

Lockhart Shire Council

General Purpose Financial Statements

for the year ended 30 June 2023

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 30 October 2023.

Cr Greg Verdon

Mayor

30 October 2023

Cr Peter Sharp

Councillor

30 October 2023

Peter Veneris

General Manager

30 October 2023

Craig Fletcher

Responsible Accounting Officer

30 October 2023

Lockhart Shire Council

Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Restated Actual 2022
Income from continuing operations				
3,715	Rates and annual charges	B2-1	3,679	3,610
477	User charges and fees	B2-2	673	575
236	Other revenues	B2-3	514	413
6,423	Grants and contributions provided for operating purposes	B2-4	12,313	8,740
–	Grants and contributions provided for capital purposes	B2-4	1,783	3,572
47	Interest and investment income	B2-5	381	39
–	Other income	B2-6	90	91
–	Net gain from the disposal of assets	B4-1	27	–
10,898	Total income from continuing operations		19,460	17,040
Expenses from continuing operations				
3,636	Employee benefits and on-costs	B3-1	4,024	3,555
2,786	Materials and services	B3-2	5,073	4,039
152	Borrowing costs	B3-3	149	158
3,491	Depreciation, amortisation and impairment of non-financial assets	B3-4	5,296	4,804
580	Other expenses	B3-5	1,056	830
–	Net loss from the disposal of assets	B4-1	–	1,484
10,645	Total expenses from continuing operations		15,598	14,870
253	Operating result from continuing operations		3,862	2,170
253	Net operating result for the year attributable to Council		3,862	2,170
–	Net operating result for the year before grants and contributions provided for capital purposes		2,079	(1,402)

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

Lockhart Shire Council

Statement of Financial Position

as at 30 June 2023

\$ '000	Notes	2023	Restated 2022	Restated 1 July 2021
ASSETS				
Current assets				
Cash and cash equivalents	C1-1	15,426	10,669	8,481
Receivables	C1-3	1,197	1,044	849
Inventories	C1-4	904	907	1,212
Contract assets and contract cost assets	C1-5	541	468	399
Other	C1-7	17	22	7
Total current assets		18,085	13,110	10,948
Non-current assets				
Receivables	C1-3	68	77	86
Infrastructure, property, plant and equipment (IPPE)	C1-6	393,059	368,366	337,771
Investments accounted for using the equity method	D2-1	113	113	110
Total non-current assets		393,240	368,556	337,967
Total assets		411,325	381,666	348,915
LIABILITIES				
Current liabilities				
Payables	C3-1	767	599	1,027
Contract liabilities	C3-2	1,170	944	217
Borrowings	C3-3	188	172	157
Employee benefit provisions	C3-4	855	904	936
Total current liabilities		2,980	2,619	2,337
Non-current liabilities				
Payables	C3-1	-	2	3
Borrowings	C3-3	2,984	3,181	3,366
Employee benefit provisions	C3-4	97	91	93
Provisions	C3-5	771	788	386
Total non-current liabilities		3,852	4,062	3,848
Total liabilities		6,832	6,681	6,185
Net assets		404,493	374,985	342,730
EQUITY				
Accumulated surplus		246,087	242,225	239,486
IPPE revaluation reserve		158,406	132,760	103,244
Council equity interest		404,493	374,985	342,730
Total equity		404,493	374,985	342,730

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

Lockhart Shire Council

Statement of Cash Flows

for the year ended 30 June 2023

Original unaudited budget 2023	\$ '000	Notes	Actual 2023	Actual 2022
Cash flows from operating activities				
<i>Receipts:</i>				
3,715	Rates and annual charges		3,618	3,616
477	User charges and fees		754	626
236	Interest received		340	34
6,426	Grants and contributions		14,226	12,357
44	Other		1,427	1,485
<i>Payments:</i>				
(4,028)	Payments to employees		(4,059)	(3,581)
(2,317)	Payments for materials and services		(5,826)	(4,456)
(152)	Borrowing costs		(150)	(160)
-	Bonds, deposits and retentions		(31)	(23)
(580)	Other		(1,174)	(1,546)
3,821	Net cash flows from operating activities	G1-1	9,125	8,352
Cash flows from investing activities				
<i>Receipts:</i>				
-	Sale of real estate assets		120	222
-	Proceeds from sale of IPPE		659	156
13	Deferred debtors receipts		9	9
<i>Payments:</i>				
(3,470)	Payments for IPPE		(4,975)	(6,376)
-	Purchase of real estate assets		-	(5)
(3,457)	Net cash flows from investing activities		(4,187)	(5,994)
Cash flows from financing activities				
<i>Payments:</i>				
(179)	Repayment of borrowings		(181)	(170)
(179)	Net cash flows from financing activities		(181)	(170)
185	Net change in cash and cash equivalents		4,757	2,188
10,669	Cash and cash equivalents at beginning of year		10,669	8,481
10,854	Cash and cash equivalents at end of year	C1-1	15,426	10,669

