



ANNUAL FINANCIAL STATEMENTS





Journey Through Time, created by local school students and artist Steven Campbell.

Acknowledgement of Country

Cessnock City Council acknowledges that within its local government area boundaries are the traditional lands of the Wonnarua people, the Awabakal people and the Darkinjung people. We acknowledge these Aboriginal peoples as the traditional custodians of the land on which our offices and operations are located, and pay our respects to Elders past and present. We also acknowledge all other Aboriginal and Torres Strait Islander people who now live within the Cessnock Local Government Area.

August 2025

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GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

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Overview

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

62 - 78 Vincent Street
Cessnock NSW 2325

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.cessnock.nsw.gov.au.

Cessnock City Council

General Purpose Financial Statements

for the year ended 30 June 2025

Statement by Councillors and Management

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 17 September 2025.



Daniel Watton

Mayor

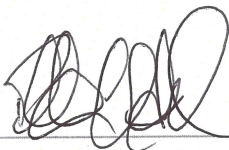
15 October 2025



Tracey Harrington

Deputy Mayor

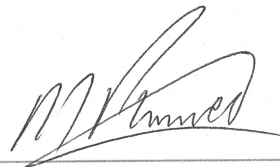
15 October 2025



Peter Chrystal

Interim General Manager

15 October 2025



Matthew Plumridge

Responsible Accounting Officer

15 October 2025

Cessnock City Council

Income Statement

for the year ended 30 June 2025

Original unaudited budget 2025	\$ '000	Notes	Actual 2025	Actual 2024
	Income from continuing operations			
70,359	Rates and annual charges	B2-1	71,193	65,986
9,962	User charges and fees *	B2-2	9,926	9,531
2,522	Other revenues	B2-3	3,339	2,836
13,193	Grants and contributions provided for operating purposes	B2-4	15,706	19,301
64,736	Grants and contributions provided for capital purposes	B2-4	71,924	104,578
2,784	Interest and investment income		3,891	3,853
–	Other income		642	842
163,556	Total income from continuing operations		176,621	206,927
	Expenses from continuing operations			
46,800	Employee benefits and on-costs	B3-1	49,318	42,362
32,526	Materials and services *	B3-2	37,269	36,596
376	Borrowing costs	B3-3	922	263
6,899	Other expenses	B3-5	7,359	5,555
5,000	Net loss from the disposal of assets	B4-1	17,405	10,220
91,601	Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets		112,273	94,996
71,955	Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets		64,348	111,931
20,815	Depreciation, amortisation and impairment of non-financial assets	B3-4	26,202	22,987
51,140	Operating result from continuing operations		38,146	88,944
51,140	Net operating result for the year attributable to Council *		38,146	88,944
(13,969)	Net operating result for the year before grants and contributions provided for capital purposes		(33,778)	(15,634)

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

(*) The 2023-24 comparative figures have been updated to reflect changes in categorisation of expenditure.

Cessnock City 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		38,146	88,944
Other comprehensive income:			
Amounts which will not be reclassified subsequent to operating result			
Gain / (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	222,099	(85,434)
Total items which will not be reclassified subsequent to operating result		222,099	(85,434)
Total other comprehensive income for the year		222,099	(85,434)
Total comprehensive income for the year attributable to Council		260,245	3,510

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

Cessnock City Council

Statement of Financial Position

as at 30 June 2025

\$ '000	Notes	2025	2024
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	34,226	18,994
Investments	C1-2	62,474	64,139
Receivables	C1-4	14,617	15,429
Inventories		481	518
Non-current assets classified as 'held for sale'		3,093	1,313
Other		867	1,049
Total current assets		115,758	101,442
Non-current assets			
Infrastructure, property, plant and equipment (IPPE)	C1-6	1,567,624	1,295,120
Total non-current assets		1,567,624	1,295,120
Total assets		1,683,382	1,396,562
LIABILITIES			
Current liabilities			
Payables	C2-1	19,236	14,214
Contract liabilities	C2-2	32,744	20,424
Borrowings	C2-3	6,720	969
Employee benefit provisions	C2-4	10,109	9,607
Provisions	C2-5	42	42
Total current liabilities		68,851	45,256
Non-current liabilities			
Payables	C2-1	3,208	3,924
Borrowings	C2-3	13,026	6,146
Employee benefit provisions	C2-4	803	770
Provisions	C2-5	25,301	28,518
Total non-current liabilities		42,338	39,358
Total liabilities		111,189	84,614
Net assets		1,572,193	1,311,948
EQUITY			
Accumulated surplus		759,881	724,860
IPPE revaluation surplus	C3-1	812,312	587,088
Total equity		1,572,193	1,311,948

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

Cessnock City Council

Statement of Changes in Equity

for the year ended 30 June 2025

	Notes	2025			2024		
		Accumulated surplus	IPPE revaluation surplus	Total equity	Accumulated surplus	IPPE revaluation surplus	Total equity
\$ '000							
Opening balance at 1 July		724,860	587,088	1,311,948	635,916	672,522	1,308,438
Net operating result for the year		38,146	–	38,146	88,944	–	88,944
Other comprehensive income							
Gain on revaluation of infrastructure, property, plant and equipment	C1-6	–	222,099	222,099	–	(85,434)	(85,434)
Total comprehensive income		38,146	222,099	260,245	88,944	(85,434)	3,510
Transfers between equity items		(3,125)	3,125	–	–	–	–
Closing balance at 30 June		759,881	812,312	1,572,193	724,860	587,088	1,311,948

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

Cessnock City 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				
Receipts:				
70,359	Rates and annual charges		70,951	65,158
9,963	User charges and fees		10,924	11,105
2,784	Interest received		4,872	3,052
77,929	Grants and contributions		74,139	71,254
–	Bonds, deposits and retentions received		561	838
–	GST Credit		8,806	9,351
2,522	Other		3,930	13,149
Payments:				
(46,800)	Payments to employees		(48,849)	(42,274)
(32,526)	Payments for materials and services		(41,729)	(43,912)
(373)	Borrowing costs		(922)	(263)
–	Bonds, deposits and retentions refunded		(696)	–
–	Waste Levy		(5,549)	(4,536)
(6,899)	Other		(6,059)	(2,613)
76,959	Net cash flows from operating activities	F1-1	70,379	80,309
Cash flows from investing activities				
Receipts:				
95,000	Sale of investments		182,000	40,000
–	Proceeds from sale of IPPE		1,008	2,161
Payments:				
–	Purchase of investments		(91,346)	(40,036)
(85,000)	Acquisition of term deposits		(89,000)	(12,000)
(79,217)	Payments for IPPE		(70,440)	(71,488)
(69,217)	Net cash flows from investing activities		(67,778)	(81,363)
Cash flows from financing activities				
Receipts:				
13,600	Proceeds from borrowings		13,600	–
Payments:				
(1,053)	Repayment of borrowings		(969)	(1,186)
–	Principal component of lease payments		–	(2)
12,547	Net cash flows from financing activities		12,631	(1,188)
20,289	Net change in cash and cash equivalents		15,232	(2,242)
39,283	Cash and cash equivalents at end of year	C1-1	34,226	18,994

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

Cessnock City 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 17 September 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 Office of Local Government (OLG) directs Council to amend the financial statements.

The material accounting policy information related to these financial statements are set out below. Accounting policies have been consistently applied to all the years presented, unless otherwise stated.

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

Council is a not for-profit entity.

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

Historical cost convention

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

Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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

- (i) fair values of infrastructure, property, plant and equipment – refer Note C1-6
- (ii) tip remediation provisions
- (iii) employee benefit provisions

Significant judgements in applying the Council's accounting policies

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

Monies and other assets received by Council

The Consolidated Fund

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

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

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

- General purpose operations
- Section 355 Committees

A1-1 Basis of preparation (continued)

The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993*, a separate and distinct Trust Fund is maintained to account for all money and property received by 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 are used throughout a variety of Council functions. These include Section 355 Committees for community halls and tidy towns projects, library services and performing arts centre services. The value to Council of these services has not been recognised in the income statement as they cannot be readily measured.

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2025 reporting period. Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2024.

AASB 18 Presentation and Disclosure in Financial Statements (AASB 18) has not been applied and is not yet effective. AASB 18 aims to improve how entities communicate in their financial statements, with a particular focus on information about financial performance in the statement of profit or loss. AASB 18 will replace AASB 101 Presentation of Financial Statements.

AASB 18 introduces additional subtotals into the Statement of Profit or Loss as well as restructuring the statement into operating, investing and financing elements. Management performance measures are also required to be disclosed.

For not-for-profit public sector entities, AASB 18 applies to annual reporting periods beginning on or after 1 January 2028 (ie. council's financial statements for the year ended 30 June 2029). While the impact of AASB 18 is not expected to have an effect on council's reported position or performance, the full impact (ie. the presentation and disclosure of council's financial statements) is yet to be determined by council.

There are other standards and amendments issued but not yet effective, the impacts of which are not anticipated to be material.

New accounting standards adopted during the year

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 30 June 2025.

None of these standards had a significant impact on the council's reported position or performance at 30 June 2025.

B Financial Performance

B1 Functions or activities

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

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										
A connected, safe, and creative community	11,568	10,901	29,555	21,993	(17,987)	(11,092)	7,413	6,714	286,515	277,882
A sustainable and prosperous economy	405	1,296	1,683	1,385	(1,278)	(89)	31	815	57	2
A sustainable and healthy environment	30,680	27,190	22,265	17,450	8,415	9,740	7,402	6,247	234,969	160,326
Accessible infrastructure, services and facilities	30,972	30,917	37,805	22,470	(6,833)	8,447	28,545	27,662	1,044,421	850,991
Civic leadership and effective governance	102,996	136,623	47,167	54,685	55,829	81,938	72,116	82,441	117,420	107,361
Total functions and activities	176,621	206,927	138,475	117,983	38,146	88,944	87,630	123,880	1,683,382	1,396,562

(1) The 2023-24 comparative figures have been updated to reflect changes in categorisation of expenditure.

