



Upper Lachlan Shire Council

2024-2025

FINANCIAL STATEMENTS



Upper Lachlan Shire Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2025



Upper Lachlan Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2025



Upper Lachlan Shire Council

General Purpose Financial Statements

for the year ended 30 June 2025

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Overview

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

44 Spring Street
Crookwell NSW 2583

Council's guiding principles are detailed in Chapter 3 of the *Local Government Act 1993* (NSW) and includes:

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

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

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

Upper Lachlan Shire Council
General Purpose Financial Statements
for the year ended 30 June 2025

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

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 issued by 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 16 October 2025.



Paul Culhane
Mayor
16 October 2025



Rob Cameron
Councillor
16 October 2025



Alex Waldron
Chief Executive Officer
16 October 2025



Ashan Hewage
Responsible Accounting Officer
16 October 2025

Upper Lachlan Shire Council

Income Statement

for the year ended 30 June 2025

Original unaudited budget 2025	\$ '000	Notes	Actual 2025	Actual 2024
Income from continuing operations				
14,588	Rates and annual charges	B2-1	14,594	13,607
6,872	User charges and fees	B2-2	9,869	9,131
578	Other revenues	B2-3	755	732
11,200	Grants and contributions provided for operating purposes	B2-4	11,875	18,204
7,944	Grants and contributions provided for capital purposes	B2-4	10,938	14,222
1,429	Interest and investment income	B2-5	1,597	1,510
457	Net gain from the disposal of assets	B4-1	—	—
43,068	Total income from continuing operations		49,628	57,406
Expenses from continuing operations				
15,215	Employee benefits and on-costs	B3-1	13,967	13,576
12,947	Materials and services	B3-2	21,339	19,190
244	Borrowing costs	B3-3	407	256
828	Other expenses	B3-5	1,092	983
—	Net loss from the disposal of assets	B4-1	1,048	3,739
29,234	Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets		37,853	37,744
Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets				
13,834			11,775	19,662
10,252	Depreciation, amortisation and impairment of non-financial assets	B3-4	10,209	9,901
3,582	Operating result from continuing operations		1,566	9,761
3,582	Net operating result for the year attributable to Council		1,566	9,761
Net operating result for the year before grants and contributions provided for capital purposes				
(4,362)			(9,372)	(4,461)

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

Upper Lachlan Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2025

\$ '000	Notes	2025	2024
Net operating result for the year – from Income Statement		1,566	9,761
Other comprehensive income:			
Amounts which will not be reclassified subsequent to operating result			
Gain on revaluation of infrastructure, property, plant and equipment	C1-7	1,199	25,328
Total items which will not be reclassified subsequent to operating result		1,199	25,328
Total other comprehensive income for the year		1,199	25,328
Total comprehensive income for the year attributable to Council		2,765	35,089

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

Upper Lachlan Shire Council

Statement of Financial Position

as at 30 June 2025

\$ '000	Notes	2025	2024
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	14,728	16,289
Investments	C1-2	22,000	19,000
Receivables	C1-4	3,020	3,680
Inventories	C1-5	1,139	1,105
Contract assets and contract cost assets	C1-6	468	3,271
Other		165	210
Total current assets		41,520	43,555
Non-current assets			
Receivables	C1-4	44	60
Infrastructure, property, plant and equipment (IPPE)	C1-7	580,229	572,588
Right of use assets		19	41
Total non-current assets		580,292	572,689
Total assets		621,812	616,244
LIABILITIES			
Current liabilities			
Payables	C2-1	4,748	3,986
Contract liabilities	C2-2	925	1,260
Borrowings	C2-3	562	625
Employee benefit provisions	C2-4	4,833	4,337
Total current liabilities		11,080	10,232
Non-current liabilities			
Borrowings	C2-3	5,256	5,818
Employee benefit provisions	C2-4	266	375
Provisions	C2-5	7,055	4,417
Total non-current liabilities		12,578	10,623
Total liabilities		23,658	20,855
Net assets		598,154	595,389
EQUITY			
Accumulated surplus	C3-1	342,449	340,883
IPPE revaluation surplus	C3-1	255,705	254,506
Council equity interest		598,154	595,389
Total equity		598,154	595,389

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

Upper Lachlan Shire Council

Statement of Changes in Equity

for the year ended 30 June 2025

\$ '000	Notes	2025			2024		
		Accumulated surplus	IPPE revaluation surplus	Total equity	Accumulated surplus	IPPE revaluation surplus	Total equity
Opening balance at 1 July		340,883	254,506	595,389	331,122	229,178	560,300
Net operating result for the year		1,566	—	1,566	9,761	—	9,761
Net operating result for the period		1,566	—	1,566	9,761	—	9,761
Other comprehensive income							
Gain on revaluation of infrastructure, property, plant and equipment	C1-7	—	1,199	1,199	—	25,328	25,328
Other comprehensive income		—	1,199	1,199	—	25,328	25,328
Total comprehensive income		1,566	1,199	2,765	9,761	25,328	35,089
Closing balance at 30 June		342,449	255,705	598,154	340,883	254,506	595,389

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

Upper Lachlan Shire Council

Statement of Cash Flows

for the year ended 30 June 2025

Original unaudited budget 2025	\$ '000	Notes	Actual 2025	Actual 2024
Cash flows from operating activities				
<i>Receipts:</i>				
14,588	Rates and annual charges		14,509	13,588
6,872	User charges and fees		10,810	8,343
1,429	Interest received		1,551	1,542
19,144	Grants and contributions		25,281	30,884
–	Bonds, deposits and retentions received		276	194
578	Other		666	3,898
<i>Payments:</i>				
(15,215)	Payments to employees		(13,848)	(13,724)
(12,947)	Payments for materials and services		(20,409)	(21,808)
(244)	Borrowing costs		(218)	(199)
–	Bonds, deposits and retentions refunded		(405)	–
(828)	Other		1,552	(3,108)
13,377	Net cash flows from operating activities	G1-1	19,765	19,610
Cash flows from investing activities				
<i>Receipts:</i>				
11,500	Sale of investments		14,900	21,000
578	Proceeds from sale of IPPE		1,697	546
<i>Payments:</i>				
(11,500)	Purchase of investments		(17,900)	(16,000)
(16,210)	Payments for IPPE		(19,375)	(19,309)
(15,632)	Net cash flows used in investing activities		(20,678)	(13,763)
Cash flows from financing activities				
<i>Receipts:</i>				
–	Proceeds from borrowings		–	1,000
<i>Payments:</i>				
(625)	Repayment of borrowings		(625)	(608)
–	Principal component of lease payments		(23)	(42)
(625)	Net cash flows from (used in) financing activities		(648)	350
(2,880)	Net change in cash and cash equivalents		(1,561)	6,197
–	Cash and cash equivalents at beginning of year		16,289	10,092
(2,880)	Cash and cash equivalents at end of year	C1-1	14,728	16,289

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

Upper Lachlan Shire Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 16 October 2025. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The material accounting policy information adopted in the preparation of these financial statements are set out below.

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

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

Council is a not for-profit entity.

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

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts. Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes:

- Income statement
- Statement of cash flows
- Note B5-1 – Material budget variations

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

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

Significant judgements in applying the Council's accounting policies

- (i) Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB15 *Revenue from Contracts with Customers* and/or AASB1058 *Income of Not-for-Profit Entities* - refer to Notes B2-2 - B2-4.

A1-1 Basis of preparation (continued)

Monies and other assets received by Council

The Consolidated Fund

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

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

- General purpose operations
- Water service
- Sewerage service
- Domestic Waste Management

The Trust Fund

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

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

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

Volunteer services

Volunteer services received by Council have not been recognised in the financial statements as they cannot be reliably measured and would not be purchased if not donated.

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 2025 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 18 Presentation and Disclosure in Financial Statements

AASB 18 replaces AASB 101 Presentation of Financial Statements. For not-for-profit public sector entities, including local councils, AASB 18 is effective for annual reporting periods beginning on or after 1 January 2028. Early application is permitted. AASB 18 does not change recognition or measurement requirements. It introduces new presentation and disclosure requirements, including:

- Required categories and specified subtotals in the statement of profit or loss, with enhanced guidance on aggregation and disaggregation
- Requirements for management-defined performance measures that are presented in the financial statements, including reconciliations to subtotals required by the Standard
- Clarified principles for the location, labelling and ordering of information across the primary statements and the notes.

Council has not early adopted AASB 18. Implementation planning is underway. Based on a preliminary assessment, Council expects:

- Changes to the structure and labelling of the Statement of Comprehensive Income to align with the required categories and subtotals and to use terminology appropriate for not-for-profit public sector entities such as surplus or deficit
- Additional reconciliations and narrative disclosures if any management-defined performance measures are presented
- Re-ordering and expanded disaggregation in certain notes to improve clarity and comparability.

No material impact is expected on total net result, total comprehensive income, financial position or cash flows since AASB 18 does not change recognition or measurement. Council will quantify the impact in the reporting period in which the Standard is first applied.

A1-1 Basis of preparation (continued)

AASB 17 Insurance Contracts

AASB 17 is effective for annual reporting periods beginning on or after 1 January 2023 and replaces AASB 4 and introduces a comprehensive framework for recognising, measuring and disclosing insurance contracts based on fulfilment cash flows and a contractual service margin. In December 2022, the AASB resolved to defer application for public-sector and not-for-profit entities to 1 July 2026 to allow further implementation guidance.

The standard requires identification of contracts in which one party accepts significant insurance risk from another and recognises related service income and expenses over the coverage period. Council does not issue insurance contracts as defined under AASB 17 but participates in mutual risk-sharing schemes such as public liability cover. These arrangements have been reviewed and determined not to constitute insurance contracts issued by Council, as the transfer of risk occurs at the scheme level rather than by Council itself. Accordingly, AASB 17 is not expected to have a material impact on Council's financial position or performance, though guidance from the AASB and OLG will continue to be monitored prior to implementation.

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 01 July 2024.

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.

AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants

This Standard amends *AASB 101 Presentation of Financial Statements* to clarify how covenants affect the classification of liabilities and introduces new disclosure requirements for borrowings subject to covenants. When Council's right to defer settlement for at least twelve months is conditional on meeting covenants, classification depends on whether those covenants are met at the reporting date. Covenants tested after that date do not affect classification but will require additional disclosure.

The amendments are effective for annual periods beginning on or after 1 January 2024, meaning they will first apply to Council's 30 June 2025 financial statements, with retrospective application required. Council's review of its loan facilities indicates no financial covenants currently affecting classification; therefore, no material impact is expected, though future borrowings may require expanded covenant disclosures.

B Financial Performance

B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Functions or activities										
Our leadership	–	–	1,613	3,317	(1,613)	(3,317)	3,268	825	2,606	1,623
Our infrastructure	15,349	23,448	19,622	20,950	(4,273)	2,498	12,045	19,072	436,095	433,445
Our society/community	2,830	3,967	6,154	7,226	(3,324)	(3,259)	2,080	3,704	72,613	67,329
Our environment	8,593	8,220	8,555	7,825	38	395	691	1,376	89,044	85,263
Our economy	8,355	6,366	12,118	8,327	(3,763)	(1,961)	198	1,484	19,209	23,016
Other – general purpose income	14,501	15,405	–	–	14,501	15,405	4,531	5,965	2,245	5,568
Total functions and activities	49,628	57,406	48,062	47,645	1,566	9,761	22,813	32,426	621,812	616,244

B1-2 Components of functions or activities

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

Our leadership

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

Our infrastructure

Includes sealed local roads, sealed regional roads, unsealed local roads, unsealed regional roads, urban roads, bridges, stormwater drainage, quarries, footpaths and cycleways, parking areas, water supply, sewerage schemes, domestic waste management, solid waste management, engineering services and aerodromes.

Our society

Includes health services, aged and disabled services, community services, public halls, cultural services, community centres, animal control, swimming pools, sporting grounds, parks and gardens, libraries, and emergency services.

Our environment

Includes planning and development control, building control, noxious plants control and other environmental protection.

Our economy

Includes administration costs for the running of Council, camping areas and caravan parks, tourism and area promotion, industrial development promotion, real estate development, private works, State road maintenance contracts and other business undertakings.

Other - general purpose

Includes Ordinary rates and charges revenue.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2025	2024
Ordinary rates		
Residential	2,270	2,135
Farmland	5,917	5,663
Mining	2	2
Business	697	667
Less: pensioner rebates (mandatory)	(118)	(115)
Rates levied to ratepayers	8,768	8,352
Pensioner rate subsidies received	52	51
Total ordinary rates	8,820	8,403
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	1,721	1,592
Stormwater management services	50	50
Water supply services	1,341	1,122
Sewerage services	1,727	1,567
Waste management services (non-domestic)	868	809
Annual charges levied	5,707	5,140
Pensioner annual charges subsidies received:		
– Water	19	18
– Sewerage	17	16
– Domestic waste management	31	30
Total annual charges	5,774	5,204
Total rates and annual charges	14,594	13,607

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

Material accounting policy information

Rates and annual charges are recognised as revenue when the Council obtains control over the assets comprising these receipts which is 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 disclosed relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area.

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates and are in substance a rates payment.

Control over assets acquired from rates and annual charges is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

B2-2 User charges and fees

\$ '000	Timing	2025	2024
User charges			
Domestic waste management services	2	11	7
Water supply services	2	1,149	1,214
Sewerage services	2	375	338
Waste management services (non-domestic)	2	542	353
Total user charges		2,077	1,912
Fees			
Private works – section 67	2	47	74
Section 10.7 certificates (EP&A Act)	2	44	46
Section 603 certificates	2	31	30
Dwelling entitlement searches	2	32	22
Premises inspections	2	10	1
Town planning / building	2	363	423
Caravan park	2	81	86
Cemeteries	2	75	32
Quarry revenues	2	1,857	1,958
Transport for NSW charges (State roads not controlled by Council)	2	5,084	4,462
Water connection fees	2	–	4
Public halls	2	8	9
Sporting grounds	2	74	23
Swimming pools	2	12	11
Truck wash facility	2	19	16
Water meter readings	2	15	14
Other	2	40	8
Total fees		7,265	6,623
Total user charges and fees		7,792	7,219
Total user charges and fees		9,869	9,131
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		–	–
User charges and fees recognised at a point in time (2)		9,869	9,131
Total user charges and fees		9,869	9,131

Material accounting policy information

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 for seasonal use at Council swimming pools the fee is recognised on a receipts basis as the season runs for a short period and starts and finishes within the same financial year.