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

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2023	2022
Cash assets		
Cash on hand and at bank	510	2,419
Cash equivalent assets		
– Deposits at call	66	100
– Short-term deposits	14,850	8,150
Total cash and cash equivalents	15,426	10,669

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	15,426	10,669
Balance as per the Statement of Cash Flows	15,426	10,669

Accounting policy

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

C1-2 Restricted and allocated cash, cash equivalents and investments

\$ '000	2023	2022
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	15,426	10,669
Less: Externally restricted cash, cash equivalents and investments	(7,336)	(3,576)
Cash, cash equivalents and investments not subject to external restrictions	8,090	7,093
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	4,597	944
External restrictions – included in liabilities	4,597	944
External restrictions		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	379	305
Specific purpose unexpended grants (recognised as revenue) – general fund	36	71
Sewer fund	2,324	2,256
External restrictions – other	2,739	2,632
Total external restrictions	7,336	3,576

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.

C1-2 Restricted and allocated cash, cash equivalents and investments (continued)

\$ '000	2023	2022
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	8,090	7,093
Less: Internally restricted cash, cash equivalents and investments	<u>(7,922)</u>	<u>(6,427)</u>
Unrestricted and unallocated cash, cash equivalents and investments	168	666

Internal allocations

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

Plant and vehicle replacement	52	13
Employees leave entitlement	831	831
Systems & IT Improvements	177	177
Advance financial assistance – general	2,909	1,936
Advance financial assistance – roads	1,688	1,144
Economic development	75	75
Future election expenses	36	24
Galore Hill reserve	16	16
Lockhart recreation ground	–	10
Waste Management Reserve	25	25
Buildings	146	146
Rehabilitation Reserve	261	257
Disaster Recovery	418	418
Future Infrastructure Development	836	836
Community Financial Assist S356	70	56
Tim Fischer Bequest	66	100
Bonds & Retentions	18	38
Section 355 Committee Funds	<u>298</u>	<u>325</u>
Total internal allocations	7,922	6,427

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

\$ '000	2023	2022
(c) Unrestricted and unallocated		
Unrestricted and unallocated cash, cash equivalents and investments	168	666

Lockhart Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2023

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 30 October 2023.

Cr Greg Verdon
Mayor
30 October 2023

Cr Peter Sharp
Councillor
30 October 2023

Peter Veneris
General Manager
30 October 2023

Craig Fletcher
Responsible Accounting Officer
30 October 2023

Lockhart Shire Council

Income Statement of sewerage business activity

for the year ended 30 June 2023

\$ '000	2023	2022
Income from continuing operations		
Access charges	530	525
User charges	3	2
Fees	40	18
Interest and investment income	13	12
Grants and contributions provided for operating purposes	24	–
Total income from continuing operations	610	557
Expenses from continuing operations		
Employee benefits and on-costs	108	43
Borrowing costs	33	34
Materials and services	304	340
Depreciation, amortisation and impairment	265	255
Total expenses from continuing operations	710	672
Surplus (deficit) from continuing operations before capital amounts	(100)	(115)
Surplus (deficit) from continuing operations after capital amounts	(100)	(115)
Surplus (deficit) from all operations before tax	(100)	(115)
Surplus (deficit) after tax	(100)	(115)
Plus accumulated surplus	7,128	7,243
Plus adjustments for amounts unpaid:		
Less:		
Closing accumulated surplus	7,028	7,128
Return on capital %	(0.6)%	(0.8)%
Subsidy from Council	502	447
Calculation of dividend payable:		
Surplus (deficit) after tax	(100)	(115)
Surplus for dividend calculation purposes	–	–
Potential dividend calculated from surplus	–	–

Lockhart Shire Council

Statement of Financial Position of sewerage business activity

as at 30 June 2023

\$ '000	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	2,324	2,256
Receivables	147	89
Total current assets	2,471	2,345
Non-current assets		
Infrastructure, property, plant and equipment	10,809	9,989
Total non-current assets	10,809	9,989
Total assets	13,280	12,334
LIABILITIES		
Current liabilities		
Payables	3	3
Borrowings	41	39
Total current liabilities	44	42
Non-current liabilities		
Borrowings	777	818
Total non-current liabilities	777	818
Total liabilities	821	860
Net assets	12,459	11,474
EQUITY		
Accumulated surplus	7,028	7,128
Revaluation reserves	5,431	4,346
Total equity	12,459	11,474