B1-2 Components of functions or activities

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

A connected, safe and creative community

Developing safe and connected neighbourhoods that support healthy and fulfilling lifestyles for people of all ages.

A sustainable and prosperous economy

Achieving long term economic security through a mix of diverse business and employment options.

A sustainable and healthy environment

Acting on climate change, building resilience and promoting a sustainable balance between development and preserving our natural environment.

Accessible Infrastructure, services and facilities

Increasing the range and accessibility of the services we need along with the investment in improved infrastructure.

Civic leadership and effective governance

Ensuring that we have strong leadership and good governance and that we foster community participation in decision making.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2025	2024
Ordinary rates		
Residential	39,648	37,032
Farmland	2,874	2,748
Mining	1,607	1,528
Business	7,012	6,315
Less: pensioner rebates (mandatory)	(762)	(763)
Less: pensioner rebates (Council policy)	(102)	(97)
Rates levied to ratepayers	50,277	46,763
Pensioner rate subsidies received	413	420
Total ordinary rates	50,690	47,183
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	19,037	17,410
Stormwater management services	638	610
Waste management services (non-domestic)	1,066	1,011
Section 611 charges	(3)	(5)
Other	–	1
Less: pensioner rebates (mandatory)	(401)	(393)
Less: pensioner rebates (Council policy)	(51)	(47)
Annual charges levied	20,286	18,587
Pensioner annual charges subsidies received:		
– Domestic waste management	217	216
Total annual charges	20,503	18,803
Total rates and annual charges	71,193	65,986

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

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

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

B2-2 User charges and fees *

\$ '000	2025	2024
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s608)		
Inspection services	394	311
Regulatory/ statutory fees	191	201
Section 10.7 certificates (EP&A Act)	316	310
Section 603 certificates	202	167
Town planning	2,636	2,185
Building permits and fees	337	551
Total fees and charges – statutory/regulatory	4,076	3,725
(ii) Fees and charges – other (incl. general user charges (per s608))		
Aerodrome	318	121
Cemeteries	286	225
Transport for NSW works (state roads not controlled by Council)	2,058	2,312
Waste disposal tipping fees ¹	1,610	1,559
Cessnock performing arts centre	324	428
Onsite sewerage management fees	556	508
Swimming pool fees	290	234
Other	408	419
Total fees and charges – other	5,850	5,806
Total other user charges and fees	9,926	9,531
Total user charges and fees	9,926	9,531
Timing of revenue recognition for user charges and fees		
User charges and fees recognised at a point in time	7,290	7,346
User charges and fees recognised over time	2,636	2,185
Total user charges and fees	9,926	9,531

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 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 the fee is recognised on a straight-line basis over the expected life of the membership.

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

(1) The 2023-24 comparative figures have been updated to reflect changes in categorisation of expenditure.

B2-3 Other revenues

\$ '000	2025	2024
Fines	1,035	949
Legal fees recovery – rates and charges (extra charges)	647	463
Commissions and agency fees	18	157
Diesel rebate	70	62
Sales – general	762	581
Section 355 committees	231	181
Other	204	30
Metal Sales	372	413
Total other revenue	3,339	2,836

B2-4 Grants and contributions

\$ '000	Operating 2025	Operating 2024	Capital 2025	Capital 2024
General purpose grants and non-developer contributions (untied)				
Current year allocation				
Financial assistance – general component	1,034	264	–	–
Financial assistance – local roads component	378	182	–	–
Payment in advance - future year allocation				
Financial assistance – general component	3,549	5,716	–	–
Financial assistance – local roads component	1,268	2,075	–	–
Amount recognised as income during current year	6,229	8,237	–	–
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Community and Culture	3,410	627	–	854
Drainage/flood mitigation	71	178	2,734	1,456
Environmental programs	443	248	23	–
Natural disasters	757	2,995	8,955	5,800
Other	928	1,056	–	711
Other Roads, Bridges and Transport	196	3,129	14,208	14,016
Recreation	6	8	7,022	5,036
Rural Fire Services	–	–	–	1,120
Transport (roads to recovery)	1,875	1,065	–	–
Transport for NSW contributions (regional roads, block grant)	1,791	1,757	–	–
Total special purpose grants and non-developer contributions – cash	9,477	11,064	32,942	28,993
Non-cash contributions				
Dedications – subdivisions (other than by s7.4 and s7.11 – EP&A Act, s64 of the LGA)	–	–	26,360	63,520
Total other contributions – non-cash	–	–	26,360	63,520
Total special purpose grants and non-developer contributions (tied)	9,477	11,064	59,302	92,513
Total grants and non-developer contributions	15,706	19,301	59,302	92,513
Comprising:				
– Commonwealth funding	8,216	9,469	7,892	4,228
– State funding	6,178	5,771	23,786	23,623
– Other funding	1,312	4,061	27,624	64,662
	15,706	19,301	59,302	92,513

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 7.4 – contributions using planning agreements	F3	–	–	3,233	2,598
S 7.11 – contributions towards amenities/services		–	–	8,855	8,028
S 7.12 – fixed development consent levies		–	–	534	439
Total developer contributions – cash		–	–	12,622	11,065
Non-cash contributions					
S 7.11 – contributions towards amenities/services		–	–	–	1,000
Total developer contributions non-cash		–	–	–	1,000
Total developer contributions		–	–	12,622	12,065
Total contributions		–	–	12,622	12,065
Timing of revenue recognition					
Grants and contributions recognised over time		–	–	32,942	28,993
Grants and contributions recognised at a point in time		15,706	19,301	38,982	75,585
Total grants and contributions		15,706	19,301	71,924	104,578

Unspent grants and contributions ¹

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	3,739	3,895	19,764	8,274
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	2,800	3,304	–	–
Add: Funds received and not recognised as revenue in the current year	–	–	19,940	18,928
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(3,300)	(3,460)	–	–
Less: Funds received in prior year but revenue recognised and funds spent in current year	–	–	(7,448)	(7,438)
Unspent funds at 30 June	3,239	3,739	32,256	19,764

(1) Development contributions are not included here. Development contributions are recognised as revenue in the reporting year they are received. Full details of development contributions revenue, expenditure and unspent amounts can be found in Note F3.

Material accounting policy information

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.

B2-4 Grants and contributions (continued)

The performance obligations vary according to the agreement. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Performance obligations may be satisfied either at a point in time or over time and this is reflected in the revenue recognition pattern. Point in time recognition occurs when the beneficiary obtains control of the goods / services at a single time (e.g. completion of the project when a report / outcome is provided), whereas over time recognition is where the control of the services is ongoing throughout the project (e.g. provision of community health services through the year).

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

Capital grants

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

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

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

Developer contributions

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

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

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

Other grants and contributions

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

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

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2025	2024
Salaries and wages	38,038	33,658
Employee leave entitlements (ELE)	8,623	7,491
Superannuation	5,392	4,789
Workers' compensation insurance	3,112	2,030
Fringe benefit tax (FBT)	587	384
Other	20	169
Less: capitalised costs	(6,454)	(6,159)
Total employee costs expensed	49,318	42,362

Material accounting policy information

Council participates in a defined benefit plan under the Active Super, 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 D3-1 for more information.

B3-2 Materials and services *

\$ '000	2025	2024
Contractor costs	15,411	18,055
Raw materials and consumables ¹	7,536	9,216
Insurance	2,439	2,132
Consultancy costs	1,848	1,081
Election expenses	524	5
Electricity and heating	522	530
Street lighting	869	979
Telephone and communications	268	265
Valuation fees	289	264
Section 355 committees	221	185
Other expenses	4,228	2,665
Legal expenses	3,114	1,219
Total materials and services	37,269	36,596
Total materials and services	37,269	36,596

(1) The 2023-24 comparative figures have been updated to reflect changes in categorisation of expenditure.

B3-3 Borrowing costs

\$ '000	2025	2024
(i) Interest bearing liability costs		
Interest on leases	–	–
Interest on loans	307	263
Total interest bearing liability costs	307	263
Total interest bearing liability costs expensed	307	263
(ii) Other borrowing costs		
Discount adjustments relating to movements in provisions (other than ELE)	615	–
Total borrowing costs expensed	922	263

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

\$ '000	Notes	2025	2024
Depreciation and amortisation			
Infrastructure, Plant and equipment	C1-6	24,164	15,660
Swimming pools & other open space/recreational assets	C1-6	1,801	1,667
Other infrastructure	C1-6	142	119
Right of use assets		–	5
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C1-6	95	5,536
Total gross depreciation and amortisation costs		26,202	22,987

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.