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

B2-3 Other revenues

\$ '000	2025	2024
Rental income – other council properties	111	150
Ex gratia rates	25	23
Fines	12	10
Legal fees recovery – rates and charges (extra charges)	24	–
Commissions and agency fees	106	190
Employment Subsidies	–	6
Insurance claims recoveries	109	22
Australia post supplies / sales	24	16
Fuel tax credits	143	156
Miscellaneous / sundry sales	27	14
Other	90	62
Tourist information centre sales and membership fees	43	44
Windfarm Community Enhancement Program administration fee	41	39
Total other revenue	755	732

Timing of revenue recognition for other revenue

Other revenue recognised over time	–	–
Other revenue recognised at a point in time	755	732
Total other revenue	755	732

Material accounting policy information 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	Operating 2025	Operating 2024	Capital 2025	Capital 2024
General purpose grants and non-developer contributions (untied)				
General purpose (untied)				
Current year allocation				
Financial assistance	1,043	5,965	—	—
Payment in advance - future year allocation				
Financial assistance	3,488	—	—	—
Amount recognised as income during current year	4,531	5,965	—	—
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Water supplies	123	—	—	8
Bushfire and emergency services	170	166	—	—
Environmental programs	—	—	—	39
Floodplain management	—	—	—	1,027
Heritage and cultural	10	54	—	—
Noxious weeds	117	136	—	—
Public halls	—	—	47	21
Recreation and culture	—	—	1,723	3,275
Footpaths	—	—	72	319
Public libraries	85	89	—	—
Street lighting	31	30	—	—
Transportation (3x3, block, repair, regional roads)	1,826	6,674	93	871
Tourism	—	—	2,667	1,231
Transport (roads to recovery)	1,564	1,246	—	—
Transport (other roads and bridges funding)	—	—	5,669	6,185
Other specific grants	462	447	—	273
Previous contributions:				
Tourism	—	1	—	—
Natural disaster funding – roads	2,412	3,172	—	—
Transferred employee leave entitlements	46	—	—	—
Vehicle leaseback contributions	93	105	—	—
Waste management centres	281	—	—	—
New Gullen Range Wind Farm Contribution	124	119	—	—
Total special purpose grants and non-developer contributions – cash	7,344	12,239	10,271	13,249
Total special purpose grants and non-developer contributions (tied)	7,344	12,239	10,271	13,249
Total grants and non-developer contributions	11,875	18,204	10,271	13,249
Comprising:				
– Commonwealth funding	6,228	7,221	926	1,562
– State funding	5,104	10,754	9,331	11,294
– Other funding	543	229	14	393
	11,875	18,204	10,271	13,249

B2-4 Grants and contributions (continued)**Developer contributions**

\$ '000	Notes	Operating 2025	Operating 2024	Capital 2025	Capital 2024
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):					
Cash contributions					
S 7.11 – contributions towards amenities/services		–	–	527	797
S 64 – water supply contributions		–	–	68	92
S 64 – sewerage service contributions		–	–	72	84
Total developer contributions – cash		–	–	667	973
Total developer contributions		–	–	667	973
Total contributions		–	–	667	973
Total grants and contributions		11,875	18,204	10,938	14,222
Timing of revenue recognition					
Grants and contributions recognised over time (1)		–	–	7,042	11,990
Grants and contributions recognised at a point in time (2)		11,875	18,204	3,896	2,232
Total grants and contributions		11,875	18,204	10,938	14,222

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

\$ '000	Operating 2025	Operating 2024	Capital 2025	Capital 2024
Unspent grants and contributions				
Unspent funds at 1 July	5,072	4,428	1,951	2,227
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	2,418	4,829	898	945
Add: Funds received and not recognised as revenue in the current year	—	—	825	92
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(5,072)	(4,185)	(1,263)	(328)
Less: Funds received in prior year but revenue recognised and funds spent in current year	—	—	(688)	(985)
Unspent funds at 30 June	2,418	5,072	1,723	1,951
Contributions				
Unspent funds at 1 July	—	—	6,215	6,096
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	—	—	958	1,272
Add: contributions received and not recognised as revenue in the current year	—	—	—	—
Add: contributions recognised as income in the current period obtained in respect of a future rating identified by Council for the purpose of establishing a rate	—	—	—	—
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	—	—	(345)	(1,153)
Unspent contributions at 30 June	—	—	6,828	6,215

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 within AASB 15 grants 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. completion of the project when a report / outcome is provided), whereas over time recognition is where the control of the services is ongoing throughout the project (e.g. provision of community health services through the year).

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

Capital grants

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

B2-4 Grants and contributions (continued)

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 s 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	2025	2024
Interest on financial assets measured at amortised cost		
Overdue rates and annual charges (general fund)	67	33
General Council cash and investments	584	551
Developer contributions		
– Section 7.11	222	228
– Section 64	69	69
Water fund operations	184	188
Sewerage fund operations	345	343
Domestic waste management operations	126	98
Total interest and investment income	1,597	1,510

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2025	2024
Salaries and wages	9,411	9,847
Travel expenses	42	76
Employee leave entitlements (ELE)	3,087	2,475
Superannuation	1,315	1,390
Workers' compensation insurance	717	706
Fringe benefit tax (FBT)	64	59
Training costs (other than salaries and wages)	136	257
Other	288	107
Total employee costs	15,060	14,917
Less: capitalised costs	(1,093)	(1,341)
Total employee costs expensed	13,967	13,576

Material accounting policy information

Superannuation plans

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	2025	2024
Raw materials and consumables		5,245	4,937
Contractor costs		12,072	10,402
Consultancy costs		844	671
Audit Fees	F2-1	171	158
Councillor and Mayoral fees and associated expenses	F1-2	226	216
Advertising		4	28
Bank charges		59	57
Election expenses		110	–
Electricity and heating		419	482
Insurance		1,300	1,264
Postage		35	35
Printing and stationery		80	103
Street lighting		103	108
Subscriptions and publications		97	92
Telephone and communications		90	175
Tourism expenses (excluding employee costs)		13	1
Valuation fees		62	70
Other expenses		200	165
Australia post stock / supplies		29	14
Water usage		120	98
Legal expenses: planning and development		8	15
Legal expenses: other		50	98
Operating lease rentals		2	1
Total materials and services		21,339	19,190
Total materials and services		21,339	19,190

B3-3 Borrowing costs

B3-3 Borrowing costs (continued)

\$ '000	Notes	2025	2024
(i) Interest bearing liability costs			
Interest on leases		1	1
Interest on loans		217	198
Total interest bearing liability costs		218	199
Total interest bearing liability costs expensed		218	199
(ii) Other borrowing costs			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	C2-5	189	57
Total other borrowing costs		189	57
Total borrowing costs expensed		407	256

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

Plant and equipment		1,554	1,571
Office equipment		201	278
Furniture and fittings		15	14
Land improvements (depreciable)		9	9
Infrastructure:			
– Buildings – non-specialised	C1-7	73	72
– Buildings – specialised		943	900
– Other structures		53	52
– Roads		3,948	3,825
– Bridges		920	884
– Footpaths		64	62
– Other road assets		44	44
– Stormwater drainage		382	365
– Water supply network		857	859
– Sewerage network		549	548
– Swimming pools		51	12
– Other open space/recreational assets		188	166
Right of use assets		21	28
Other assets:			
– Other		20	23
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C3-5,C1-7	307	159
– Quarry assets	C3-5,C1-7	10	30
Total gross depreciation and amortisation costs		10,209	9,901
Total depreciation and amortisation costs		10,209	9,901
Total depreciation, amortisation and impairment for non-financial assets		10,209	9,901

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

Material accounting policy information

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-7 for IPPE assets.

Impairment of non-financial assets

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 no longer required to be tested for impairment under AASB 136. This is because these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

Other 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). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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

B3-5 Other expenses

\$ '000	Notes	2025	2024
Impairment of receivables			
Other		12	39
Total impairment of receivables	C1-4	12	39
Other			
Contributions/levies to other levels of government			
– Emergency services levy (SES)		31	39
– NSW fire brigade levy		46	46
– NSW rural fire service levy		697	708
Donations, contributions and assistance to other organisations (Section 356)		56	67
Committee funds returned (Section 355)		–	84
Return unspent grant monies		250	–
Total other		1,080	944
Total other expenses		1,092	983

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

\$ '000	Notes	2025	2024
Gain (or loss) on disposal of property (excl. investment property)			
Proceeds from disposal – property		1,223	–
Less: carrying amount of property assets sold/written off		(1,420)	–
Gain (or loss) on disposal		(197)	–
Gain (or loss) on disposal of plant and equipment			
Proceeds from disposal – plant and equipment	C1-7	474	546
Less: carrying amount of plant and equipment assets sold/written off		(182)	(850)
Gain (or loss) on disposal		292	(304)
Gain (or loss) on disposal of infrastructure			
Less: carrying amount of infrastructure assets sold/written off	C1-7	(1,143)	(3,435)
Gain (or loss) on disposal		(1,143)	(3,435)
Gain (or loss) on disposal of investments			
Proceeds from disposal/redemptions/maturities – investments	C1-2	14,900	16,000
Less: carrying amount of investments sold/redeemed/matured		(14,900)	(16,000)
Gain (or loss) on disposal		–	–
Net gain (or loss) from disposal of assets		(1,048)	(3,739)

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 20 June 2024 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	2025 Budget	2025 Actual	2025 Variance
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Revenues

User charges and fees	6,872	9,869	2,997	44%	F
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User charges and fees were above budget, largely due to quarry income (\$1.01 million) and State Roads works orders (\$1.33 million), which were higher than originally budgeted. RMAP maintenance exceeded budget by \$0.38 million from additional reimbursable works for Transport for NSW, and sales of recyclable material were \$0.19 million above budget due to higher volumes and stronger market prices.

Other revenues	578	755	177	31%	F
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An insurance claim income of \$109,000 was recognised in the Taralga Water Fund, which had not been included in the original budget. In addition, Council recovered \$24,000 in legal fees relating to rates.

Capital grants and contributions	7,944	10,938	2,994	38%	F
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Capital grants varied from budget as several items were not originally budgeted. Additional income was received from the Visitor Information Centre BLERF grant (\$2.67 million), Rural Timber Bridge Replacement (\$1.76 million) and Crookwell Swimming Pool grants (\$0.65 million NSW Office of Sport and \$0.67 million LRCI). Offsetting these, funding for the Growing Local Economies MR256 Tablelands program was \$2.21 million below budget.

Interest and investment revenue	1,429	1,597	168	12%	F
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Interest and investment income was above budget due to term deposit rates remaining higher than anticipated at the time of budget preparation.

Net gains from disposal of assets	457	-	(457)	(100)%	U
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Council's original estimate for gain on disposal of assets is for plant replacement. As a result of infrastructure renewal activities (i.e. roads & bridges assets replacement) the result is a net loss.

Expenses

Employee benefits and on-costs	15,215	13,967	1,248	8%	F
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Employee benefits and on-costs were below budget as a result of the organisational restructure undertaken during the year. Several positions were made redundant, leading to lower ongoing employee expenses compared with budget.

Materials and services	12,947	21,339	(8,392)	(65)%	U
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Materials and services exceeded budget primarily due to increased costs associated with natural disaster recovery works, which were \$3.57 million above budget. Additionally, expenditure of \$2 million funded through the Regional Emergency Road Repair Fund was not included in the original budget. Further cost increases were incurred for unsealed rural road grading maintenance, plant fuel and oil, and the MR54 RMCC contract, which was \$1.68 million above budget. Gravel pit expenses were also \$130,000 over budget.

Borrowing costs	244	407	(163)	(67)%	U
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Borrowing costs were above budget by \$0.16 million due to higher than expected amortisation charges for tips and gravel pits remediation.

B5-1 Material budget variations (continued)

\$ '000	2025 Budget	2025 Actual	2025 Variance	
Other expenses	828	1,092	(264)	(32)% U
An amount of \$0.25 million was incurred for the repayment of grant funds relating to projects that did not proceed, with the funds returned to State Government grant bodies.				
Net losses from disposal of assets	—	1,048	(1,048)	∞ U
Unbudgeted losses on disposal of road infrastructure as part of capital works assets renewal projects.				

B5-1 Material budget variations (continued)

\$ '000	2025 Budget	2025 Actual	2025 Variance
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Statement of cash flows

Cash flows from operating activities	13,377	19,765	6,388	48%	F
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Cash flows from operating activities were above budget due to the timing of grant receipts and higher user charges and fees. Additional Transport for NSW reimbursements and quarry income increased inflows compared with original estimates.

Cash flows from investing activities	(15,632)	(20,678)	(5,046)	32%	U
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Cash outflows from investing activities were \$2.6 million above budget, primarily due to the timing of capital works and additional grant-funded projects undertaken during the year. In addition, there was a \$3 million acquisition of term deposits.

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2025	2024
Cash assets		
Cash on hand and at bank	2,178	6,789
Cash equivalent assets		
– Deposits at call	50	500
– Short-term deposits	12,500	9,000
Total cash and cash equivalents	14,728	16,289

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	14,728	16,289
Balance as per the Statement of Cash Flows	14,728	16,289

C1-2 Financial investments

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Debt securities at amortised cost				
Long term deposits	22,000	–	19,000	–
Total	22,000	–	19,000	–
Total financial investments	22,000	–	19,000	–
Total cash assets, cash equivalents and investments	36,728	–	35,289	–

Material accounting policy information

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.

