754	8,243	8,243	339,155	488,915	68.0%	11.0%	12.0%	5.0%	4.0%
	<b>Sub-total</b>	<b>35,754</b>	<b>35,754</b>	<b>8,243</b>	<b>8,243</b>	<b>339,155</b>	<b>488,915</b>	<b>68.0%</b>	<b>11.0%</b>	<b>12.0%</b>	<b>5.0%</b>	<b>4.0%</b>
Sewerage network	Other	38,927	38,927	9,505	9,505	250,801	416,265	41.0%	31.0%	17.0%	6.0%	5.0%
	<b>Sub-total</b>	<b>38,927</b>	<b>38,927</b>	<b>9,505</b>	<b>9,505</b>	<b>250,801</b>	<b>416,265</b>	<b>41.0%</b>	<b>31.0%</b>	<b>17.0%</b>	<b>6.0%</b>	<b>5.0%</b>
Stormwater drainage	Other	4,787	4,787	1,458	1,458	145,678	198,973	52.0%	36.0%	7.0%	4.0%	1.0%
	<b>Sub-total</b>	<b>4,787</b>	<b>4,787</b>	<b>1,458</b>	<b>1,458</b>	<b>145,678</b>	<b>198,973</b>	<b>52.0%</b>	<b>36.0%</b>	<b>7.0%</b>	<b>4.0%</b>	<b>1.0%</b>
Open space / recreational assets	Swimming pools	661	661	603	603	5,630	8,451	45.0%	2.0%	50.0%	3.0%	0.0%
	<b>Sub-total</b>	<b>661</b>	<b>661</b>	<b>603</b>	<b>603</b>	<b>5,630</b>	<b>8,451</b>	<b>45.0%</b>	<b>2.0%</b>	<b>50.0%</b>	<b>3.0%</b>	<b>0.0%</b>
<b>Total – all assets</b>		<b>149,919</b>	<b>149,919</b>	<b>54,060</b>	<b>54,060</b>	<b>2,298,491</b>	<b>3,346,349</b>	<b>54.7%</b>	<b>26.8%</b>	<b>12.6%</b>	<b>3.9%</b>	<b>2.0%</b>

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

## Infrastructure asset condition assessment 'key'

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

## Dubbo Regional Council

## Report on infrastructure assets as at 30 June 2023

## Infrastructure asset performance indicators (consolidated) \*

\$ '000	Amounts 2023	Indicator 2023	Indicators		Benchmark
			2022	2021	
<b>Buildings and infrastructure renewals ratio</b>					
Asset renewals <sup>1</sup>	<b>14,510</b>	<b>30.27%</b>	44.78%	50.11%	> 100.00%
Depreciation, amortisation and impairment	<b>47,929</b>				
<b>Infrastructure backlog ratio</b>					
Estimated cost to bring assets to a satisfactory standard	<b>149,919</b>	<b>6.30%</b>	22.93%	1.20%	< 2.00%
Net carrying amount of infrastructure assets	<b>2,378,117</b>				
<b>Asset maintenance ratio</b>					
Actual asset maintenance	<b>54,060</b>	<b>100.00%</b>	100.66%	100.00%	> 100.00%
Required asset maintenance	<b>54,060</b>				
<b>Cost to bring assets to agreed service level</b>					
Estimated cost to bring assets to an agreed service level set by Council	<b>149,919</b>	<b>4.48%</b>	17.85%	0.99%	
Gross replacement cost	<b>3,346,349</b>				

(\*) All asset performance indicators are calculated using classes identified in the previous table.

(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

## Dubbo Regional Council

### Report on infrastructure assets as at 30 June 2023

#### Infrastructure asset performance indicators (by fund)

\$ '000	<i>General fund</i>		<i>Water fund</i>		<i>Sewer fund</i>		<i>Benchmark</i>
	<b>2023</b>	2022	<b>2023</b>	2022	<b>2023</b>	2022	
<b>Buildings and infrastructure renewals ratio</b>							
Asset renewals <sup>1</sup>	<b>40.82%</b>	57.05%	<b>0.00%</b>	0.00%	<b>0.00%</b>	0.00%	> 100.00%
Depreciation, amortisation and impairment							
<b>Infrastructure backlog ratio</b>							
Estimated cost to bring assets to a satisfactory standard	<b>4.21%</b>	19.07%	<b>10.54%</b>	30.06%	<b>15.52%</b>	44.79%	< 2.00%
Net carrying amount of infrastructure assets							
<b>Asset maintenance ratio</b>							
Actual asset maintenance	<b>100.00%</b>	100.00%	<b>100.00%</b>	100.00%	<b>100.00%</b>	103.60%	> 100.00%
Required asset maintenance							
<b>Cost to bring assets to agreed service level</b>							
Estimated cost to bring assets to an agreed service level set by Council	<b>3.08%</b>	15.17%	<b>7.31%</b>	21.12%	<b>9.35%</b>	33.85%	
Gross replacement cost							

(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.