Impairment of non-financial assets

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

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

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

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

B3-5 Other expenses

\$ '000	Notes	2025	2024
Impairment of receivables			
Other		(4)	(465)
Total impairment of receivables	C1-4	(4)	(465)
Other			
Contributions/levies to other levels of government			
– Emergency services levy (includes FRNSW, SES, and RFS levies)		235	292
– NSW fire brigade levy		500	500
– NSW rural fire service levy		793	804
– Waste levy		5,549	4,536
Donations, contributions and assistance to other organisations (Section 356)		286	126
Adjustment for remediation provision estimates		–	(238)
Total other		7,363	6,020
Total other expenses		7,359	5,555

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 infrastructure, property, plant and equipment			
	C1-6		
Proceeds from disposal		1,008	1,292
Less: carrying amount of assets sold/written off		(18,413)	(11,406)
Gain (or loss) on disposal		(17,405)	(10,114)
Gain (or loss) on disposal of investments			
	C1-2		
Proceeds from disposal/redemptions/maturities – investments		91,000	40,000
Less: carrying amount of investments sold/redeemed/matured		(91,000)	(40,000)
Gain (or loss) on disposal		–	–
Gain (or loss) on disposal of non-current assets classified as 'held for sale'			
	C1-5		
Proceeds from disposal – non-current assets 'held for sale'		–	869
Less: carrying amount of 'held for sale' assets sold/written off		–	(975)
Gain (or loss) on disposal		–	(106)
Net gain (or loss) from disposal of assets		(17,405)	(10,220)

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 19 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 -----	
Revenues				
Rates and annual charges	70,359	71,193	834	1% F
User charges and fees	9,962	9,926	(36)	0% U
Other revenues	2,522	3,339	817	32% F
The favourable variance was due to increase in legal costs recovered from ratepayers compared to the budget, an increase in infringements revenue and a one-off emergency reform payment.				
Operating grants and contributions	13,193	15,706	2,513	19% F
Financial Assistance Grant was budgeted at a 85% pre-payment as per prior years but only 50% pre-payment received resulting in a reduced payment of \$2.9m. Favourable variance due to council's success in achieving additional grants under the regionally significant growth area \$2.8m, emergency works \$0.8m and other general grants programs \$1.5m				
Capital grants and contributions	64,736	71,924	7,188	11% F
Favourable dedicated assets and developer contributions income due to higher than expected housing demand. Capital grant for the landfill development not received as anticipated partially offset by success in obtaining other capital grants.				
Interest and investment revenue	2,784	3,891	1,107	40% F
Interest and investment income was above the budget due to higher than anticipated cash balance, better than anticipated returns on the investments, and also due to an increase in overdue interest income on outstanding rates than budgeted.				
Other income	–	642	642	∞ F
Expenses				
Employee benefits and on-costs	46,800	49,318	(2,518)	(5)% U
Materials and services	32,526	37,269	(4,743)	(15)% U
The unfavourable variance is due to increased expenses relating to grant projects not included in the original budget and operating expenses related to projects originally budgeted in the capital works program. Increased legal expenses partly offset by increased legal cost recovery also contributed to the variance to original budget.				
Borrowing costs	376	922	(546)	(145)% U
Unwinding of discount on provision for current waste cell and orphan sites following a revision of expected rehabilitation costs.				
Depreciation, amortisation and impairment of non-financial assets	20,815	26,202	(5,387)	(26)% U
Depreciation has increased as a result of revaluation of assets as well as increases in infrastructure assets dedicated and acquired by Council, all of which result in an increase in deprecation expense not included in the original budget.				
Other expenses	6,899	7,359	(460)	(7)% U

B5-1 Material budget variations (continued)

\$ '000	2025 Budget	2025 Actual	2025 ----- Variance -----	
Net losses from disposal of assets	5,000	17,405	(12,405)	(248)% U
Losses on disposal occurred due to infrastructure renewed prior to the end of its effective life. Many of these disposals were as a result of grant funded projects that have led to complete asset renewal.				

Statement of cash flows

Cash flows from operating activities	76,959	70,379	(6,580)	(9)% U
Cash flows from investing activities	(69,217)	(67,778)	1,439	(2)% F
Cash flows from financing activities	12,547	12,631	84	1% F

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2025	2024
Cash assets		
Cash on hand and at bank	4,384	15,509
Deposits at call	29,842	3,485
Total cash and cash equivalents	34,226	18,994

C1-2 Financial investments

\$ '000	2025 Current	2024 Current
Financial assets at fair value through the profit and loss		
Managed funds	4,474	4,139
Total	4,474	4,139
Debt securities at amortised cost		
Term deposits	58,000	60,000
Total	58,000	60,000
Total financial investments	62,474	64,139

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)

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

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

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

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

Financial assets through profit or loss

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

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

C1-2 Financial investments (continued)

Council's financial assets measured at fair value through profit or loss comprise investments in Treasury Corporation's TCorpIM Medium Term Growth Fund in the Statement of Financial Position.

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	96,700	83,133
Less: Externally restricted cash, cash equivalents and investments	(92,682)	(69,035)
Cash, cash equivalents and investments not subject to external restrictions	4,018	14,098

External restrictions

External restrictions included in cash, cash equivalents and investments above comprise:

Specific purpose unexpended grants	29,976	17,256
Developer contributions	54,315	41,945
Stormwater management	413	945
Sale of Land for Unpaid Rates - Trust Account	744	721
Waste Depot, Rehabilitation & Domestic Waste	7,234	8,168
Total external restrictions	92,682	69,035

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

\$ '000	2025	2024
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	4,018	14,098
Less: Internally restricted cash, cash equivalents and investments	(14,081)	(10,789)
Unrestricted and unallocated cash, cash equivalents and investments	(10,063)	3,309

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

Plant and vehicle replacement	778	622
Employees leave entitlement	1,551	1,624
Deposits, retentions and bonds	4,405	4,205
Bridge replacement	–	296
Energy efficiency	145	141
Financial assistance grant in advance	4,816	–
Insurance provisions	–	50
Miscellaneous and property	385	494
Operations and programs	255	639
Property investment fund	1,705	2,133
Unexpended Loan Funds	41	585
Total internal allocations	14,081	10,789

C1-4 Receivables

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Rates and annual charges	5,776	—	5,188	—
User charges and fees	26	—	24	—
Interest on investments	707	—	1,688	—
Competitive building fees	211	—	171	—
Government grants and subsidies	5,859	—	6,298	—
Net GST receivable	854	—	1,437	—
Premises inspections	152	—	142	—
Transport for NSW	215	—	265	—
Other debtors	1,028	—	483	—
Total	14,828	—	15,696	—
Less: provision for impairment				
Rates and annual charges	(71)	—	(23)	—
Other debtors	(140)	—	(244)	—
Total provision for impairment – receivables	(211)	—	(267)	—
Total net receivables	14,617	—	15,429	—

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.

C1-5 Non-current assets classified as held for sale

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Non-current assets held for sale				
Land and Buildings	3,093	–	1,313	–
Total non-current assets held for sale	3,093	–	1,313	–
Total non-current assets classified as held for sale	3,093	–	1,313	–

Material accounting policy information

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

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

C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2024			Asset movements during the reporting period							At 30 June 2025		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Transfers	Tfrs from/(to) 'held for sale' category	Revaluation increments/ (decrements)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	50,026	–	50,026	16,713	26,783	–	–	(32,681)	–	–	60,841	–	60,841
Plant and equipment	30,674	(20,687)	9,987	–	6,564	(676)	(2,191)	24	–	–	31,295	(17,586)	13,709
Office equipment	6,278	(5,108)	1,170	–	211	(22)	(378)	3	–	–	2,551	(1,567)	984
Furniture and fittings	1,551	(1,418)	133	–	17	(5)	(14)	–	–	–	658	(525)	133
Land:													
– Operational land	54,751	–	54,751	–	215	(239)	–	(934)	(1,780)	(466)	51,546	–	51,546
– Community land	63,336	–	63,336	–	–	(2,530)	–	934	–	11,808	73,549	–	73,549
– Crown land	18,864	–	18,864	–	10	(1,864)	–	–	–	842	17,852	–	17,852
– Land under roads (post 30/6/08)	3,081	–	3,081	–	–	–	–	–	–	156	3,237	–	3,237
Infrastructure:													
– Buildings	161,605	(76,849)	84,756	398	320	(304)	(2,637)	73	–	3,666	168,581	(82,309)	86,272
– Roads	909,052	(255,028)	654,024	3,684	11,427	(9,468)	(14,786)	26,182	–	92,235	1,021,961	(258,663)	763,298
– Bridges	85,956	(8,584)	77,372	1,106	3,268	(1,321)	(1,092)	(2,593)	–	60,097	148,233	(11,396)	136,837
– Footpaths	81,449	(7,868)	73,581	3,256	1,611	(1,007)	(992)	3,195	–	1,920	90,588	(9,024)	81,564
– Stormwater drainage	169,483	(26,066)	143,417	393	19,068	(440)	(1,915)	4,012	–	46,646	240,466	(29,287)	211,179
– Swimming pools	6,338	(3,177)	3,161	38	–	–	(68)	–	–	60	6,455	(3,264)	3,191
– Other open space/recreational assets	58,115	(18,386)	39,729	1,339	2,502	(533)	(1,734)	1,772	–	666	63,526	(19,784)	43,742
– Other infrastructure	11,504	(167)	11,337	–	–	–	(142)	–	–	4,469	15,941	(278)	15,663
Other assets:													
– Library books	6,747	(5,888)	859	–	148	(5)	(158)	36	–	–	1,767	(888)	879
Reinstatement, rehabilitation and restoration assets (refer Note C2-5):													
– Tip assets	21,943	(16,407)	5,536	–	–	(2,292)	(95)	–	–	–	19,651	(16,503)	3,148
Total infrastructure, property, plant and equipment	1,740,753	(445,633)	1,295,120	26,927	72,144	(20,706)	(26,202)	23	(1,780)	222,099	2,018,698	(451,074)	1,567,624