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

	\$ '000	2025	2024
(a) Externally restricted cash, cash equivalents and investments			
Total cash, cash equivalents and investments	36,728	35,289	
Less: Externally restricted cash, cash equivalents and investments	(24,857)	(25,345)	
Cash, cash equivalents and investments not subject to external restrictions	11,871	9,944	
External restrictions			
External restrictions included in cash, cash equivalents and investments above comprise:			
Specific purpose unexpended grants – general fund	726	689	
Developer contributions – general	5,178	4,775	
Developer contributions – water fund	746	648	
Developer contributions – sewer fund	902	792	
Specific purpose unexpended grants (recognised as revenue) – general fund	3,415	6,334	
Water fund	3,582	3,243	
Sewer fund	7,179	6,342	
Stormwater management	382	331	
Wind farms community fund	310	267	
Trust fund	185	2	
Domestic waste management	2,252	1,922	
Total external restrictions	24,857	25,345	

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

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

\$ '000	2025	2024
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	11,871	9,944
Less: Internally allocated cash, cash equivalents and investments	(10,347)	(9,539)
Unrestricted and unallocated cash, cash equivalents and investments	1,524	405

Internal allocations

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

Plant and vehicle replacement	881	—
Employees leave entitlement	1,877	1,885
Carry over works	1,005	861
Deposits, retentions and bonds	307	316
Buildings and infrastructure improvements	1,697	—
Council houses capital works	63	67
Financial Assistance Grant prepayment	3,488	5,617
Gravel pit restoration	344	—
Information technology and equipment	293	283
Library cooperative	58	58
Sale of scrap metal	334	—
Multipurpose Aquatic & Activity Centre Crookwell	—	452
Total internal allocations	10,347	9,539

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	2025	2025	2024	2024
	Current	Non-current	Current	Non-current
Rates and annual charges	701	37	541	55
Interest and extra charges	32	7	22	5
User charges and fees	1,560	—	2,536	—
Accrued revenues				
– Interest on investments	428	—	394	—
Net GST receivable	280	—	136	—
Other debtors	24	—	91	—
Total	3,025	44	3,720	60
Less: provision for impairment				
User charges and fees	(5)	—	(40)	—
Total provision for impairment – receivables	(5)	—	(40)	—
Total net receivables	3,020	44	3,680	60

Material accounting policy information

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 determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating ECL, the 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 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. For non-rates debtors, Council uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Council uses the presentation that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Council in full, without recourse by the Council to actions such as realising security (if any is held) or
- the financial assets (for non-rates debtors) are more than 90 days past due.

Credit losses are measured as 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.

On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Council writes off a trade 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 the 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.

Rates and annual charges outstanding are secured against the property.

C1-5 Inventories

	2025	2025	2024	2024
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C1-5 Inventories (continued)

\$ '000	Current	Non-current	Current	Non-current
(i) Inventories at cost				
Stores and materials	346	—	292	—
Stores and materials – gravel	591	—	590	—
Trading stock – Australia post agency	—	—	22	—
Trading stock – tourist information centres	26	—	27	—
Loose tools	176	—	174	—
Total inventories at cost	1,139	—	1,105	—
Total inventories	1,139	—	1,105	—

Material accounting policy information

Raw materials and stores, work in progress and finished goods

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

C1-6 Contract assets and Contract cost assets

\$ '000	Notes	2025		2024	
		Current	Non-current	Current	Non-current
Contract assets		468	—	3,271	—
Total contract assets and contract cost assets		468	—	3,271	—
Contract assets					
Work relating to infrastructure grants		468	—	3,271	—
Total contract assets		468	—	3,271	—

Significant changes in contract assets

A Contract Asset of \$468K has been recognised in relation to Natural Disaster Declaration works. This amount represents the value of completed works that exceed payments received.

C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2024				Asset movements during the reporting period						At 30 June 2025				
	\$ '000	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Carrying value of disposals	Depreciation expense	WIP transfers	WIP Expensed	Remediation adjustment	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	
Capital work in progress ²	13,115	–	13,115	3,952	–	–	(9,896)	(156)	–	–	–	7,015	1	7,016	
Plant and equipment	17,766	(8,583)	9,183	1,549	(182)	(1,554)	–	–	–	–	–	17,881	(8,886)	8,995	
Office equipment	2,955	(2,055)	900	124	–	(201)	–	–	–	–	–	3,079	(2,256)	823	
Furniture and fittings	382	(119)	263	5	–	(15)	–	–	–	–	–	387	(133)	254	
Land:															
– Operational land	7,501	–	7,501	–	(160)	–	–	–	–	–	–	7,341	–	7,341	
– Community land	6,756	–	6,756	–	–	–	–	–	–	–	–	6,756	–	6,756	
Land improvements – depreciable	170	(112)	58	48	–	(9)	–	–	–	–	–	218	(121)	97	
Infrastructure:															
– Buildings – non-specialised	6,210	(3,966)	2,244	4	–	(73)	–	–	–	–	–	6,214	(4,039)	2,175	
– Buildings – specialised	64,288	(32,944)	31,344	1,525	(1,260)	(943)	3,234	–	–	–	–	66,252	(32,352)	33,900	
– Other structures	2,844	(1,157)	1,687	–	–	(53)	–	–	–	–	–	2,844	(1,210)	1,634	
– Roads	188,617	(80,600)	108,017	3,617	(1,112)	(3,948)	1,190	–	–	–	–	191,536	(83,771)	107,765	
– Bridges	87,324	(27,385)	59,939	5,350	–	(920)	1,779	–	–	–	–	94,453	(28,305)	66,148	
– Footpaths	5,347	(2,098)	3,249	18	(9)	(64)	–	–	–	–	–	5,330	(2,136)	3,194	
– Other road assets	1,138	(95)	1,043	12	–	(44)	–	–	–	–	–	1,150	(139)	1,011	
– Bulk earthworks (non-depreciable)	252,861	–	252,861	567	–	–	–	–	–	–	–	253,428	–	253,428	
– Stormwater drainage	39,318	(22,690)	16,628	–	(22)	(382)	–	–	–	–	–	39,224	(23,000)	16,224	
– Water supply network	49,862	(20,311)	29,551	–	–	(857)	–	–	–	–	–	717	51,108	(21,697)	29,411
– Sewerage network	35,037	(15,216)	19,821	–	–	(549)	–	–	–	–	–	482	35,913	(16,159)	19,754
– Swimming pools	941	(640)	301	–	–	(51)	3,219	–	–	–	–	4,159	(690)	3,469	
– Other open space/recreational assets	4,622	(1,691)	2,931	309	–	(188)	474	–	–	–	–	5,405	(1,879)	3,526	
Other assets:															
– Other	931	(771)	160	–	–	(20)	–	–	–	–	–	931	(791)	140	
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):															
– Quarry assets	333	(90)	243	–	–	(10)	–	–	–	–	–	333	(100)	233	
– Tip assets	6,065	(1,272)	4,793	–	–	(307)	–	–	2,449	–	–	8,514	(1,579)	6,935	
Total infrastructure, property, plant and equipment	794,383	(221,795)	572,588	17,080	(2,745)	(10,188)	–	(156)	2,449	1,199	–	809,471	(229,242)	580,229	

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

(2) WIP expensed includes line marking carried as WIP in prior years that is not a cost that can be capitalised.

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

By aggregated asset class	At 1 July 2023			Asset movements during the reporting period						At 30 June 2024		
	\$ '000	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Carrying value of disposals	Depreciation expense	WIP transfers	WiP Expensed	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment
Capital work in progress	17,157	–	17,157	6,003	–	–	(9,787)	(257)	–	13,115	–	13,115
Plant and equipment	17,090	(8,238)	8,852	2,752	(850)	(1,571)	–	–	–	17,766	(8,583)	9,183
Office equipment	2,829	(1,777)	1,052	126	–	(278)	–	–	–	2,955	(2,055)	900
Furniture and fittings	328	(105)	223	54	–	(14)	–	–	–	382	(119)	263
Land:												
– Operational land	7,231	–	7,231	–	–	–	–	–	271	7,501	–	7,501
– Community land	6,505	–	6,505	–	–	–	–	–	251	6,756	–	6,756
Land improvements – depreciable	170	(103)	67	–	–	(9)	–	–	–	170	(112)	58
Infrastructure:												
– Buildings – non-specialised	5,914	(3,705)	2,209	–	–	(72)	–	–	107	6,210	(3,966)	2,244
– Buildings – specialised	58,718	(30,476)	28,242	1,389	–	(900)	1,235	–	1,378	64,288	(32,944)	31,344
– Other structures	2,687	(1,050)	1,637	21	–	(52)	–	–	80	2,844	(1,157)	1,687
– Roads	173,199	(74,600)	98,599	5,991	(3,435)	(3,825)	5,672	–	5,015	188,617	(80,600)	108,017
– Bridges	80,397	(25,197)	55,200	453	–	(884)	2,453	–	2,717	87,324	(27,385)	59,939
– Footpaths	4,966	(1,936)	3,030	132	–	(62)	–	–	149	5,347	(2,098)	3,249
– Other road assets (including bulk earthworks)	706	(47)	659	397	–	(44)	–	–	32	1,138	(95)	1,043
– Bulk earthworks (non-depreciable)	239,209	–	239,209	1,610	–	–	–	–	12,041	252,861	–	252,861
– Stormwater drainage	36,408	(21,231)	15,177	637	–	(365)	427	–	751	39,318	(22,690)	16,628
– Water supply network	47,456	(18,472)	28,984	–	–	(859)	–	–	1,426	49,862	(20,311)	29,551
– Sewerage network	33,346	(13,934)	19,412	–	–	(548)	–	–	956	35,037	(15,216)	19,821
– Swimming pools	896	(597)	299	–	–	(12)	–	–	14	941	(640)	301
– Other open space/recreational assets	4,402	(1,444)	2,958	–	–	(166)	–	–	140	4,622	(1,691)	2,931
Other assets:												
– Other	931	(748)	183	–	–	(23)	–	–	–	931	(771)	160
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):												
– Quarry assets	333	(61)	272	–	–	(30)	–	–	–	333	(90)	243
– Tip assets	3,099	(1,112)	1,987	–	–	(159)	–	–	–	6,065	(1,272)	4,793
Total infrastructure, property, plant and equipment	743,977	(204,833)	539,144	19,565	(4,285)	(9,873)	–	(257)	25,328	794,383	(221,795)	572,588

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

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

Material accounting policy information

Initial recognition of Infrastructure, Property, Plant and Equipment (IPPE)

IPPE is measured initially at cost. Cost includes the fair value of the asset or 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.

Revaluation Model

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

In 2025, Council assessed updated indexation rates across all asset classes, including Water and Sewer infrastructure. Following a capitalisation materiality assessment, Council determined that the impact of applying indexation would not be material to the financial statements. As a result, no indexation adjustments were applied in 2024/25, except for Water and Sewer infrastructure, which were indexed in accordance with the Local Government Code of Accounting Practice and Financial Reporting. Council will continue to assess asset movements annually and apply indexation or comprehensive revaluations where the impacts are considered material.

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 recognised in profit or loss relating to that asset class, the increase is first recognised in the Income Statement. 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.

Useful lives of IPPE

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

Plant and equipment	Years	Other equipment	Years
Office equipment	10 to 15	Playground equipment	15
Office fittings	15 to 50		
Office furniture	5 to 10		
Computer equipment	5		
Vehicles	5	Buildings	
Heavy plant/road making equipment	10 to 15	Buildings: masonry	75
Other plant and equipment	5 to 15	Buildings: other	45
Water and sewer assets			
Dams and reservoirs	100 to 120	Stormwater assets	
Bores	25 to 50	Drains	80 to 100
Reticulation pipes	80	Flood control structures	80 to 100
Pump stations	25 to 70		
Telemetry	15		
Transportation assets			
Sealed roads: surface	25	Other infrastructure assets	
Sealed roads: pavement base	80	Drainage structure on roads	100
Unsealed roads: wearing course	35	Other road structures	80
Unsealed roads: formation	infinite	Swimming pools	75
Bridge: concrete	100	Other open space/recreational assets	15 to 50
Roads sub-base / Formation	infinite	Other structures	15 to 75
Kerb, gutter and footpaths	80		

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

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

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

Land under roads

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

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

In 2024 an inventory of land under roads acquired since 30/06/08 has determined the value of land under roads too low to be recorded as a result of the low dollar per square metre rate of land in the Council area and the low occurrence of subdivisions requiring the construction of new roads. At 30 June 2024 the value on non-depreciable land under roads was estimated at \$3,236.

Crown reserves

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

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

Rural Fire Service assets

Upper Lachlan Shire Council accounting policy was approved in 2007/2008 in relation to the recognition of Rural Fire Service (RFS) plant, vehicles and equipment assets. Council determined that the RFS plant, vehicles and equipment is not owned by Council and Council does not have effective control of the plant and equipment assets. Upper Lachlan Shire Council Resolution No.104/08 stated Council will not recognise the assets in Financial Statements.

Further, Council Resolution 207/22 on 15 September 2022 confirms and advises that Upper Lachlan Shire Council is unable to recognise and record RFS fire-fighting assets in Council's Financial Statements for the reasons outlined in Council's accounting position paper.

In accordance with the requirements of the Australian Accounting Standards and the Code of Accounting Practice, the Upper Lachlan Shire Council has continued not to recognise in their financial statements any rural fire-fighting plant and equipment assets that have been "vested" in Council in accordance with Council's Accounting Position Paper.

C2 Liabilities of Council

C2-1 Payables

\$ '000	2025	2025	2024	2024
	Current	Non-current	Current	Non-current
Prepaid rates	371	—	314	—
Goods and services	3,704	—	2,740	—
Accrued expenses:				
– Salaries and wages	59	—	327	—
– Other expenditure accruals	62	—	35	—
Security bonds, deposits and retentions	187	—	316	—
Community enhancement programs	310	—	224	—
Other	55	—	30	—
Total payables	4,748	—	3,986	—

Material accounting policy information

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.

C2-2 Contract Liabilities

\$ '000	Notes	2025	2025	2024	2024
		Current	Non-current	Current	Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	925	—	1,260	—
Total grants received in advance		925	—	1,260	—
Total contract liabilities		925	—	1,260	—

Notes

(i) Council has received funding to construct assets, including transport assets, sporting and community facilities, and other infrastructure. The funds received are under an enforceable contract which require Council to construct an identified asset which will be under Council's control on completion.

The revenue is recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue. The revenue is expected to be recognised in the next 12 months.

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

\$ '000	2025	2024
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	1,260	2,284
Total revenue recognised that was included in the contract liability balance at the beginning of the period	1,260	2,284

Significant changes in contract liabilities

Veolia Mulwaree Trust – Visitor Information Centre Solar Project. The associated Contract Liability at 30 June 2025 is \$24,188 (2024 – \$Nil).

Department of Industry, Science, Energy and Resources – Black Summer Bushfire Recovery Program (BSBR) Grant \$875,000 for the Taralga Off-Stream Water Storage Assessment and Design Project. The associated Contract Liability at 30 June 2025 is \$100,000 (2024 – \$571,968).

Transport for NSW – Road Safety Program Project 8862. The associated Contract Liability at 30 June 2025 is \$72,105 (2024 – \$Nil).

Department of Planning, Housing and Infrastructure – Changing Places Tranche 2 Grant. The associated Contract Liability at 30 June 2025 is \$140,000 (2024 – \$Nil).

C2-3 Borrowings

\$ '000	2025	2025	2024	2024
	Current	Non-current	Current	Non-current
Loans – secured ¹	562	5,256	625	5,818
Total borrowings	562	5,256	625	5,818

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

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note E1-1.