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

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

By aggregated asset class	At 1 July 2023			Asset movements during the reporting period								At 30 June 2024		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Transfers	Found assets (Other Comprehensive Income)	Tfrs from/(to) 'held for sale' category	Revaluation increments/decrements	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000														
Capital work in progress	31,360	–	31,360	21,956	13,744	(804)	–	(16,231)	–	–	–	50,026	–	50,026
Plant and equipment	28,386	(20,635)	7,751	–	5,106	(964)	(2,174)	268	–	–	–	30,674	(20,687)	9,987
Office equipment	5,755	(4,700)	1,055	–	402	–	(404)	118	–	–	–	6,278	(5,108)	1,170
Furniture and fittings	1,496	(1,398)	98	–	55	–	(19)	–	–	–	–	1,551	(1,418)	133
Land:														
– Operational land	40,403	–	40,403	–	–	–	–	(505)	–	(1,313)	16,167	54,751	–	54,751
– Community land	59,322	–	59,322	–	–	–	–	(12,346)	1,850	–	14,509	63,336	–	63,336
– Crown land	–	–	–	–	–	–	–	12,851	–	–	6,013	18,864	–	18,864
– Land under roads (post 30/6/08)	2,039	–	2,039	–	–	–	–	–	–	–	1,042	3,081	–	3,081
Infrastructure:														
– Buildings	148,660	(71,297)	77,363	948	1,989	(2,186)	(2,613)	3,936	–	–	5,319	161,605	(76,849)	84,756
– Roads	953,518	(161,252)	792,266	10,869	38,412	(5,571)	(7,740)	5,068	–	–	(179,279)	909,052	(255,028)	654,024
– Bridges	75,079	(7,822)	67,257	3,570	3,206	(1,698)	(745)	1,855	–	–	3,926	85,956	(8,584)	77,372
– Footpaths	30,616	(4,149)	26,467	111	5,665	(816)	(394)	2,452	–	–	40,097	81,449	(7,868)	73,581
– Stormwater drainage	143,343	(23,430)	119,913	47	17,946	(36)	(1,397)	1,617	–	–	5,327	169,483	(26,066)	143,417
– Swimming pools	6,152	(3,012)	3,140	–	–	–	(68)	–	–	–	88	6,338	(3,177)	3,161
– Other open space/recreational assets	51,960	(16,710)	35,250	545	4,018	(133)	(1,600)	822	–	–	826	58,115	(18,386)	39,729
– Other infrastructure	10,895	(67)	10,828	–	–	–	(119)	97	–	–	531	11,504	(167)	11,337
Other assets:														
– Library books	6,586	(5,715)	871	–	158	–	(173)	3	–	–	–	6,747	(5,888)	859
Reinstatement, rehabilitation and restoration assets (refer Note C2-5):														
– Tip assets	15,735	(10,871)	4,864	–	6,208	–	(5,536)	–	–	–	–	21,943	(16,407)	5,536
Total infrastructure, property, plant and equipment	1,611,305	(331,058)	1,280,247	38,046	96,909	(12,208)	(22,982)	5	1,850	(1,313)	(85,434)	1,740,753	(445,633)	1,295,120

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

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

Material accounting policy information

Useful Life

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	4 to 10	Playground equipment	23
Office furniture	4 to 10	Benches, seats etc.	10 to 20
Computer equipment	2 to 5		
Vehicles	6.5 to 8	Buildings	
Heavy plant/road making equipment	4 to 8	Sub-structure	30 to 110
Other plant and equipment	4 to 15	Superstructure	35 to 110
		Roof Frame	150
Stormwater Drainage assets		Roof	20 to 110
Culverts	100	Electrical	45
Stormwater Pipes	100	Hydraulic	20 to 105
Stormwater Pits	100	Mechanical	22
		Fit-Out Fittings	35
Transportation assets		Fit-outs Floor Coverings	25
Sealed roads: surface	20 to 25		
Sealed roads: Base and sub base	65 to 200	Other infrastructure assets	
Unsealed roads: surface and base	10 to 65	Swimming pools	94
Bridge: concrete: structure	100	Other open space/recreational assets	11 to 120
Bridge: concrete: other	38	Playgrounds	23
Bridge: timber - structure	80	Runways and Taxiways: surface	20
Bridge: timber - other	38	Runways and Taxiways: structure	65 to 200
Kerb, gutter and footpaths	100		

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

Revaluation Model

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

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

Land under roads

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

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

Crown reserves

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

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

C2 Liabilities of Council

C2-1 Payables

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Goods and services	13,088	–	8,960	–
Prepaid rates	2,931	–	2,633	–
Accrued expenses:				
- Salaries and wages	712	–	467	–
Security bonds, deposits and retentions	2,418	3,208	1,837	3,924
Other	87	–	317	–
Total payables	19,236	3,208	14,214	3,924

Current payables not anticipated to be settled within the next twelve months

\$ '000	2025	2024
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	97	149
Total payables	97	149

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 Current	2025 Non-current	2024 Current	2024 Non-current
Funds to construct Council controlled assets	(i)	32,256	–	19,826	–
User fees and charges received in advance	(ii)	488	–	598	–
Total contract liabilities		32,744	–	20,424	–

Notes

(i) Council has received funding to construct assets including sporting 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.

(ii) Development application fees are recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided. The undetermined DA fees do not meet the definition of a performance obligation and therefore the funds received are recorded as a contract liability at end of the year.

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

\$ '000	2025	2024
Funds to construct Council controlled assets	7,510	7,372
Total revenue recognised that was included in the contract liability balance at the beginning of the period	7,510	7,372

Significant changes in contract liabilities

The increase in contract liabilities is due to grant income received for projects to be completed next year.

C2-3 Borrowings

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Loans – secured ^{1, 2}	6,720	13,026	969	6,146
Total borrowings	6,720	13,026	969	6,146

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

(2) Council's borrowings from TCorp are subject to covenant clauses, whereby Council is required to meet certain key financial ratios. Council has not met Unrestricted Cash Expense Ratio as on 30 June 2025. Due to this breach of the covenant clause, the lender is contractually entitled to request for immediate repayment of the outstanding loan amount of \$6,146,019.

(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	7,115	12,631	–	–	–	–	19,746
Total liabilities from financing activities	7,115	12,631	–	–	–	–	19,746

\$ '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	8,301	(1,186)	–	–	–	–	7,115
Lease liability (Note C2-1)	2	(2)	–	–	–	–	–
Total liabilities from financing activities	8,303	(1,188)	–	–	–	–	7,115

(b) Financing arrangements

\$ '000	2025	2024
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Total facilities

Total financing facilities available to Council at the reporting date are:

Bank overdraft facilities ¹	1,000	1,000
Credit cards/purchase cards	100	100
Total financing arrangements	1,100	1,100

Undrawn facilities

Undrawn financing facilities available to Council at the reporting date are:

– Bank overdraft facilities	1,000	1,000
– Credit cards/purchase cards	100	100
Total undrawn financing arrangements	1,100	1,100

(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 Current	2025 Non-current	2024 Current	2024 Non-current
Annual leave	3,896	–	3,596	–
Sick leave	278	–	318	–
Long service leave	5,935	803	5,693	770
Total employee benefit provisions	10,109	803	9,607	770

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	8,105	7,695
	8,105	7,695

Material accounting policy information

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 Current	2025 Non-Current	2024 Current	2024 Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works)	42	25,301	42	28,518
Sub-total – asset remediation/restoration	42	25,301	42	28,518
Total provisions	42	25,301	42	28,518

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
2025		
At beginning of year	28,560	28,560
Other	(3,217)	(3,217)
2024		
At beginning of year	22,590	22,590
Additional provisions	5,970	5,970

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.

Council uses the Cessnock Waste Management Centre at 1967 Old Maitland Road, Cessnock for current disposal of waste. Council or its past entities, has previously used the following sites for waste disposal:

1. Dunlop Drive, Paxton – former sanitary depot
2. Old Maitland Road, Cessnock – former landfill
3. Albury Street, Abermain – former landfill
4. Off Mitchell Avenue, Kurri Kurri – former sanitary depot adjacent to Hunter Expressway
5. Hollingshed Road, Greta – former landfill
6. Stanford Road, Heddon Greta – former landfill adjacent to Hunter Expressway

Due to the location or access complications, it is unlikely that Council will remediate the following site:

1. Heddon Greta, former landfill

Council resigned as Crown Land Manager on 27 June 2018 for the below sites with care and control of these sites now residing with the state government. Council acknowledges that there is a risk of future rehabilitation of these sites in the event of contamination. Council can not reliably estimate costs on these sites given that access and control is not available to assess any contamination or estimated costs. Further, Council has not been advised of any legal requirement to remediate these sites.

1. Abermain – former landfill
2. Kurri Kurri – former sanitary depot adjacent to Hunter Expressway
3. Greta – former landfill

C2-5 Provisions (continued)

Council engaged experts to provide cost estimates for remediating the current and former waste sites remaining in the care and control of Council. Australian Government Bond rates (ranging from 3.21% to 5.05%) were used to discount the future cash flows for the sites.

The after-care costs estimated for the current waste site is \$976,104 as at 30 June 2025, noting that this does not include the cost of capping and closure of the site.

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

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

Where movements in provisions relate to change in estimates or discount rates for former landfill sites, adjustments will be made directly to the operating statement. Estimates will continue to be updated as Council continues to investigate its obligations for remediation of contaminated sites.

C3 Reserves

C3-1 Nature and purpose of reserves

D Risks and accounting uncertainties

D1-1 Risks relating to financial instruments held

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

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

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

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

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

The risks associated with the financial instruments held are:

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

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

(a) Market risk – interest rate and price risk

\$ '000	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	593	678
Impact of a 10% movement in price of investments		
– Equity / Income Statement	447	414

(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 policies. Council also encourages ratepayers to pay rates by the due date.

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

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

The level of outstanding receivables are reviewed monthly and benchmarks are set and monitored for acceptable collection performance. The balances of receivables that remain within initial trade terms are considered to be of high credit quality.

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

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

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

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 < 5 years	≥ 5 years	Total
2025				
Gross carrying amount	–	5,776	–	5,776
2024				
Gross carrying amount	–	5,188	–	5,188

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	0 - 30 days	31 - 60 days	Overdue debts 61 - 90 days	> 91 days	Total
2025						
Gross carrying amount	8,843	13	1	14	181	9,052
Expected loss rate (%)	4.50%	9.50%	19.50%	34.50%	49.50%	5.46%
ECL provision ¹	44	1	–	5	90	140
2024						
Gross carrying amount	10,031	–	–	66	411	10,508
Expected loss rate (%)	4.40%	8.90%	18.90%	34.40%	49.40%	6.35%
ECL provision ¹	18	–	–	23	203	244

(1) The provision excludes government grants and government agency payments.

(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 C2-3(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.

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

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in:		Total cash outflows	Actual carrying values
				1 - 5 Years	> 5 Years		
2025							
Payables	0.00%	5,626	16,818	–	–	22,444	22,444
Borrowings	4.74%	–	1,575	6,071	12,100	19,746	19,746
Total financial liabilities		5,626	18,393	6,071	12,100	42,190	42,190
2024							
Payables	0.00%	5,761	12,061	–	–	17,822	18,138
Borrowings	3.62%	–	969	3,677	2,469	7,115	7,115
Total financial liabilities		5,761	13,030	3,677	2,469	24,937	25,253

D2-1 Fair value measurement

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

- Financial assets and liabilities
- Infrastructure, property plant and equipment (excluding work in progress)

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

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							
Financial assets							
Managed Funds	C1-2	4,474	4,138	—	—	4,474	4,138
Total financial assets		4,474	4,138	—	—	4,474	4,138
Infrastructure, property, plant and equipment							
Plant, equipment, furniture and fittings	C1-6	—	—	14,825	11,290	14,825	11,290
Land		51,546	54,751	94,638	85,281	146,184	140,032
Roads, bridges and footpaths		—	—	981,698	80,617	981,698	80,617
Buildings		86,273	84,757	—	—	86,273	84,757
Stormwater Drainage		—	—	211,180	62,933	211,180	62,933
Swimming Pools		—	—	3,191	3,162	3,191	3,162
Other Open Space / Recreational Assets		—	—	43,742	39,729	43,742	39,729
Other Infrastructure		—	—	15,663	11,337	15,663	11,337
Library Books		—	—	879	859	879	859
Landfill Rehabilitation		—	—	3,149	5,536	3,149	5,536
Total infrastructure, property, plant and equipment		137,819	139,508	1,368,965	1,105,588	1,506,784	1,245,096
Non-current assets classified as held for sale							
Land	C1-5	3,093	1,313	—	—	3,093	1,313
Total NCA's classified as held for sale		3,093	1,313	—	—	3,093	1,313

Transfers between level 1 and level 2 fair value hierarchies

During the year there were no transfers between level 1 and 2 fair value hierarchies for recurring fair value measurements.

Valuation techniques

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

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

D2-1 Fair value measurement (continued)

Financial assets

Council holds units in the TCorpIM Medium Term Growth Fund. Prices are observable, however, no active market exists for these funds as they are only accessible to government agencies. The unit price of each fund is equal to the total fair value of the net assets held by the fund divided by the total number of units on issue for that fund. Unit prices are calculated and published daily.

Infrastructure, property, plant and equipment (IPPE)

Operational Land

Operational Land was last comprehensively revalued in 2023 by a registered property valuer. Values were determined based on sales of land in the locality and standard valuation principals adopted. In the years when a comprehensive revaluation is not required, valuations are based on the land values provided by the Valuer-General. There has been no change to the valuation process during the reporting year.

Buildings

Comprehensive revaluations are carried out every five years or sooner if there is any indication that the current carrying value of assets is materially different from their fair value. In years when a comprehensive valuation is not due, indexation has been applied per the appropriate producer price indexes from the Australian Bureau of Statistics.

Fair value measurements using significant unobservable inputs (level 3)

The valuation process for level 3 fair value measurements

Plant, equipment, office equipment, furniture, fittings and library books

Council reports these assets at depreciated historical cost which is not materially different from fair value. There has been no change to the valuation process during the reporting period.

Community and Council Controlled Crown Land

Valuations of Community land and Council controlled Crown land have been based on the land values provided by the Valuer-General.

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

Land Under Roads

Land under roads is defined as land acquired after 1 July 2008 and includes land under footpaths, nature strips and median strips in accordance with AASB 1051 Land Under Roads. The valuation was calculated using the average square kilometre rate calculated using the Valuer-General average LGA unit value. A discount of 90% was applied to the average unit value to reflect restrictions placed on land under roads.

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

Bridges, Footpaths, Roads, Stormwater Drainage, Swimming Pools, Other Open Space/Recreational Assets and Other Infrastructure

Comprehensive revaluations are carried out every five years or sooner if there is any indication that the current carrying value of assets is materially different from their fair value. In years when a comprehensive valuation is not due, indexation has been applied per the appropriate producer price indexes from the Australian Bureau of Statistics or the Department of Primary Industries (Stormwater Drainage).

A Comprehensive revaluation has been undertaken on Bridge, Stormwater, Kerb and street furniture assets by Council's asset management staff utilising unit rates as at 30/06/25.

Other Infrastructure assets have been comprehensively revalued as at 30/06/25 by an external consultant.

All internally renewed assets have their condition assessed and adjusted.

Landfill Rehabilitation

Council recognises a provision that reflects the estimated future costs to rehabilitate its landfill site at the time the work is needed. A discount rate is applied to reflect the present value of the provision for the current waste site. Council reviews the carrying amount of the provision at each reporting date to determine whether it continues to reflect management's best estimate of the costs to be incurred.

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

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
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D2-1 Fair value measurement (continued)

	Valuation technique/s	Unobservable inputs
Plant, equipment, office equipment, furniture, fittings and library books	Cost approach	Current replacement cost of modern equivalent asset, asset condition, useful life and residual value.
Operational Land	Market value, Land values obtained from the NSW Valuer-General	Market value, land value
Community and Crown Land	Land values obtained from the NSW Valuer-General	Land value, land area, level of restriction
Land under roads	Discounted Land values obtained from the NSW Valuer-General	Land value, discount rate
Infrastructure assets	Cost approach	Asset condition, remaining lives using componentisation
Landfill rehabilitation	Cost approach	Environmental legislation, timing of expected cash outflows required to settle the obligation, discount percentage, rehabilitation cost estimates.

D2-1 Fair value measurement (continued)

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		Land		Buildings		Infrastructure	
	2025	2024	2025	2024	2025	2024	2025	2024
Opening balance	12,149	9,774	140,032	55,788	84,757	–	1,002,619	1,055,120
Total gains or losses for the period								
Recognised in profit or loss – realised (refer to Note B4-1)	–	–	–	–	–	–	–	–
Recognised in other comprehensive income – revaluation surplus	–	–	12,340	37,731	3,666	5,319	178,217	(128,484)
Other movements								
Transfers from/(to) level 2 FV hierarchy	–	–	–	42,841	–	77,363	–	–
Purchases (GBV)	6,940	5,721	225	8,746	63	2,937	53,957	84,389
Disposals (WDV)	(708)	(964)	(4,633)	(3,761)	(304)	(2,186)	(12,768)	(8,254)
Depreciation and impairment	(2,740)	(2,770)	–	–	(2,622)	(2,613)	(20,739)	(12,063)
Transfer from WIP	39	388	–	–	726	3,937	54,179	11,911
Adjustments and transfers	24	–	(1,780)	(1,313)	(12)	–	9	–
Closing balance	15,704	12,149	146,184	140,032	86,274	84,757	1,255,474	1,002,619

\$ '000	Rehabilitation Assets		Total	
	2025	2024	2025	2024
Opening balance	5,536	4,864	1,245,093	1,125,546
Recognised in profit or loss – realised (refer to Note B4-1)	–	–	–	–
Recognised in other comprehensive income – revaluation surplus	(2,293)	–	191,930	(85,434)
Transfers from/(to) level 2 FV hierarchy	–	–	–	120,204
Purchases (GBV)	–	6,208	61,185	108,001
Disposals (WDV)	–	–	(18,413)	(15,165)
Depreciation and impairment	(95)	(5,536)	(26,196)	(22,982)
Transfer from WIP	–	–	54,944	16,236
Adjustments and transfers	–	–	(1,759)	(1,313)
Closing balance	3,148	5,536	1,506,784	1,245,093

Highest and best use

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

D3-1 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 Active Super Defined Benefit Division of Vision Super (the Fund) 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% of salaries from 1 July 2025 of salaries to these members' accumulation accounts in line with current level of Superannuation Guarantee 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 \$20.0m 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, the next of which is due effective 30 June 2025.

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 past service 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.

D3-1 Contingencies (continued)

Council's expected contribution to the plan for the next annual reporting period is \$89,918.

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

Defined Benefits reserves only *	\$millions	Asset Coverage
Assets	2,197.6	
Past Service Liabilities	2,092.9	105.0%
Vested Benefits	2,130.4	103.2%

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

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 year of review will be completed by December 2025.

Indication of the level of participation of the entity in the plan compared with other participating entities.

An employer's share of any funding surplus or deficit (1.08%) that can be attributed to each organisation provides an indication of the level of participation of that employer compared with other employers in the Pooled Employer sub-group. Given the funding position of the Fund as at 30 June 2025, it was recommended that these past service contributions cease effective 1 January 2025.

(ii) Statewide Mutual Limited

Council is a member of Statewide Mutual Limited, Australia's largest member owned Local Government self-insurance pool, working with Councils to reduce their exposure to risk.

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

The future realisation and finalisation of claims incurred but not reported to 30 June 2025 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 the StateCover Mutual Limited which provides workplace compensation insurance.