(a) Changes in liabilities arising from financing activities

\$ '000	2024		Non-cash movements			2025	
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	6,443	(625)	–	–	–	–	5,818
Lease liability	37	(24)	–	–	–	–	13
Total liabilities from financing activities	6,480	(649)	–	–	–	–	5,831

\$ '000	2023		Non-cash movements			2024	
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	6,051	(608)	1,000	–	–	–	6,443
Lease liability	192	(37)	–	–	–	(118)	37
Total liabilities from financing activities	6,243	(645)	1,000	–	–	(118)	6,480

(b) Financing arrangements

\$ '000	2025	2024
Total facilities		
Total financing facilities available to Council at the reporting date are:		
Bank overdraft facilities ¹	300	300
Credit cards/purchase cards	30	30
Total financing arrangements	330	330
Undrawn facilities		
Undrawn financing facilities available to Council at the reporting date are:		
– Bank overdraft facilities	300	300
– Credit cards/purchase cards	30	30
Total undrawn financing arrangements	330	330

Additional financing arrangements information

Breaches and defaults

During the current and prior year, there were no defaults or breaches on any of the loans.

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

C2-4 Employee benefit provisions

\$ '000	2025		2024	
	Current	Non-current	Current	Non-current
Annual leave	1,075	—	975	—
Long service leave	3,055	266	2,751	375
Other leave – time in lieu	31	—	13	—
ELE on-costs	672	—	598	—
Total employee benefit provisions	4,833	266	4,337	375

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

\$ '000	2025	2024
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	2,562	2,686
	2,562	2,686

Material accounting policy information

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.

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.

C2-5 Provisions

\$ '000	2025	2025	2024	2024
	Current	Non-Current	Current	Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works)	—	7,055	—	4,417
Sub-total – asset remediation/restoration	—	7,055	—	4,417
Total provisions	—	7,055	—	4,417

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
2025		
At beginning of year	4,417	4,417
Unwinding of discount	189	189
Additional provisions	2,449	2,449
Total other provisions at end of year	7,055	7,055

Nature and purpose of provisions

Asset remediation

Council has a legal/public obligation to make good, restore, rehabilitate and reinstate the council tip and quarry.

Tip provision

Council is required to undertake significant works at the Crookwell waste management centre to comply with EPA requirements. Other minor remediation works on former tip sites converted to transfer stations must also be carried out.

Gravel pit provision

Council is required to remediate gravel pits (quarries).

Material accounting policy information

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

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

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

Asset remediation – tips and quarries

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

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

C2-5 Provisions (continued)

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.

C3 Reserves

C3-1 Nature and purpose of reserves

IPPE Revaluation Surplus

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

D Council structure

D1 Results by fund

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

D1-1 Income Statement by fund

\$ '000	General 2025	Water 2025	Sewer 2025
Income from continuing operations			
Rates and annual charges	11,526	1,341	1,727
User charges and fees	8,284	1,185	400
Interest and investment revenue	982	222	393
Other revenues	663	92	–
Grants and contributions provided for operating purposes	11,716	142	17
Grants and contributions provided for capital purposes	10,798	68	72
Total income from continuing operations	43,969	3,050	2,609
Expenses from continuing operations			
Employee benefits and on-costs	12,587	776	604
Materials and services	18,866	1,740	733
Borrowing costs	380	22	5
Other expenses	1,078	14	–
Net losses from the disposal of assets	1,048	–	–
Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets	33,959	2,552	1,342
Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets	10,010	498	1,267
Depreciation, amortisation and impairment of non-financial assets	8,729	890	590
Operating result from continuing operations	1,281	(392)	677
Net operating result for the year	1,281	(392)	677
Net operating result attributable to each council fund	1,281	(392)	677
Net operating result for the year before grants and contributions provided for capital purposes	(9,517)	(460)	605

D1-2 Statement of Financial Position by fund

\$ '000	General 2025	Water 2025	Sewer 2025
ASSETS			
Current assets			
Cash and cash equivalents	14,728	—	—
Investments	9,591	4,328	8,081
Receivables	2,357	440	223
Inventories	1,139	—	—
Contract assets and contract cost assets	468	—	—
Other	165	—	—
Total current assets	28,448	4,768	8,304
Non-current assets			
Receivables	44	—	—
Infrastructure, property, plant and equipment	527,105	31,178	21,946
Right of use assets	19	—	—
Total non-current assets	527,168	31,178	21,946
Total assets	555,616	35,946	30,250
LIABILITIES			
Current liabilities			
Payables	4,742	4	2
Contract liabilities	825	100	—
Lease liabilities	12	—	—
Borrowings	538	19	5
Employee benefit provision	4,525	142	166
Total current liabilities	10,642	265	173
Non-current liabilities			
Lease liabilities	1	—	—
Borrowings	4,859	322	75
Employee benefit provision	266	—	—
Provisions	7,055	—	—
Total non-current liabilities	12,181	322	75
Total liabilities	22,823	587	248
Net assets	532,793	35,359	30,002
EQUITY			
Accumulated surplus	300,745	24,510	17,194
IPPE revaluation surplus	232,048	10,849	12,808
Council equity interest	532,793	35,359	30,002
Total equity	532,793	35,359	30,002

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 Council.

Council's objective is to maximise its return on cash and investments while maintaining an adequate level of liquidity and preserving capital. The finance team manage the cash and investments portfolio and if required, could seek the assistance of independent advisers. Council has an investment policy which complies with s625 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 and 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 cash and cash equivalents, receivables, investments and financial liabilities approximates the carrying amount.

The risks associated with the financial instruments held are:

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

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

(a) Market risk – interest rate and price risk

\$ '000	2025	2024
The impact on the 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	22	73
Impact of a 10% movement in price of investments		
– Equity / Income Statement	157	138

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

(b) Credit risk

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

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures. 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, whether through exposure to individual customers, specific industry sectors and/or regions.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

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

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue	overdue rates and annual charges		Total
		< 5 years	≥ 5 years	
2025				
Gross carrying amount	738	–	–	738
2024				
Gross carrying amount	536	46	14	596

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	
2025					
Gross carrying amount	2,766	8	–	(10)	35
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	15.00%
ECL provision	—	—	—	—	5
2024					
Gross carrying amount	6,326	29	1	2	97
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	41.20%
ECL provision	—	—	—	—	40

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

(c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
2025							
Payables	0.00%	187	4,561	—	—	4,748	4,748
Borrowings	3.58%	—	396	1,525	4,106	6,027	5,818
Total financial liabilities		187	4,957	1,525	4,106	10,775	10,566
2024							
Payables	0.00%	316	3,355	—	—	3,671	3,986
Borrowings	3.74%	—	851	3,061	4,030	7,942	6,443
Total financial liabilities		316	4,206	3,061	4,030	11,613	10,429

Loan agreement breaches

There have been no breaches during the reporting period nor the prior year in relation to loan agreements.

E2-1 Fair value measurement

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

– Infrastructure, property, plant and equipment

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability

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

Recurring fair value measurements

\$ '000	Notes	Fair value measurement hierarchy						
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total		
		2025	2024	2025	2024	2025	2024	
Recurring fair value measurements								
Infrastructure, property, plant and equipment								
C1-7								
Plant and equipment		–	–	8,995	9,183	8,995	9,183	
Office equipment		–	–	823	900	823	900	
Furniture and fittings		–	–	254	263	254	263	
Operational land		7,341	7,501	–	–	7,341	7,501	
Community land		–	–	6,756	6,756	6,756	6,756	
Land Improvements – depreciable		–	–	97	58	97	58	
Buildings – non-specialised		–	–	2,175	2,244	2,175	2,244	
Buildings – specialised		–	–	33,900	31,344	33,900	31,344	
Other structures		–	–	1,634	1,687	1,634	1,687	
Roads		–	–	362,204	361,921	362,204	361,921	
Bridges		–	–	66,148	59,939	66,148	59,939	
Footpaths		–	–	3,194	3,249	3,194	3,249	
Stormwater drainage		–	–	16,224	16,628	16,224	16,628	
Water supply network		–	–	28,694	29,551	28,694	29,551	
Sewerage network		–	–	19,272	19,821	19,272	19,821	
Swimming pools		–	–	3,469	301	3,469	301	
Other open space/recreational assets		–	–	3,526	2,931	3,526	2,931	
Other assets		–	–	140	160	140	160	
Rehabilitation assets		–	–	4,719	5,036	4,719	5,036	
Total infrastructure, property, plant and equipment		7,341	7,501	562,224	551,972	569,565	559,473	
Non-recurring fair value measurements								

E2-1 Fair value measurement (continued)

Valuation techniques

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

Revaluation at Fair Value

All assets re-valued will be carried in the accounts at their re-valued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment costs.

All new assets and asset acquisitions made after the respective dates of valuation are recorded at their initial cost of acquisition.

Valuation of certain classes of assets require the engagement of an external valuer. Comprehensive valuation of infrastructure and operational land asset classes are undertaken every 5 years. The most recent comprehensive valuations are listed below.

2020/2021 - Roads, Bridges, Footpaths, Stormwater, and Drainage assets (deferred from 2019/2020).

2020/2021 - Community Land (now assessed annually against the NSW Valuer General valuations)

2021/2022 - Water Supply and Sewerage network assets.

2022/2023 - Buildings, Operational Land and Property, Other Structures and Recreation Assets

Fair value assessments are performed annually in between comprehensive valuations to ensure the carrying amounts of these assets reflect their fair value.

Additional information regarding capitalisation thresholds and depreciation rates utilised has been included as it is relevant in determining what property is deemed to be an 'asset' and is therefore subject to valuation measurement. It also discloses what level of acquisitions will be included after the date of valuation.

There was no comprehensive revaluation of any asset class at fair value during the 2024/2025 financial year.

The Fair Valuation techniques Council has employed while utilising Level 2 and Level 3 inputs are as follows:

Infrastructure, property, plant and equipment (IPPE)

Plant and Equipment, Office Equipment and Furniture and Fittings – Fair Value

Plant and Equipment, Office Equipment and Furniture and Fittings are valued at Fair Value under AASB 116 from 30 June 2018, as per the Office of Local Government's directions, using the depreciated historical cost method:-

The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. All new assets and asset acquisitions made after the respective dates of valuation are recorded at their initial cost of acquisition.

No market based evidence (Level 2) could be supported therefore these assets were all classified as having been valued using Level 3 valuation inputs.

There has been no change to the valuation process during the reporting period.

Asset capitalisation thresholds are:-

Office Equipment	\$2,000
Furniture and Fittings	\$2,000
Plant and Equipment	\$5,000

Operational Land

Operational Land was re-valued at Fair Value by external independent valuer Scott Fullarton Valuations Pty Ltd as at 30 June 2023. Valuation was undertaken in accordance with the requirements of AASB 13 Fair Value, which defines Fair Value as "The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". This involved establishing the nature of the asset, characteristics important to market participants, the appropriate market and valuation premise. Having maximised the level of valuation input, the adopted technique deemed appropriate is the Market Approach which requires the comparison or income approach to valuation. All new Operational Land acquired after the current valuation date is recorded at the initial cost of acquisition.

There has been no change to the valuation process during the reporting period.

E2-1 Fair value measurement (continued)

Community land was required to be re-valued as at 30 June 2021. In line with the prescribed manner of attributing a valuation to Community Land, the land values (Unimproved Capital Value) as supplied by the Valuer General's Office have been used.

Land Improvements - Depreciable

Land Improvements - Depreciable were re-valued at Fair Value under AASB 13 as at 30 June 2016 using the depreciated historical cost method.

The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. All new assets and asset acquisitions made after the current valuation date are recorded at their initial cost of acquisition. Due to the diverse nature of land improvements, major depreciation periods are up to 100 years and the capitalisation threshold is \$5,000.

No market based evidence (Level 2) could be supported therefore these assets were all classified as having been valued using Level 3 valuation inputs.

There has been no change to the valuation process during the reporting period.

Buildings - Specialised & Non-Specialised

Buildings were re-valued at Fair Value by external independent valuer Scott Fullarton Valuations Pty Ltd as at 30 June 2023. Valuation was undertaken in accordance with the requirements of AASB 13 Fair Value, which defines Fair Value as "The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". This involved establishing the nature of the asset, characteristics important to market participants, the appropriate market and valuation premise. Having maximised the level of valuation input, the adopted techniques deemed appropriate are:

Non-specialised buildings - Market Approach - This requires the comparison or income approach to valuation.

Specialised buildings - Cost Approach - This requires the current replacement cost approach to valuation.

This asset class is categorised as Level 3 as there are inputs used in the valuation of these assets that require significant professional judgement and are therefore unobservable.

All new buildings acquisitions (new acquisitions and capital improvements) made after the current valuation date are recorded at their initial cost of acquisition.

There has been no change to the valuation process during the reporting period.

Asset capitalisation thresholds include:

Buildings - construction/extensions/renovations	\$2,000
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Other Structures

The Other Structures asset class was re-valued at Fair Value by external independent valuer Scott Fullarton Valuations Pty Ltd as at 30 June 2023. Valuation was undertaken in accordance with the requirements of AASB 13 Fair Value with the adopted technique deemed appropriate being the Cost Approach which requires the current replacement cost approach to valuation. All new assets and asset acquisitions made after the respective dates of valuation will be recorded at their initial cost of acquisition.

This asset class is categorised as Level 3 as there are inputs used in the valuation of these assets that require significant professional judgement and are therefore unobservable.

There has been no change to the valuation process during the reporting period.

Asset capitalisation thresholds include:

Other Structures	\$2,000
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Roads

The Roads asset class was re-valued as at 30 June 2021 componentised by formation (non-depreciable), pavement sub-base (non-depreciable), pavement base, surface and structures including kerb & gutter. This asset class was re-valued at Fair Value by external consultants Assetic and Upper Lachlan Shire Council professional engineering staff and were recognised at fair value from 30 June 2021. The Cost Approach using Level 3 inputs was used to value this asset class. All new assets and asset acquisitions made after the respective dates of valuation will be recorded at their initial cost of acquisition.

E2-1 Fair value measurement (continued)

No market based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class.

Asset capitalisation thresholds include:

Road construction, gravel re-sheeting and reconstruction	\$5,000
Kerb and Gutter	\$5,000

Bridges

The Bridges asset class was re-valued as at 30 June 2021 classified as concrete, timber or drainage structures. This asset class was re-valued at Fair Value by external consultants Assetic and Upper Lachlan Shire Council professional engineering staff and were recognised at fair value from 30 June 2021. The Cost Approach using Level 3 inputs was used to value this asset class. All new assets and asset acquisitions made after the respective dates of valuation will be recorded at their initial cost of acquisition.