StateCover Mutual Limited provides support and advice to Council on developing return to work programs, incident and claims management and assistance with meeting legislative compliance.

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

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

2. Other liabilities

D3-1 Contingencies (continued)

(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 at 30 June 2025 and does not expect any material liabilities to eventuate.

Council had the following pending legal matters:

- Various actions in appeal against Council planning decisions.

The potential costs of the claims are unlikely to be significant and amounts of any claims are unable to be quantified at 30 June 2025.

(ii) Rehabilitation Works

Council may own properties that may be subject to rehabilitation works due to possible contamination. This may result in future liabilities but it is not presently known the extent or value of this liability.

Council may also be responsible for rehabilitation works on former sites used by Council due to possible contamination. Having resigned as the Reserve Trust Manager in July 2018 the below sites are not able to be accessed to undertake cost estimates. These are considered a contingent liability due to the unlikely nature of the rehabilitation occurring due to ongoing location and/or access complications:

1. Kurri Kurri, former sanitary depot
2. Heddon Greta, former landfill
3. Abermain, former landfill
4. Greta, former landfill

Council management have assessed the above sites and have determined that council does not have an existing legal obligation to rehabilitate these sites and consequently have not provided for any future rehabilitation as at 30 June 2025. Any confirmation that Council does have a legal obligation will require Council to provide for the sites and face future liabilities to rehabilitate.

ASSETS NOT RECOGNISED

(i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30 June 2008.

E People and relationships

E1 Related party disclosures

E1-1 Key management personnel (KMP)

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

\$ '000	2025	2024
Compensation:		
Short-term benefits	1,592	1,558
Post-employment benefits	183	193
Other long-term benefits	253	219
Total	2,028	1,970

Other transactions with KMP and their related parties

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

Nature of the transaction	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000					
2025					
Payments for recycling bin services ¹	2,964	–	14 day terms on invoices	–	–
Payments made for services received ²	112	–	14 day terms on invoices	–	–
2024					
Payments for recycling bin services ¹	2,502	–	14 day terms on invoices	–	–
Payments made for services received ²	120	–	14 day terms on invoices	–	–

(1) Relates to payments to Hunter Resources Recovery, a company in which Council has an interest, to provide recycling services. The contract was awarded through a competitive tender process based on market rates for these services. Amounts are payable on a monthly basis for the term of the contract. Hunter Resource Recovery details have not been consolidated into Council's financial statements as the amounts are not material to Council operations.

(2) Council uses Arrow Collaborative Services Limited, a company in which Council has an association with, for a variety of services including legal services, training and environment management.

E1-2 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	64	64
Councillors' fees	334	332
Other Councillors' expenses (including Mayor)	119	71
Total	517	467

E2 Other relationships

E2-1 Audit fees

\$ '000	2025	2024
Audit of financial statements	117	101
Total fees paid or payable to the Auditor-General	117	101

F Other matters

F1-1 Statement of Cash Flows information

(a) Reconciliation of Net Operating Result to Cash provided from Operating Activities

\$ '000	2025	2024
Operating result	38,146	88,944
Add/(less) non-cash items:		
Depreciation and amortisation	26,202	22,987
(Gain) / loss on disposal of assets	17,405	10,220
Non-cash capital grants and contributions	(26,360)	(64,520)
Revaluation on financial assets	11	(213)
Changes in assets and liabilities		
(Increase) / decrease of receivables	812	(625)
(Increase) / decrease of inventories	37	(17)
(Increase) / decrease of other current assets	182	2,035
Increase / (decrease) in payables	4,306	3,568
Increase / (decrease) in contract liabilities	12,320	11,547
Increase / (decrease) in employee benefit provision	535	413
Increase / (decrease) in other provisions	(3,217)	5,970
Net cash flows from operating activities	70,379	80,309

(b) Non-cash investing and financing activities

Other dedications	54,237	70,417
Total non-cash investing and financing activities	54,237	70,417

F2-1 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	5,298	2
Plant and Equipment	1,067	4,969
Roads Infrastructure	40,504	12,367
Stormwater Drainage	3,394	688
Tip Asset	9,163	383
Other Open Space / Recreational Assets	4,169	234
Other	188	43
Total commitments	63,783	18,686

Details of capital commitments

These capital commitments are for the construction of a new landfill development, upgrades and renewals of roads, stormwater and facilities infrastructure, and various refurbishment works at recreation facilities.

F3 Statement of developer contributions

F3-1 Summary of developer contributions

\$ '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					
Drainage	43	–	–	–	–	(43)	–	–	–
Roads	4,297	2,215	–	–	313	(2)	–	7,826	–
Parking	141	–	–	–	6	–	–	147	–
Open space	7,569	3,216	–	–	418	(558)	–	10,647	–
Community facilities	4,333	1,047	–	–	256	31	–	5,668	–
Other	382	303	–	–	21	(343)	–	365	–
Tourist facilities	773	–	–	–	1	(189)	–	13	–
Transport	4,767	584	–	–	214	–	–	5,131	–
Cycleway Facilities	2,793	1,490	–	–	158	(146)	–	4,296	–
S7.11 contributions – under a plan	25,098	8,855	–	–	1,387	(1,250)	–	34,093	–
S7.12 levies – under a plan	1,378	534	–	–	72	(71)	–	1,913	–
Total S7.11 and S7.12 revenue under plans	26,476	9,389	–	–	1,459	(1,321)	–	36,006	–
S7.4 planning agreements	15,469	3,233	–	–	668	(852)	–	18,518	–
Total contributions	41,945	12,622	–	–	2,127	(2,173)	–	54,524	–

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.

F3-2 S7.11 Contributions - under a plan

\$ '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					
S7.11 contributions – under a plan									
CONTRIBUTION PLAN NUMBER 2 - TOURIST DEVELOPMENT									
Tourist facilities	200	–	–	–	1	(189)	–	12	–
Total	200	–	–	–	1	(189)	–	12	–
CONTRIBUTION PLAN NUMBER 4 - NULKABA FLOOD MITIGATION									
Drainage	43	–	–	–	–	(43)	–	–	–
Total	43	–	–	–	–	(43)	–	–	–

F3-2 S7.11 Contributions - under a plan (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					
CONTRIBUTION PLAN NUMBER 5 - CARPARKING CESSNOCK CBD									
Parking	141	–	–	–	6	–	–	147	–
Total	141	–	–	–	6	–	–	147	–
CONTRIBUTION PLAN NUMBER 6 - RESIDENTIAL CONTRIBUTIONS PLAN									
Open space	–	30	–	–	1	–	–	31	–
Community facilities	619	27	–	–	28	34	–	708	–
Roads	70	(39)	–	–	3	(1)	–	33	–
Other	210	67	–	–	9	–	–	288	–
Total	899	85	–	–	41	33	–	1,060	–
CONTRIBUTION PLAN NUMBER 7 - TOURISM CONTRIBUTIONS PLAN									
Roads	70	4	–	–	29	–	–	675	–
Tourist facilities	573	–	–	–	–	–	–	1	–
Other	149	–	–	–	6	–	–	155	–
Total	792	4	–	–	35	–	–	831	–
CONTRIBUTION PLAN NUMBER 8 - BLACKHILL QUARRY CONTRIBUTION PLAN									
Roads	371	52	–	–	19	–	–	442	–
Total	371	52	–	–	19	–	–	442	–
Site Specific Contributions Plan - Bellbird North									
Open space	1,101	258	–	–	59	–	–	1,418	–
Community facilities	938	219	–	–	50	–	–	1,207	–
Transport	1,925	584	–	–	108	–	–	2,617	–
Other	(27)	18	–	–	–	(2)	–	(11)	–
Total	3,937	1,079	–	–	217	(2)	–	5,231	–
Site Specific Contributions Plan - Nulkaba									
Open space	187	–	–	–	8	–	–	195	–
Roads	–	–	–	–	19	–	–	451	–
Community facilities	235	–	–	–	10	–	–	245	–
Transport	432	–	–	–	–	–	–	–	–
Other	12	–	–	–	–	–	–	12	–
Commercial Precincts	–	–	–	–	–	–	–	1	–
Total	866	–	–	–	37	–	–	904	–
Site Specific Contributions Plan - Mount View Road Millfield									
Roads	–	166	–	–	4	–	–	172	–
Open space	2	17	–	–	1	–	–	20	–
Community facilities	3	203	–	–	5	–	–	212	–
Other	–	131	–	–	4	–	–	135	–
Transport	2	–	–	–	–	–	–	–	–

continued on next page ...