No market based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class.

There has been no change to the valuation process during the reporting period.

Asset capitalisation thresholds include:

Bridge construction and reconstruction	\$5,000
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Footpaths

Footpaths were re-valued as at 30 June 2021 at Fair Value by external consultants Assetic and Upper Lachlan Shire Council professional engineering staff and were recognised at fair value from 30 June 2021. The Cost Approach using Level 3 inputs was used to value this asset class. All new assets and asset acquisitions made after the respective dates of valuation will be recorded at their initial cost of acquisition.

No market based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class.

There has been no change to the valuation process during the reporting period.

Asset capitalisation thresholds include:

Footpaths	\$5,000
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Stormwater Drainage Assets

Stormwater Drainage assets were re-valued as at 30 June 2021 at Fair Value by external consultants Assetic and Upper Lachlan Shire Council professional engineering staff. The Cost Approach using Level 3 inputs was used to value this asset class. All asset acquisitions made after the respective dates of valuation will be recorded at their initial cost of acquisition.

Limited market based evidence (Level 2) could be supported therefore these assets were all classified as having been valued using Level 3 valuation inputs.

There has been no change to the valuation process during the reporting period.

Asset capitalisation thresholds include:

All Stormwater assets	\$5,000
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Water Supply and Sewerage Infrastructure Assets

Water Supply and Sewerage infrastructure assets were re-valued during the 2021/2022 financial year when Upper Lachlan Shire Council engaged *Australis Asset Advisory Group* to complete a comprehensive revaluation of Council's Water and Sewer assets as at 30 June 2022.

Council's water and sewer assets are to be indexed each year in line with the 'Reference Rates Manual' as published by the NSW Office of Water. Council has an extensive water and sewer capital works programme. The Cost Approach using Level 3 inputs was used to value this asset class. All new assets and asset acquisitions made after the respective dates of valuation will be recorded at their initial cost of acquisition.

E2-1 Fair value measurement (continued)

This asset class is categorised as Level 3 as there are inputs used in the valuation of these assets (such as estimates of pattern of consumption, residual value, asset condition and useful life), that require significant professional judgement and are therefore unobservable.

The changes to the valuation process during the reporting period are outlined above.

Asset capitalisation thresholds include:

Reticulation extensions and new assets	\$3,000
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Swimming Pool Assets

The Swimming Pool asset class was re-valued at Fair Value by external independent valuer Scott Fullarton Valuations Pty Ltd as at 30 June 2023. Valuation was undertaken in accordance with the requirements of AASB 13 Fair Value with the adopted technique deemed appropriate being the Cost Approach which requires the current replacement cost approach to valuation. All new assets and asset acquisitions made after the respective dates of valuation will be recorded at their initial cost of acquisition.

This asset class is categorised as Level 3 as there are inputs used in the valuation of these assets that require significant professional judgement and are therefore unobservable.

There has been no change to the valuation process during the reporting period.

Asset capitalisation thresholds include:

Swimming Pools	\$3,000
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Other Open Space/Recreational Assets

The Other Open Space/Recreational asset class was re-valued at Fair Value by external independent valuer Scott Fullarton Valuations Pty Ltd as at 30 June 2023. Valuation was undertaken in accordance with the requirements of AASB 13 Fair Value with the adopted technique deemed appropriate being the Cost Approach which requires the current replacement cost approach to valuation. All new assets and asset acquisitions made after the respective dates of valuation will be recorded at their initial cost of acquisition.

This asset class is categorised as Level 3 as there are inputs used in the valuation of these assets that require significant professional judgement and are therefore unobservable.

There has been no change to the valuation process during the reporting period.

Asset capitalisation thresholds include:

Playground Equipment and Park Furniture	\$1,000
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Other Assets (including Tips & Quarries Rehabilitation)

Assets within this class comprise of all assets not classified elsewhere. Other Assets, other than tips and quarries rehabilitation, are valued at Fair Value under AASB 116 from 30 June 2012 using the depreciated historical cost method. A review of these assets was undertaken for 30 June 2018 and the same valuation methodology was retained for Quarries. The Tip Rehabilitation used an estimation for 30 June 2024 based on an analysis of available independent cost estimations being applied to open cell areas of the rehabilitation site. All new assets and asset acquisitions made after the respective dates of valuation will be recorded at their initial cost of acquisition.

No market based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class. Assessment of fair value will be completed at the time of finalisation of the tip remediation provision.

There has been no change to the valuation process during the reporting period.

E2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

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

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

	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment		
Plant and equipment	Cost approach	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Office equipment	Cost approach	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life
Furniture and fittings	Cost approach	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life
Community Land	Values from the NSW Valuer General	<ul style="list-style-type: none"> • Land value • Land area • Level of restriction
Land improvements	Market-based direct comparison	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life
Buildings non-specialised	Cost approach	<ul style="list-style-type: none"> • Gross replacement cost • Asset componentisation • Asset condition • Remaining useful life
Buildings specialised	Cost approach	<ul style="list-style-type: none"> • Gross replacement cost • Asset componentisation • Asset condition • Remaining useful life
Other structures	Cost approach	<ul style="list-style-type: none"> • Gross replacement cost • Asset componentisation • Asset condition • Remaining useful life
Roads	Cost approach	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life
Bridges	Cost approach	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life
Footpaths	Cost approach	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life
Stormwater drainage	Cost approach	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life
Water supply network	Cost approach	<ul style="list-style-type: none"> • Gross replacement cost • Asset componentisation • Asset condition • Remaining useful life
Sewerage network	Unit rates per square metre or length	<ul style="list-style-type: none"> • Gross replacement cost • Asset componentisation • Asset condition • Remaining useful life
Swimming pools	Cost approach	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life
Other open space/recreational	Cost approach	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life

E2-1 Fair value measurement (continued)

	Valuation technique/s	Unobservable inputs
Other assets	Cost approach	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life
Rehabilitation assets	Cost approach	<ul style="list-style-type: none"> • Environmental legislation • Discount Rates, CPI • Remaining life

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

\$ '000	Plant and equipment		Office equipment		Furniture and fittings		Community Land	
	2025	2024	2025	2024	2025	2024	2025	2024
Opening balance	9,183	8,852	900	1,052	263	223	6,756	6,505
Total gains or losses for the period								
Recognised in other comprehensive income – revaluation surplus	–	–	–	–	–	–	–	251
Other movements								
Purchases (GBV)	1,549	2,752	124	126	5	54	–	–
Disposals (WDV)	(182)	(850)	–	–	–	–	–	–
Depreciation and impairment	(1,555)	(1,571)	(201)	(278)	(14)	(14)	–	–
Closing balance	8,995	9,183	823	900	254	263	6,756	6,756

\$ '000	Land improvements		Buildings non-specialised		Buildings specialised		Other structures	
	2025	2024	2025	2024	2025	2024	2025	2024
Opening balance	58	67	2,244	2,209	31,344	28,242	1,687	1,637
Total gains or losses for the period								
Recognised in other comprehensive income – revaluation surplus	–	–	–	107	–	1,378	–	81
Other movements								
Purchases (GBV)	48	–	4	–	4,759	2,624	–	21
Disposals (WDV)	–	–	–	–	(1,260)	–	–	–
Depreciation and impairment	(9)	(9)	(73)	(72)	(943)	(900)	(53)	(52)
Closing balance	97	58	2,175	2,244	33,900	31,344	1,634	1,687

\$ '000	Roads		Bridges		Footpaths		Stormwater drainage	
	2025	2024	2025	2024	2025	2024	2025	2024
Opening balance	361,921	338,467	59,939	55,200	3,249	3,030	16,628	15,177
Total gains or losses for the period								
Recognised in other comprehensive income – revaluation surplus	–	17,088	–	2,717	–	149	–	752
Other movements								
Purchases (GBV)	5,386	13,670	7,129	2,906	18	132	–	1,064
Disposals (WDV)	(1,112)	(3,435)	–	–	(9)	–	(22)	–
Depreciation and impairment	(3,992)	(3,869)	(920)	(884)	(64)	(62)	(382)	(365)
Closing balance	362,203	361,921	66,148	59,939	3,194	3,249	16,224	16,628

\$ '000	Water supply network		Sewerage network		Swimming pools		Other open space/recreational	
	2025	2024	2025	2024	2025	2024	2025	2024
Opening balance	29,551	28,984	19,821	19,412	301	299	2,931	2,958

E2-1 Fair value measurement (continued)

\$ '000	Water supply network		Sewerage network		Swimming pools		Other open space/recreational	
	2025	2024	2025	2024	2025	2024	2025	2024
Total gains or losses for the period								
Recognised in other comprehensive income – revaluation surplus	717	1,426	482	957	–	14	–	139
Other movements								
Purchases (GBV)	–	–	–	–	3,219	–	783	–
Depreciation and impairment	(857)	(859)	(549)	(548)	(51)	(12)	(188)	(166)
Closing balance	29,411	29,551	19,754	19,821	3,469	301	3,526	2,931

\$ '000	Other assets		Rehabilitation assets		Total	
	2025	2024	2025	2024	2025	2024
Opening balance						
Recognised in other comprehensive income – revaluation surplus	160	183	5,036	2,259	551,972	514,756
Increase in Provision	–	–	–	–	1,199	25,059
Purchases (GBV)	–	–	–	2,966	–	2,966
Disposals (WDV)	–	–	–	–	23,024	23,349
Depreciation and impairment	(20)	(23)	(316)	(189)	(10,187)	(9,873)
Closing balance	140	160	4,720	5,036	563,423	551,972

Highest and best use

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

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

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

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

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

* For 180 Point Members, Employers are required to contribute 9.5% from 1 July 2025 of salaries to these members' accumulation accounts in line with current level of SG contributions, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$20.0 million per annum for 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June. Given the funding position of the Fund as at 30 June 2024, it was recommended to cease these past service contributions effective 1 January 2025.

The adequacy of contributions is assessed at each actuarial investigation which will be conducted annually.

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

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

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

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

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

E3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2025 was \$189,130.60. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2024.

Council's expected contribution to the plan for the next annual reporting period is \$52,839.72.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2025 is:

Defined Benefit reserves only *	\$' millions	Asset Coverage
Assets	2,197.6	
Past Service Liabilities	2,092.0	105.0%
Vested Benefits	2,130.4	103.2%

* excluding other accumulation accounts and reserves in both assets and liabilities.

The share of any funding surplus or deficit that can be attributed to Council is 0.57%.

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

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

Investment return	6.0% per annum
Salary inflation	3.5% per annum
Increase in CPI	2.5% per annum

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

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review, which will be a triennial actuarial investigation will be completed by December 2025.

(ii) Statewide Mutual Limited

Council is a member of Statewide Mutual Limited, 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 30/6 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 Mutual Limited

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

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

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

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

E3-1 Contingencies (continued)

(iv) Essential Energy Bank Guarantee

The Council has provided a Bank Guarantee in favour of Essential Energy for \$32,208 for security pending the registration of an easement over property (Crown Land) known as Lot 1 DP1270470 located at 203-209 Goulburn Street, Crookwell.

(v) Other guarantees

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

2. Other contingent liabilities

(i) Third party claims

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

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

(ii) Legal Matters

At balance date Upper Lachlan Shire Council had matters pending with its solicitor, Robert J McCarthy & Co, related to advice on day to day operational activities, such as conveyance on land acquisitions, renewal of Council's quarry contracts, and other operational matters. The costs and settlements associated with these were estimated at approximately \$78,000.

A Voluntary Planning Agreement (VPA) between Council and Darjeeling Pastoral Pty Limited for the Cloverleigh Subdivision at Tait Street, Crookwell is still in negotiation stage and will be reported to Council for determination. The equivalent of \$350,000 will not be a cash cost to Council but an exemption of S64 developer contributions relating to the Crookwell Trunk (sewer).

E3-1 Contingencies (continued)

ASSETS NOT RECOGNISED

(i)

The Minister for Local Government made the following determination on 7 September 2006, relating to the transfer of assets, rights and liabilities of the former Mulwaree Shire Council to Upper Lachlan Shire Council. Schedule 2 of the determination states that "the fixed assets of the Montague Street and Clinton Street, Goulburn properties remain with Goulburn Mulwaree Council. In the event of the sale of this property Upper Lachlan Shire Council will be reimbursed 24.22% of the net profit". The Montague Street property was sold in 2014/2015. Council retains a 24.22 per cent share in the Clinton Street property, which remains disclosed as a contingent asset pending any future sale.

(ii)

Council has entered into several voluntary Planning Agreements (VPAs) under the *Environmental Planning and Assessment Act 1979 (NSW)* with various renewable-energy developers, including AGL Energy Ltd, Goldwind Australia Pty Ltd, Taralga Wind Farm Nominees (No 2) Pty Ltd, Cullerin Range Wind Farm Pty Ltd, Crookwell Developments Pty Ltd, Rye Park Renewable Energy Pty Ltd, Newtricity Developments Biala Pty Ltd and Collector Wind Farm Pty Ltd.

Under these agreements, developers are required to make CPI-indexed annual monetary contributions to Community Enhancement Funds, generally determined by reference to the number of operational turbines or total project capital cost. The funds are administered by Council on behalf of the community through established Community Fund Committees.

The timing and quantum of future contributions depend on factors such as project progression, turbine commissioning, and ongoing operation. As these inflows are contingent upon future uncertain events not wholly within Council's control, they are disclosed as contingent assets in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

\$ '000	2025	2024
Compensation:		
Short-term benefits	1,173	1,275
Termination benefits	-	184
Total	1,173	1,459

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2025	2024
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	30	28
Councillors' fees	136	129
Other Councillors' expenses (including Mayor)	60	59
Total ⁽ⁱ⁾	226	216

⁽ⁱ⁾ Other Transactions - Other transactions between the Council and KMP and their related parties included only the payment of rates and charges at arms length on properties owned by KMP and their related parties.

F2 Other relationships

F2-1 Audit fees

\$ '000	2025	2024
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements ¹	171	156
Remuneration for audit and other assurance services	171	156
Total Auditor-General remuneration	171	156
Non NSW Auditor-General audit firms		
(i) Audit and other assurance services		
Due diligence services – Grant acquittal audits	–	2
Remuneration for audit and other assurance services	–	2
Total remuneration of non NSW Auditor-General audit firms	–	2
Total audit fees	171	158

⁽¹⁾ Audit Engagement Plan (AEP) Estimated Fees for the year ended 30 June 2025 are \$166,900 (2024 - \$162,070)

G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of Operating Result

\$ '000	2025	2024
Net operating result from Income Statement	1,566	9,761
Add / (less) non-cash items:		
Depreciation and amortisation	10,209	9,901
(Gain) / loss on disposal of assets	1,048	3,739
Unwinding of discount rates on remediation provisions	189	57
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	711	(1,189)
Increase / (decrease) in provision for impairment of receivables	(35)	35
(Increase) / decrease of inventories	(34)	115
(Increase) / decrease of other current assets	45	(67)
(Increase) / decrease of contract asset	2,803	(726)
Increase / (decrease) in payables	964	(1,033)
Increase / (decrease) in other accrued expenses payable	(241)	(2)
Increase / (decrease) in other liabilities	39	95
Increase / (decrease) in contract liabilities	(335)	(1,024)
Increase / (decrease) in employee benefit provision	387	(52)
Increase / (decrease) in other provisions	2,449	2,965
Net cash flows from operating activities	19,765	22,575

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2025	2024
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Buildings	907	694
Plant and equipment	1,188	525
Sewerage and water infrastructure	38	188
Transport Assets	332	3,678
Other	—	4
Total commitments	2,465	5,089
These expenditures are payable as follows:		
Within the next year	2,465	5,089
Total payable	2,465	5,089

G3-1 Events occurring after the reporting date

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

G4 Statement of developer contributions

G4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2024	Contributions received during the year				Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2025	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other	Interest and investment income earned				
Roads	3,230	378	–	–	152	(174)	–	3,586	–
Open space	263	32	–	–	10	(96)	–	209	–
Community facilities	710	59	–	–	32	(66)	–	735	–
Other	138	8	–	–	6	(1)	–	151	–
Bushfire	294	30	–	–	14	(9)	–	329	–
Waste management	140	21	–	–	7	–	–	168	–
S7.11 contributions – under a plan	4,775	528	–	–	221	(346)	–	5,178	–
Total S7.11 and S7.12 revenue under plans	4,775	528	–	–	221	(346)	–	5,178	–
S64 contributions	1,440	139	–	–	69	–	–	1,648	–
Total contributions	6,215	667	–	–	290	(346)	–	6,826	–

Under the *Environmental Planning and Assessment Act 1979*, local infrastructure contributions, also known as developer contributions, are charged by councils when new development occurs. They help fund infrastructure like parks, community facilities, local roads, footpaths, stormwater drainage and traffic management. 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.

G4-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2024	Contributions received during the year				Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2025	Cumulative balance of internal borrowings (to)/from					
		Cash	Non-cash Land	Non-cash Other	Interest and investment income earned									
S7.11 contributions – under a plan														
Upper Lachlan Development Contributions Plan 2007 (previously Section 94)														
Bushfire	294	30	–	–	14	(9)	–	329	–					
Roads	3,230	378	–	–	152	(174)	–	3,586	–					
Waste management	140	21	–	–	7	–	–	168	–					
Open space	263	32	–	–	10	(96)	–	209	–					
Community facilities	710	59	–	–	32	(66)	–	735	–					
Other	138	8	–	–	6	(1)	–	151	–					
Total	4,775	528	–	–	221	(346)	–	5,178	–					

G4-3 S64 contributions

continued on next page ...

G4-3 S64 contributions (continued)

\$ '000	Opening balance at 1 July 2024	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2025	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Upper Lachlan Development Servicing Plan for Water & Sewer									
Water supply	648	67	—	—	32	—	—	747	—
Sewerage services	792	72	—	—	37	—	—	901	—
Total	1,440	139	—	—	69	—	—	1,648	—

End of the audited financial statements



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Upper Lachlan Shire Council

To the Councillors of the Upper Lachlan Shire Council

Opinion

I have audited the accompanying financial statements of the Upper Lachlan Shire Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2025, the Statement of Financial Position as at 30 June 2025, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been prepared, in all material respects, in accordance with the requirements of the Division
 - are, in all material respects, consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2025, 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 2025 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

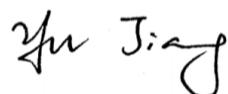
Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

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

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

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

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



Reiky Jiang
Delegate of the Auditor-General for New South Wales

30 October 2025
SYDNEY



Mr Paul Culhane
Mayor
Upper Lachlan Shire Council
PO Box 42
GUNNING NSW 2581

Contact: Reiky Jiang
Phone no: 0292 757 281
Our ref: R008-1981756498-7406

30 October 2025

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2025
Upper Lachlan Shire Council**

I have audited the general purpose financial statements (GPFS) of the Upper Lachlan Shire Council (the Council) for the year ended 30 June 2025 as required by section 415 of the *Local Government Act 1993* (the Act).

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

My audit procedures did not identify any instances of material non-compliance with the financial reporting requirements in Chapter 13, Part 3, Division 2 of the Act and the associated regulation 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.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2025 is issued in accordance with section 417 of the Act. The Report:

- must address the specific matters outlined in the Local Government Code of Accounting Practice and Financial Reporting 2024-25
- may include statements, comments and recommendations that I consider to be appropriate based on the conduct of the audit of the GPFS.

This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

INCOME STATEMENT

Financial performance

	2025	2024	Variance
	\$m	\$m	%
Rates and annual charges revenue	14.6	13.6	7.4
Grants and contributions provided for operating purposes revenue	11.9	18.2	34.6
Grants and contributions provided for capital purposes revenue	10.9	14.2	23.2
Operating result from continuing operations	1.6	9.8	83.7
Net Operating result for the year before grants and contributions provided for capital purposes	(9.4)	(4.5)	108.9

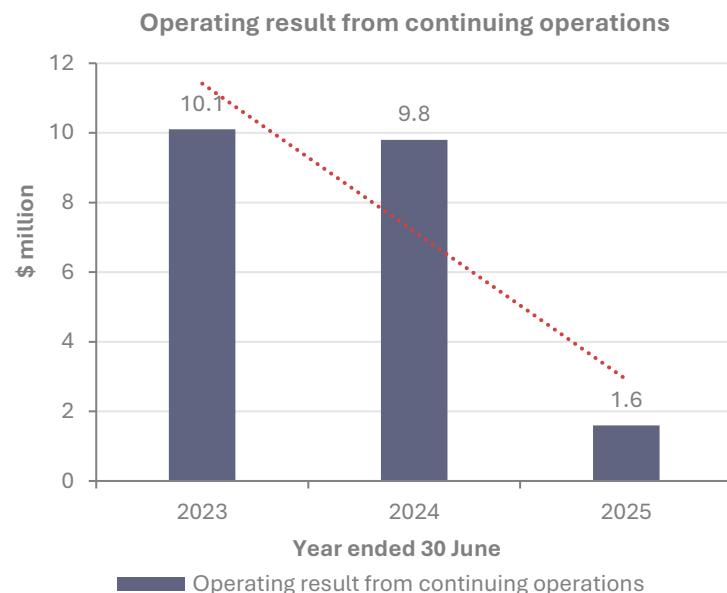
Operating result from continuing operations

This graph shows the operating result from continuing operations for the current and prior two financial years.

Council's operating result from continuing operations for the year was \$8.2 million lower than the 2023–24 result.

In 2024-25:

- grants and contributions - operating revenue (\$11.9 million) decreased by \$6.3 million (34.6 per cent). Refer to 'Grants and contributions revenue' below for details
- materials and services expense increased by \$2.1 million (11.2 per cent), primarily due to a \$1.2 million increase in contractor expenses related to the regional and local roads repair program. An additional \$1 million increase was attributed to storm and flood damage, repairs to the Community Centre for Creative Capacity in Gunning and increased maintenance of MR54 - a state road maintained under



contract with Transport for NSW (TfNSW).

The operating result from continuing operations has shown a downward trend since 2023 due to a reduction in operating grants in the current year and increase in materials and services costs in the previous year.

The net operating result for the year before grants and contributions provided for capital purposes was a deficit of \$9.4 million. Refer to 'Grants and contributions revenue' below for details.

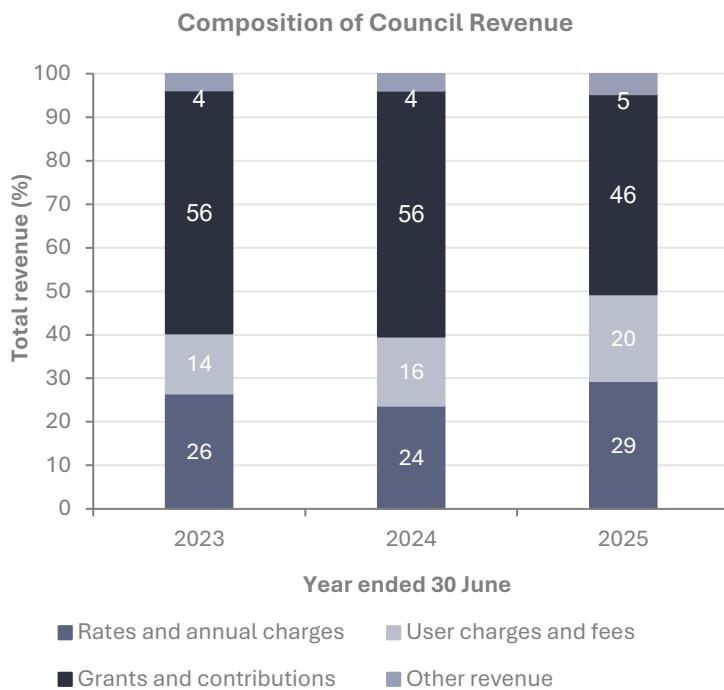
Income

Council revenue

This graph shows the composition of Council's revenue recognised for the current and prior two financial years.

Council revenue decreased by \$7.8 million (13.5 per cent) in 2024–25 due to:

- rates and annual charges revenue (\$14.6 million) which increased by \$1.0 million (7.4 per cent) due to rate peg increase of 5 per cent for 2024–25
- user charges and fees revenue (\$9.9 million) which increased by \$0.7 million (8.1 per cent) due to increased income for the maintenance of roads owned by TfNSW (\$0.6 million) and sale of recyclable material (\$0.1 million)
- grants and contributions revenue (\$22.8 million) which decreased by \$9.6 million (30 per cent) – see additional details below.



Grants and contributions revenue

This graph shows the amount of grants and contributions revenue recognised for the current and prior two financial years.

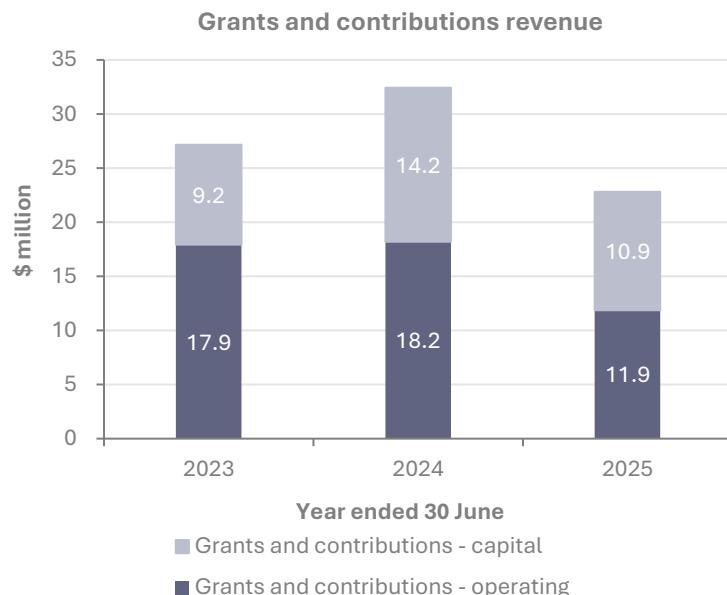
Grants and contributions- capital revenue (\$10.9 million) decreased by \$3.3 million (23.2 per cent) in 2024–25 due to:

- decrease of \$3.8 million of fixing local and country roads funding during the year
- decrease of \$2.6 million of grants recognised for regional roads, disaster ready fund, and Crookwell swimming pool.

These decreases have been partially offset by increased grant funding for the visitor information centre and growing local economies.

Grants and contributions- operating revenue (\$11.9 million) decreased by \$6.3 million (34.6 per cent) in 2024–25 due to:

- decrease of \$4.8 million of regional and local roads repair program grant. The \$4.8 million grant was received in previous year and has been utilised across both financial years
- change in the contract asset estimate related to natural disaster funding has resulted in a decrease of \$2.3 million
- decrease of \$1.4 million in financial assistance grants during the year.



CASH FLOWS

Statement of cash flows

The Statement of Cash Flows details the Council's inflows and outflows of cash over a specific period. It helps in assessing the Council's ability to generate cash to fund its operations, pay off debts, and support future projects. It also aids in identifying any pressures or issues in the Council operating in a financially sustainable manner.

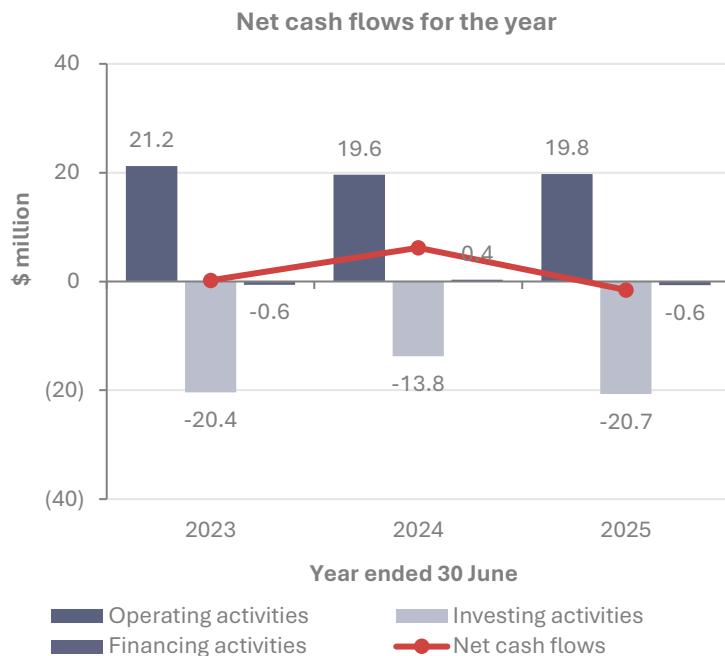
This graph shows the net cash flows for the current and prior two financial years.

The net cash flows for the year were negative \$1.6 million (\$6.2 million in 2023-24).