F3-2 S7.11 Contributions - under a plan (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					
Other	—	—	—	—	—	—	—	—	—
Total	7	517	—	—	14	—	—	539	—
Site Specific Contributions Plan - Averys Village Heddon Greta									
Open space	1,162	—	—	—	49	(50)	—	1,162	—
Community facilities	1,130	—	—	—	49	—	—	1,179	—
Transport	2,408	—	—	—	106	—	—	2,514	—
Other	47	—	—	—	2	—	—	49	—
Total	4,747	—	—	—	206	(50)	—	4,904	—
City Wide Infrastructure Contributions Plan									
Open space	5,117	2,911	—	—	300	(508)	—	7,821	—
Community facilities	1,408	598	—	—	114	(3)	—	2,117	—
Roads	3,786	2,032	—	—	239	(1)	—	6,053	—
Cycleway facilities	2,793	1,490	—	—	158	(146)	—	4,295	—
Other	(9)	87	—	—	—	(341)	—	(263)	—
Total	13,095	7,118	—	—	811	(999)	—	20,023	—

(*) City Wide Infrastructure Contributions Plan - Cycleway Facilities & Roads previously consolidated

S7.12 Levies – under a plan

Section 7.12 Contributions

Commercial Precincts	1,378	534	—	—	72	(71)	—	1,913	—
Total	1,378	534	—	—	72	(71)	—	1,913	—

F3-3 S7.4 planning agreements

S7.4 planning agreements

Roads	2,183	—	—	—	75	(116)	—	2,553	—
Open space	4,218	30	—	—	173	(660)	—	4,113	—
Community facilities	8,613	49	—	—	357	(71)	—	7,808	—
Other	455	3,154	—	—	47	(5)	—	3,670	—
Cycleway Facilities	—	—	—	—	16	—	—	374	—
Total	15,469	3,233	—	—	668	(852)	—	18,518	—

End of the audited financial statements

G Additional Council disclosures (unaudited)

G1-1 Financial review

Key financial figures of Council over the past 5 years

\$ '000	2025	2024	2023	2022	2021
Inflows:					
Rates and annual charges revenue	71,193	65,986	62,120	59,210	55,899
User charges revenue	9,926	9,531	12,069	21,684	14,128
Interest and investment revenue (losses)	3,891	3,853	2,288	656	445
Grants income – operating and capital	75,008	111,814	67,497	57,619	53,246
Total income from continuing operations	176,621	206,927	156,284	150,114	132,554
Sale proceeds from IPPE	1,008	2,161	1,749	4,917	3,367
New loan borrowings and advances	13,600	–	4,363	–	2,948
Outflows:					
Employee benefits and on-cost expenses	49,318	42,362	35,841	33,271	35,449
Borrowing costs	922	263	107	188	263
Materials and contracts expenses	37,269	36,596	46,653	39,165	33,121
Total expenses from continuing operations	138,475	117,983	122,273	99,736	95,910
Total cash purchases of IPPE	70,440	71,488	57,546	27,591	20,909
Total loan repayments (incl. leases)	969	1,188	1,202	1,577	1,667
Operating surplus/(deficit) (excl. capital income)	(33,778)	(15,634)	(23,056)	618	(9,950)
Financial position figures					
Current assets	115,758	101,442	92,490	92,792	72,275
Current liabilities	68,851	45,256	30,167	29,308	26,824
Net current assets	46,907	56,186	62,323	63,484	45,451
Available working capital (Unrestricted net current assets)	(10,633)	6,031	10,685	10,479	4,464
Cash and investments – unrestricted	(10,063)	3,309	3,810	1,721	1,713
Cash and investments – internal restrictions	14,081	10,789	30,331	36,581	29,903
Cash and investments – total	96,700	83,133	73,126	73,944	54,766
Total borrowings outstanding (loans, advances and finance leases)	19,746	7,115	8,301	5,136	6,689
Total value of IPPE (excl. land and earthworks)	1,890,366	1,619,585	1,509,541	1,380,752	1,269,470
Total accumulated depreciation	451,074	445,633	331,058	316,556	291,226
Indicative remaining useful life (as a % of GBV)	76%	72%	78%	77%	77%

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



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Cessnock City Council

To the Councillors of Cessnock City Council

Opinion

I have audited the accompanying financial statements of Cessnock City 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 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 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.



Cassie Malone
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

28 October 2025
SYDNEY



Cr Daniel Watton
Mayor
Cessnock City Council
PO BOX 42
CESSNOCK NSW 2324

Contact: Cassie Malone
Phone no: 02 9275 7388
Our ref: R008-1981756498-6181

28 October 2025

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2025
Cessnock City Council**

I have audited the general purpose financial statements (GPFS) of Cessnock City 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 LG 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	71.2	66.0	↑ 7.9
Grants and contributions provided for operating purposes revenue	15.7	19.3	↓ (18.6)
Grants and contributions provided for capital purposes revenue	71.9	104.6	↓ (31.2)
Operating result from continuing operations	38.1	88.9	↓ (57.1)
Net Operating result for the year before grants and contributions provided for capital purposes	(33.8)	(15.6)	↓ (116)

Operating result from continuing operations

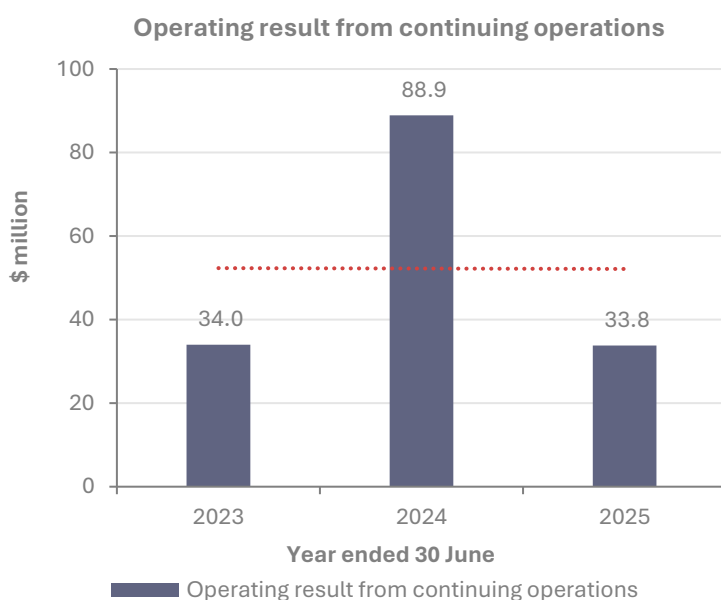
This graph shows the operating result from continuing operations for the current and prior two financial years.

Council's operating result from continuing operations for the year was \$50.8 million lower than the 2023–24 result.

In 2024-25:

- depreciation, amortisation and impairment of non-financial assets expense (\$26.2 million) increased by \$3.2 million (14.0 per cent) mainly due to asset additions and increases to the fair values of Council's assets
- employee benefits and on-costs (\$49.3 million) increased by \$7.0 million (16.4 per cent) mainly due to increases in the annual award, super guarantee rates and insurance costs.

The net operating result for the year before grants and contributions provided for capital purposes was a deficit of \$33.8 million. Refer to 'Grants and contributions revenue' below for details.



Income

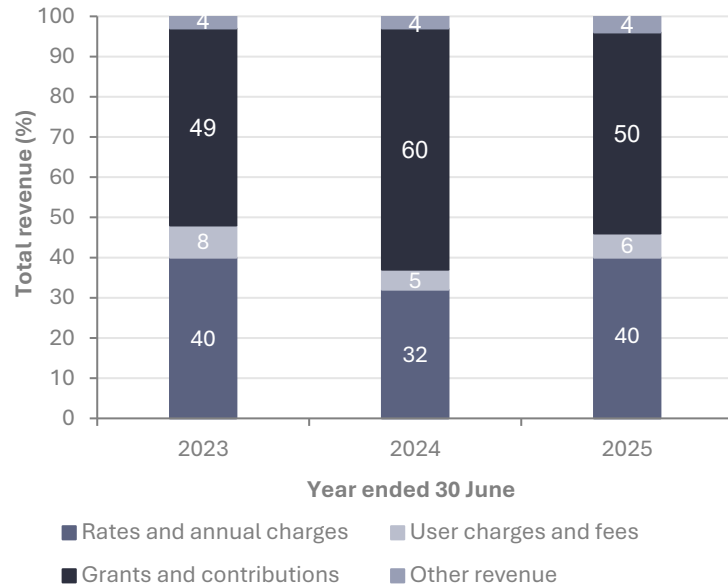
Council revenue

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

Council revenue (\$176.6 million) decreased by \$30.3 million (14.6 per cent) in 2024–25 due to:

- rates and annual charges revenue (\$71.2 million) which increased by \$5.2 million (7.9 per cent) mainly due to:
 - rate peg increase of 4.7 per cent
 - increases in annual charges levied for domestic waste management services by 5.5 per cent from \$670 to \$707 per levy
 - commercial waste charges increase by 5.5 per cent from \$817 to \$862 per levy
- grants and contributions revenue (\$87.6 million) which decreased by \$36.3 million (29.3 per cent) – see additional details below.

Composition of Council Revenue



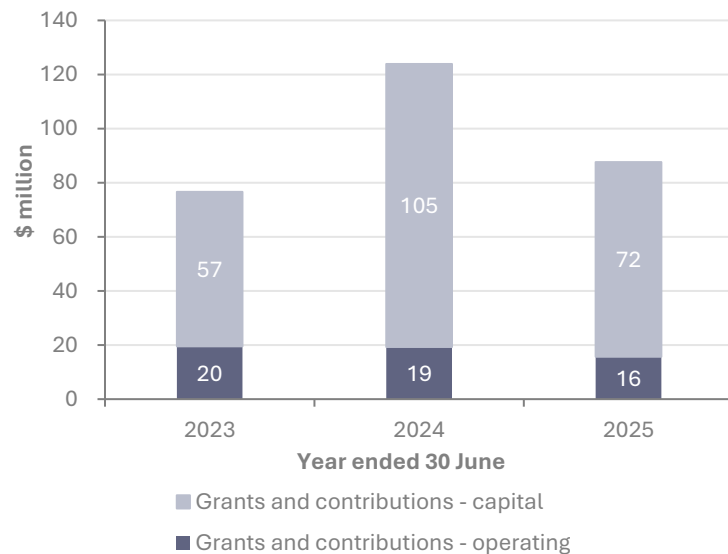
Grants and contributions revenue

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

Grants and contributions revenue of \$87.6 million decreased by \$36.3 million (29.3%) in 2024–25 due to:

- decrease of \$37.2 million of non-cash capital contributions recognised during the year
- increase of \$2.1 million of grants recognised for programs of work responding to natural disasters and drainage / flood mitigation across the local government area
- receiving 50 per cent of the financial assistance grants for 2025-26 in advance (85 per cent for 2024-25).