In 2024-25 the net cashflows:

- from operating activities decreased by \$0.2 million, mainly due to decrease in grants and contributions received
- used in investing activities increased by \$6.9 million, mainly due to increase in the net payments made for purchase of investments

used in financing activities increased by \$1.0 million, mainly due to decrease in proceeds from borrowings.



FINANCIAL POSITION

Cash, cash equivalents and investments

This section of the Report provides details of the amount of cash, cash equivalents and investments recorded by the Council at 30 June 2025.

Externally restricted funds are the cash, cash equivalents and investments that can only be used for specific purposes due to legal or contractual restrictions.

Cash, cash equivalents, and investments without external restrictions can be allocated internally by the elected Council's resolution or policy. These allocations are matters of Council policy and can be changed or removed by a Council resolution.

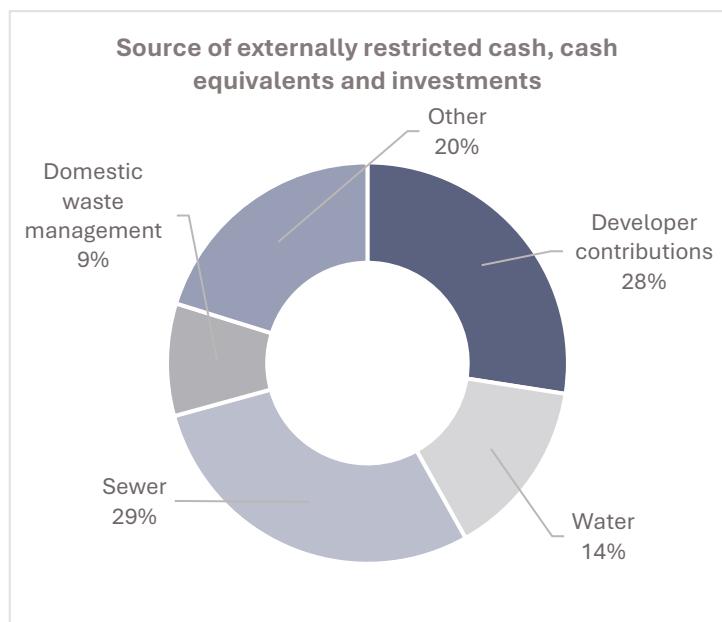
Cash, cash equivalents and investments	2025	2024	Percentage of total cash and investments	Commentary
	\$m	\$m	%	
Total cash, cash equivalents and investments	36.7	35.3		Externally restricted balances are those which are only available for specific use due to a restriction placed by legislation or third-party contract. A breakdown of the sources of externally restricted balances is included in the graph below.
Restricted and allocated cash, cash equivalents and investments:				Internal allocations are determined by council policies or decisions, which are subject to change.
• External restrictions	24.9	25.3	67.8	The cash balances did not change significantly from 2024 to 2025.
• Internal allocations	10.3	9.5	28.1	

This graph shows the sources of externally restricted cash, cash equivalents and investments.

In 2024-25 the Council's main sources of externally restricted cash, cash equivalents and investments include:

- developer contributions of \$6.8 million which increased by \$0.6 million
- water charges of \$3.6 million which increased by \$0.3 million
- sewer charges of \$7.2 million which increased by \$0.8 million
- domestic waste management charges of \$2.3 million which increased by \$0.3 million.

Other externally restricted cash, cash equivalents comprise of specific purpose unexpended grants (\$3.4 million), stormwater management (\$0.4 million), wind farms community fund (\$0.3 million) and trust fund (\$0.2 million). The balance has decreased mainly due to decrease in specific purpose unexpended grants balance.



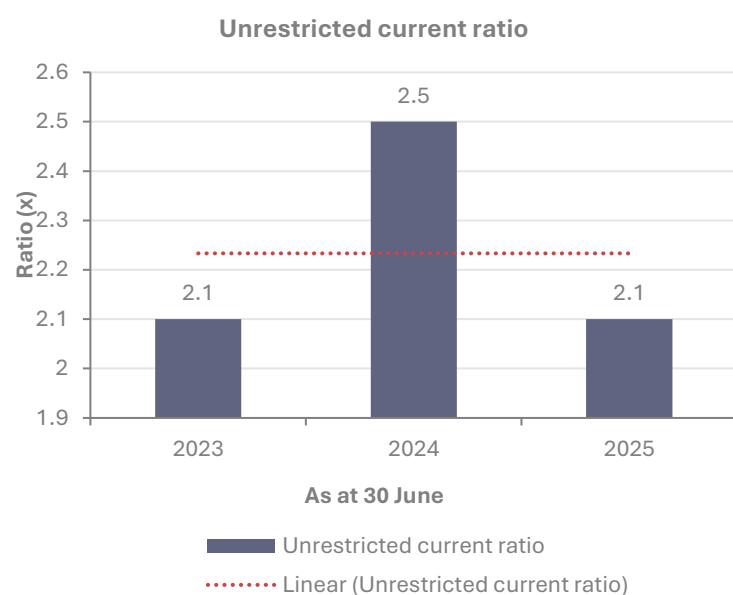
Council liquidity

This graph shows the Council's unrestricted current ratio for the current and prior two financial years.

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 ratio measures the ratio of unrestricted current assets to specific purpose liabilities.

In 2023-24, the average unrestricted current ratio was an average of 3.1x for regional councils.

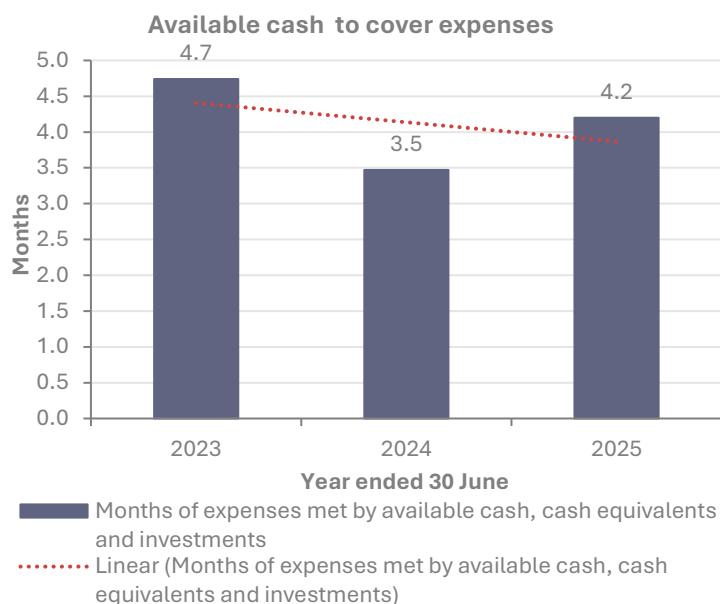
The unrestricted current ratio in 2024 is higher than the other two years, attributed to increased contract assets and reduced contract liabilities and payables. The primary reason for the decline in the unrestricted current ratio in 2025 is the decrease in contract assets due to a change in estimate.



This graph shows the number of months of general fund expenses (excluding depreciation and borrowing costs), Council can fund from its available cash, cash equivalents and investments (not subject to external restrictions).

Further details on cash, cash equivalents and investments including the sources of external restrictions are included in the section above.

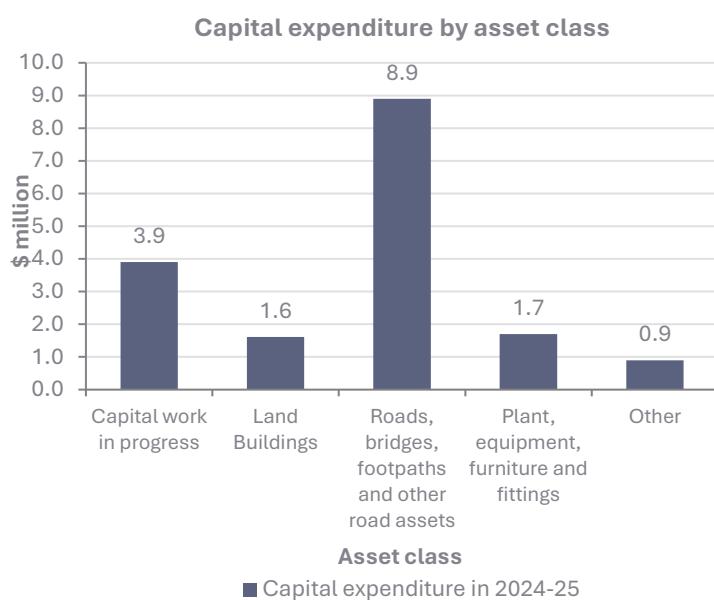
In 2023–24, the available cash to cover expenses was an average of 7 months for regional councils.



Infrastructure, property, plant and equipment

This graph shows how much the Council spent on renewing and purchasing assets in 2024–25.

Council has spent \$17.1 million on new assets and renewals of infrastructure, property, plant and equipment during the 2024–25 financial year. This was mainly spent on tablelands way upgrade, Julong road bridge construction, new visitor information centre construction, road repairs, and plant and equipment.



Debt

The table below provides an overview of the Council's loans and committed borrowing facilities. Committed borrowing facilities are an element of liquidity management and include bank overdrafts, and credit cards.

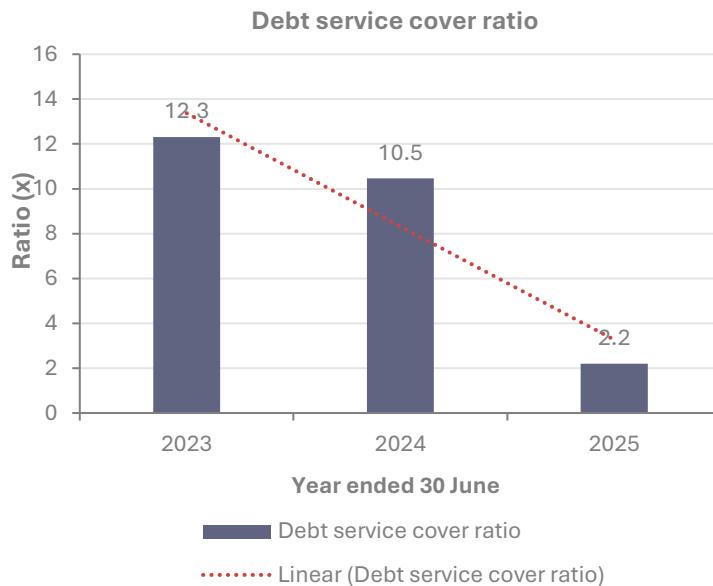
Debt	2025	2024	Commentary
	\$'000	\$'000	
Loans	5,818	6,443	<ul style="list-style-type: none"> • No new borrowings obtained in current year. • There was a cash outflow of \$0.6 million due to loan principal repayment during the year.
Approved overdraft facility	300	300	• Consistent with previous year, no change in the approved overdraft facility available.
Amount drawn down	--	--	
Credit card facility	30	30	• Consistent with previous year, no change in the credit card limits available.
Amount used	--	--	

Debt service cover

This graph shows the Council's debt service cover ratio for the current and prior two financial years.

The debt service cover ratio measures the operating cash to service debt including interest, principal and lease payments.

The debt service cover ratio has shown a downward trend since 2023 attributed to a decrease in operating grants. Refer to 'Grants and contributions revenue' above for details



Reiky Jiang
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

Upper Lachlan Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2025



Upper Lachlan Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2025

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Background

i. These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.

ii. The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.

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

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

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

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

Special Purpose Financial Statements
for the year ended 30 June 2025

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

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

- NSW Government Policy Statement, *Application of National Competition Policy to Local Government*
- Division of Local Government Guidelines, *Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality*
- The Local Government Code of Accounting Practice and Financial Reporting
- Sections 3 and 4 of the NSW Department of Climate Change, Energy, the Environment and Water's (DCCEEW) *Regulatory and assurance framework for local water utilities, July 2022*

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

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

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

Signed in accordance with a resolution of Council made on 16 October 2025.



Paul Culhane
Mayor
16 October 2025



Rob Cameron
Councillor
16 October 2025



Alex Waldron
Chief Executive Officer
16 October 2025



Ashan Hewage
Responsible Accounting Officer
16 October 2025

Upper Lachlan Shire Council

Income Statement of water supply business activity for the year ended 30 June 2025

\$ '000	2025	2024
Income from continuing operations		
Access charges	1,341	1,122
User charges	1,149	1,214
Fees	36	43
Interest and investment revenue	222	219
Grants and contributions provided for operating purposes	142	18
Other income	92	7
Total income from continuing operations	2,982	2,623
Expenses from continuing operations		
Employee benefits and on-costs	776	609
Borrowing costs	22	24
Materials and services	1,740	1,240
Depreciation, amortisation and impairment	890	885
Calculated taxation equivalents	—	11
Other expenses	14	5
Total expenses from continuing operations	3,442	2,774
Deficit from continuing operations before capital amounts	(460)	(151)
Grants and contributions provided for capital purposes	68	99
Deficit from continuing operations after capital amounts	(392)	(52)
Deficit from all operations before tax	(392)	(52)
Deficit after tax	(392)	(52)
Plus accumulated surplus	24,902	24,943
– Taxation equivalent payments	—	11
Closing accumulated surplus	24,510	24,902
Return on capital %	(1.4)%	(0.4)%
Subsidy from Council	1,735	1,478
Calculation of dividend payable:		
Deficit after tax	(392)	(52)
Less: capital grants and contributions (excluding developer contributions)	(68)	(99)
Surplus for dividend calculation purposes	—	—
Potential dividend calculated from surplus	—	—

Upper Lachlan Shire Council

Income Statement of sewerage business activity

for the year ended 30 June 2025

\$ '000	2025	2024
Income from continuing operations		
Access charges	1,727	1,567
User charges	375	338
Fees	25	–
Interest and investment revenue	393	381
Grants and contributions provided for operating purposes	17	16
Total income from continuing operations	2,537	2,302
Expenses from continuing operations		
Employee benefits and on-costs	604	503
Borrowing costs	5	6
Materials and services	733	759
Depreciation, amortisation and impairment	590	590
Total expenses from continuing operations	1,932	1,858
Surplus from continuing operations before capital amounts	605	444
Grants and contributions provided for capital purposes	72	84
Surplus from continuing operations after capital amounts	677	528
Surplus from all operations before tax	677	528
Less: corporate taxation equivalent (25%) (based on result before capital)	(151)	(111)
Surplus after tax	526	417
Plus accumulated surplus	16,517	15,989
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	151	111
Closing accumulated surplus	17,194	16,517
Return on capital %	2.8%	2.1%
Subsidy from Council	303	485
Calculation of dividend payable:		
Surplus after tax	526	417
Less: capital grants and contributions (excluding developer contributions)	(72)	(84)
Surplus for dividend calculation purposes	454	333
Potential dividend calculated from surplus	227	167

Upper Lachlan Shire Council

Income Statement of Domestic Waste Management

for the year ended 30 June 2025

\$ '000	2025 Category 2	2024 Category 2
Income from continuing operations		
Annual charges	1,721	1,592
User charges	11	7
Interest and investment income	137	98
Grants and contributions provided for operating purposes	31	30
Net gain from the disposal of assets	30	–
Other income	1	1
Total income from continuing operations	1,931	1,728
Expenses from continuing operations		
Employee benefits and on-costs	343	281
Materials and services	1,236	1,058
Depreciation, amortisation and impairment	133	162
Total expenses from continuing operations	1,712	1,501
Surplus (deficit) from continuing operations before capital amounts		
Grants and contributions provided for capital purposes	21	38
Surplus (deficit) from continuing operations after capital amounts	240	265
Surplus (deficit) from all operations before tax		
Less: corporate taxation equivalent (25%) (based on result before capital)	(55)	(57)
Surplus (deficit) after tax	185	208
Plus accumulated surplus	2,786	2,521
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	55	57
Closing accumulated surplus	3,026	2,786
Return on capital %	36.1%	32.0%
Calculation of dividend payable:		
Surplus (deficit) after tax	185	208
Less: capital grants and contributions (excluding developer contributions)	(21)	(38)
Surplus for dividend calculation purposes	164	170
Potential dividend calculated from surplus	82	85

Upper Lachlan Shire Council

Statement of Financial Position of water supply business activity as at 30 June 2025

\$ '000	2025	2024
ASSETS		
Current assets		
Investments	4,328	3,891
Receivables	440	809
Total current assets	4,768	4,700
Non-current assets		
Receivables	-	10
Infrastructure, property, plant and equipment	31,178	31,417
Total non-current assets	31,178	31,427
Total assets	35,946	36,127
LIABILITIES		
Current liabilities		
Contract liabilities	100	572
Payables	4	9
Borrowings	19	18
Employee benefit provisions	142	152
Total current liabilities	265	751
Non-current liabilities		
Borrowings	322	342
Total non-current liabilities	322	342
Total liabilities	587	1,093
Net assets	35,359	35,034
EQUITY		
Accumulated surplus	24,510	24,902
IPPE revaluation surplus	10,849	10,132
Total equity	35,359	35,034

Upper Lachlan Shire Council

Statement of Financial Position of sewerage business activity as at 30 June 2025

\$ '000	2025	2024
ASSETS		
Current assets		
Investments	8,081	7,134
Receivables	223	177
Total current assets	8,304	7,311
Non-current assets		
Receivables	—	15
Infrastructure, property, plant and equipment	21,946	21,741
Total non-current assets	21,946	21,756
Total assets	30,250	29,067
LIABILITIES		
Current liabilities		
Payables	2	2
Borrowings	5	4
Employee benefit provisions	166	137
Total current liabilities	173	143
Non-current liabilities		
Borrowings	75	80
Total non-current liabilities	75	80
Total liabilities	248	223
Net assets	30,002	28,844
EQUITY		
Accumulated surplus	17,194	16,519
IPPE revaluation surplus	12,808	12,325
Total equity	30,002	28,844

Upper Lachlan Shire Council

Statement of Financial Position of Domestic Waste Management

as at 30 June 2025

\$ '000	2025 Category 2	2024 Category 2
ASSETS		
Current assets		
Investments	2,252	1,922
Receivables	14	117
Total current assets	2,266	2,039
Non-current assets		
Receivables	—	11
Infrastructure, property, plant and equipment	606	710
Total non-current assets	606	721
Total assets	2,872	2,760
LIABILITIES		
Current liabilities		
Employee benefit provisions	140	119
Total current liabilities	140	119
Total liabilities	140	119
Net assets	2,732	2,641
EQUITY		
Accumulated surplus	3,026	2,788
Revaluation reserves	—	(147)
Total equity	3,026	2,641

Note – Material accounting policy information

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 (NSW)*, the *Local Government (General) Regulation 2021*, 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, current values 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, return on investments (rate of return), and dividends paid.

Declared business activities

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

Category 1

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

a. Water Supply

Provision of reticulated water supply to the townships of Crookwell, Gunning, Taralga and Dalton.

b. Sewerage Services

Provision of sewerage service to the townships of Crookwell, Gunning and Taralga.

Category 2

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

a. Domestic Waste Management

Provision of Domestic Waste disposal services for the townships of Crookwell, Gunning, Taralga and villages.

Note – Material accounting policy information (continued)

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% (LY 25%)

Land tax – the first \$1,075,000 of combined land values attracts **0%**. For the combined land values in excess of \$1,075,000 up to \$6,571,000 the rate is **\$100 + 1.6%**. For the remaining combined land value that exceeds \$6,571,000 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 DCCEEW'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 DCCEEW'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% (LY 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.

(i) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed.

Subsidies occur when 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.

Accordingly, 'subsidies disclosed' (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by Council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of each reported business activity.

(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'.

Note – Material accounting policy information (continued)

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.16% at 30/6/25.

(iii) Dividends

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

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

Each dividend must be calculated and approved in accordance with section 4 of DCCEEW's regulatory and assurance framework and must not exceed:

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2025 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with DCCEEW'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 DCCEEW.



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Upper Lachlan Shire Council

To the Councillors of the Upper Lachlan Shire Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of the Upper Lachlan Shire Council's (the Council) Declared Business Activities, which comprise the Statement by Councillors and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2025, the Statement of Financial Position of each Declared Business Activity as at 30 June 2025 and the Material accounting policy information note.

The Declared Business Activities of the Council are:

- water supply
- sewerage
- domestic waste management.

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 2025, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Material accounting policy information note and the Local Government Code of Accounting Practice and Financial Reporting 2024–25 (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 Material accounting policy information 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 2025 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

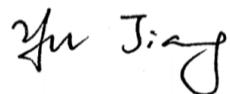
Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

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

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

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

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



Reiky Jiang
Delegate of the Auditor-General for New South Wales

30 October 2025
SYDNEY

Upper Lachlan Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2025



Upper Lachlan Shire Council

Special Schedules

for the year ended 30 June 2025

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Upper Lachlan Shire Council

Permissible income for general rates

\$ '000	Notes	Calculation 2024/25	Calculation 2025/26
Notional general income calculation ¹			
Last year notional general income yield	a	8,686	9,141
Plus or minus adjustments ²	b	44	44
Notional general income	c = a + b	8,730	9,185
Permissible income calculation			
Percentage increase	d	4.50%	5.00%
Plus percentage increase amount ³	f = d x (c + e)	393	459
Sub-total	g = (c + e + f)	9,123	9,644
Plus (or minus) last year's carry forward total	h	11	8
Less valuation objections claimed in the previous year	i	—	(15)
Sub-total	j = (h + i)	11	(7)
Total permissible income	k = g + j	9,134	9,637
Less notional general income yield	l	9,141	9,651
Catch-up or (excess) result	m = k - l	(7)	(14)
Plus income lost due to valuation objections claimed ⁴	n	15	15
Carry forward to next year ⁶	p = m + n + o	8	1

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW)*.
- (3) The 'percentage increase' is inclusive of the rate-peg percentage, and/or special variation and/or Crown land adjustment (where applicable).
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (6) Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the Act. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Upper Lachlan Shire Council

To the Councillors of the Upper Lachlan Shire Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of the Upper Lachlan Shire Council (the Council) for the year ending 30 June 2026.

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 2024–25 (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 2025 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 2025'.

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

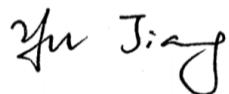
Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

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

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

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

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



Reiky Jiang
Delegate of the Auditor-General for New South Wales

30 October 2025
SYDNEY

Upper Lachlan Shire Council

Report on infrastructure assets as at 30 June 2025

Asset Class	Asset Category	Estimated cost						Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring to the agreed level of service set by standard	Council required maintenance ^a	2024/25 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	1	2	3	4	5	
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Buildings	Buildings	9,216	9,216	1,605	2,565	36,075	72,466	19.0%	15.0%	50.0%	16.0%	0.0%
	Sub-total	9,216	9,216	1,605	2,565	36,075	72,466	19.0%	15.0%	50.0%	16.0%	0.0%
Other structures	Other structures	91	91	43	187	1,634	2,844	32.0%	16.0%	48.0%	4.0%	0.0%
	Sub-total	91	91	43	187	1,634	2,844	32.0%	16.0%	48.0%	4.0%	0.0%
Roads	Roads	9,798	9,798	4,801	5,323	431,546	545,898	66.0%	13.0%	18.0%	2.0%	1.0%
	Sub-total	9,798	9,798	4,801	5,323	431,546	545,898	66.0%	13.0%	18.0%	2.0%	1.0%
Water supply network	Water supply network	5,199	5,199	1,478	2,552	28,694	49,862	38.0%	26.0%	25.0%	1.0%	10.0%
	Other	—	—	—	—	717	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	5,199	5,199	1,478	2,552	29,411	49,862	38.0%	26.0%	25.0%	1.0%	10.0%
Sewerage network	Sewerage network	2,392	2,392	554	1,343	19,272	33	21.0%	38.0%	8.0%	0.0%	33.0%
	Other	—	—	—	—	482	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	2,392	2,392	554	1,343	19,754	33	21.0%	38.0%	8.0%	0.0%	33.0%
Stormwater drainage	Stormwater drainage	18,741	18,741	2,518	398	16,224	39,224	20.0%	17.0%	1.0%	62.0%	0.0%
	Other	—	—	—	—	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	18,741	18,741	2,518	398	16,224	39,224	20.0%	17.0%	1.0%	62.0%	0.0%
Open space / recreational assets	Swimming pools	—	—	35	269	3,468	4,160	77.0%	0.0%	23.0%	0.0%	0.0%
	Other open space/recreational assets	772	772	85	1,015	3,527	5,405	47.0%	26.0%	9.0%	18.0%	0.0%
	Sub-total	772	772	120	1,284	6,995	9,565	60.0%	14.7%	15.1%	10.2%	0.0%
Total – all assets		46,209	46,209	11,119	13,652	541,639	719,892	56.6%	14.4%	20.9%	6.7%	1.4%

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

Infrastructure asset condition assessment 'key'

#	Condition	Integrated planning and reporting (IP&R) description
1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required

Upper Lachlan Shire Council

Report on infrastructure assets as at 30 June 2025 (continued)

3	Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

Upper Lachlan Shire Council

Report on infrastructure assets as at 30 June 2025

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2025	Indicator 2025	Indicators		Benchmark
			2024	2023	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	7,079	87.70%	171.32%	63.94%	> 100.00%
Depreciation, amortisation and impairment	8,072				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	46,209	8.42%	7.72%	7.05%	< 2.00%
Net carrying amount of infrastructure assets	548,655				
Asset maintenance ratio					
Actual asset maintenance	13,652	122.78%	110.05%	137.98%	> 100.00%
Required asset maintenance	11,119				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	46,209	6.42%	5.67%	5.25%	
Gross replacement cost	719,892				

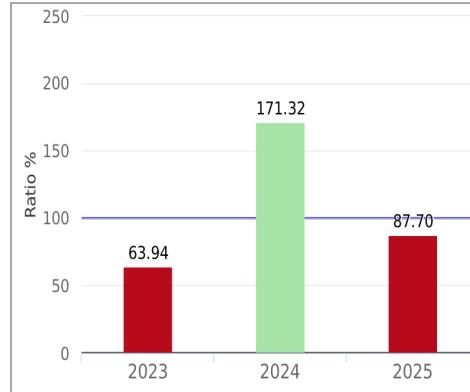
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

Upper Lachlan Shire Council

Report on infrastructure assets as at 30 June 2025

Buildings and infrastructure renewals ratio



Benchmark: — > 100.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Commentary on result

24/25 ratio 87.70%

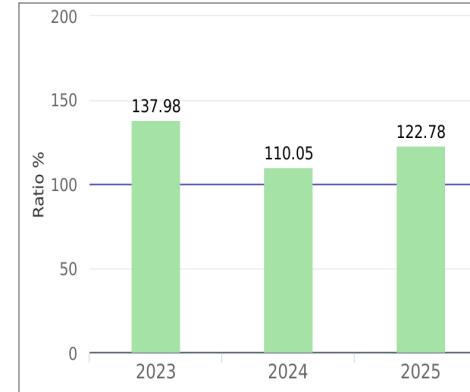
Buildings and infrastructure renewals ratio

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

█ Ratio achieves benchmark

█ Ratio is outside benchmark

Asset maintenance ratio



Benchmark: — > 100.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Asset maintenance ratio

24/25 ratio 122.78%

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

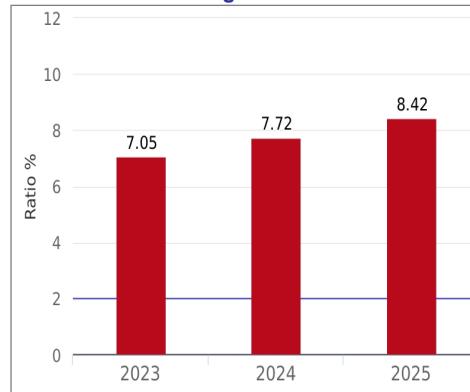
Commentary on result

24/25 ratio 122.78%

█ Ratio achieves benchmark

█ Ratio is outside benchmark

Infrastructure backlog ratio



Benchmark: — < 2.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Commentary on result

24/25 ratio 8.42%

Infrastructure backlog ratio

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

█ Ratio achieves benchmark

█ Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

24/25 ratio 6.42%

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

Commentary on result

24/25 ratio 6.42%

Upper Lachlan Shire Council

Report on infrastructure assets as at 30 June 2025

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2025	2024	2025	2024	2025	2024	
Buildings and infrastructure renewals ratio							
Asset renewals ¹	106.20%	209.09%	0.00%	0.00%	0.00%	0.00%	> 100.00%
Depreciation, amortisation and impairment							
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard	7.73%	7.02%	17.68%	17.27%	12.11%	10.73%	< 2.00%
Net carrying amount of infrastructure assets							
Asset maintenance ratio							
Actual asset maintenance	107.37%	99.32%	172.67%	126.50%	242.42%	247.66%	> 100.00%
Required asset maintenance							
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council	5.76%	5.30%	10.43%	10.23%	7,248.48%	6.07%	
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.