Grants and contributions revenue



CASH FLOWS

Statement of cash flows

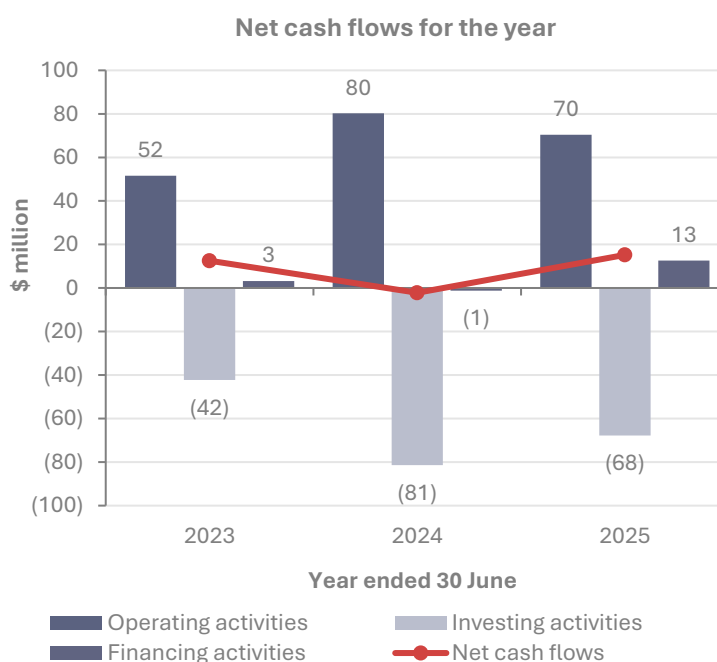
The Statement of Cash Flows details the Council's inflows and outflows of cash over a specific period. It helps in assessing the Council's ability to generate cash to fund its operations, pay off debts, and support future projects. It also aids in identifying any pressures or issues in the Council operating 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 positive \$15.2 million (negative \$2.2 million in 2023-24).

In 2024-25 the net cashflows:

- from operating activities decreased by \$9.9 million, mainly due to increased payments to employees
- used in investing activities increased by \$13.6 million, mainly due to higher levels of investment purchases
- from in financing activities increased by \$13.8 million, mainly due to the drawing down of loans totalling \$13.6 million for works on Council's waste facility, bridges and pathways, and flood mitigation programs.



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.

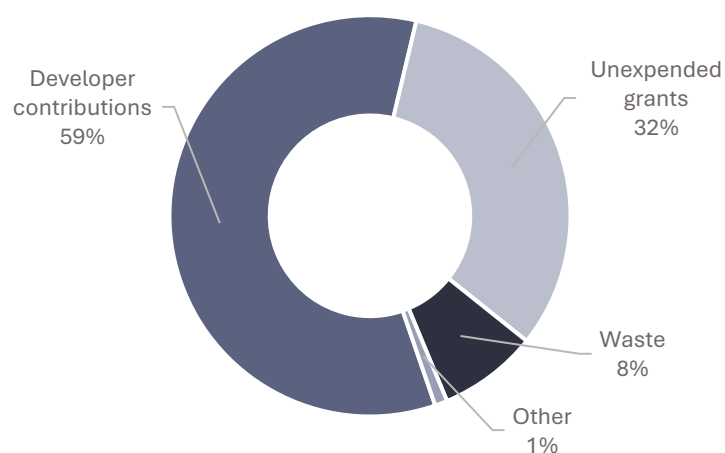
Cash, cash equivalents and investments	2025	2024	Percentage of total cash and investments 2025	Commentary
	\$m	\$m	%	
Total cash, cash equivalents and investments	96.7	83.1		Externally restricted balances are those which are only available for specific use due to a restriction placed by legislation or 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	92.7	69.0	95.8%	* At 30 June 2025, the Council: <ul style="list-style-type: none"> held total cash, cash equivalents and investments of \$96.7 million had externally restricted and internally allocated monies totalling \$106.8 million. This means the Council allocated \$10.1 million of cash, cash equivalents and investments that it did not have.
• Internal allocations *	14.1	10.8	14.6%	

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 \$54.3 million which increased by \$12.4 million due to higher levels of development activity in the local government area
- unexpended grants of \$30.0 million which increased by \$12.7 million (73.7%) mainly due to the \$15.0 million capital grants received for the Wollombi Road project
- waste depot, rehabilitation and domestic waste management charges of \$7.2 million, consistent with last year.

Source of externally restricted cash, cash equivalents and investments



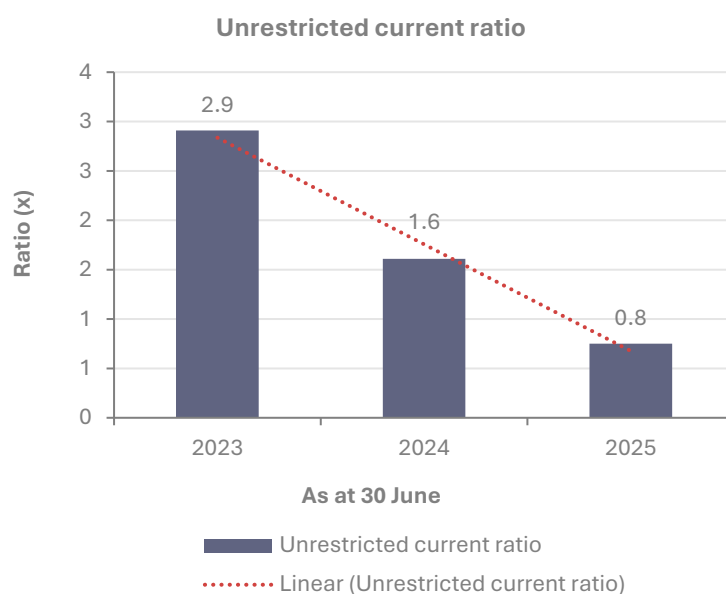
Unrestricted current ratio

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 2024-25 ratio was impacted by the negative unrestricted and unallocated cash of \$10.1 million, and the increase in unspent grants and contributions due to additional funding received for the Wollombi Road project.

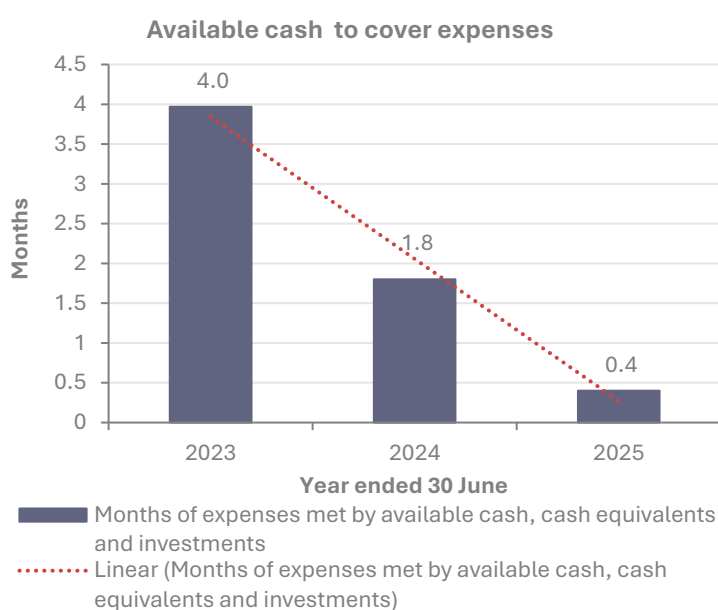


This graph shows the number of months of general fund expenses (excluding depreciation and borrowing costs), Council can fund from its available cash, cash equivalents and investments (not subject to external restrictions).

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.

The 2024-25 ratio was impacted by continued decreases in cash and investments not subject to external restrictions and increases in general expenditure.

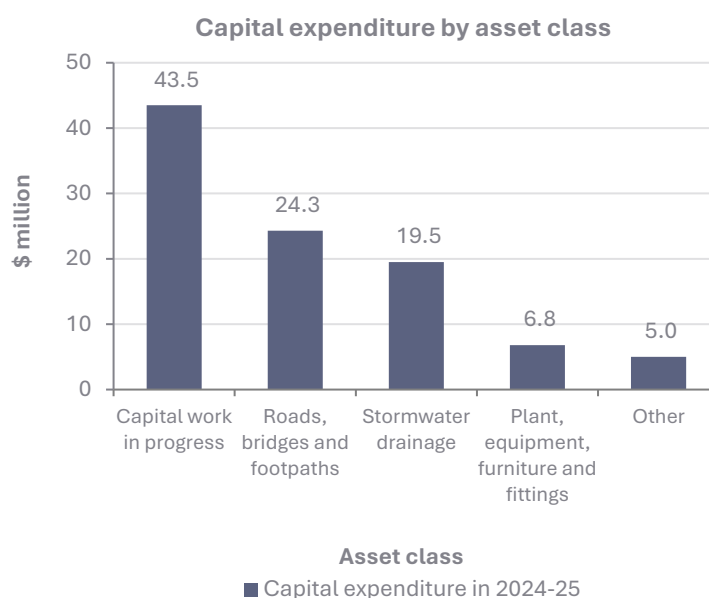


Infrastructure, property, plant and equipment

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

Council renewed \$26.9 million of infrastructure, property, plant and equipment during the 2023-24 financial year, and a further \$72.1 million on new assets. These were mainly for road infrastructure, stormwater drainage and plant and equipment assets.

Included in the above is \$26.4 million of stormwater drainage, roads, bridges and footpath assets, which were contributed to the Council for no consideration.



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.

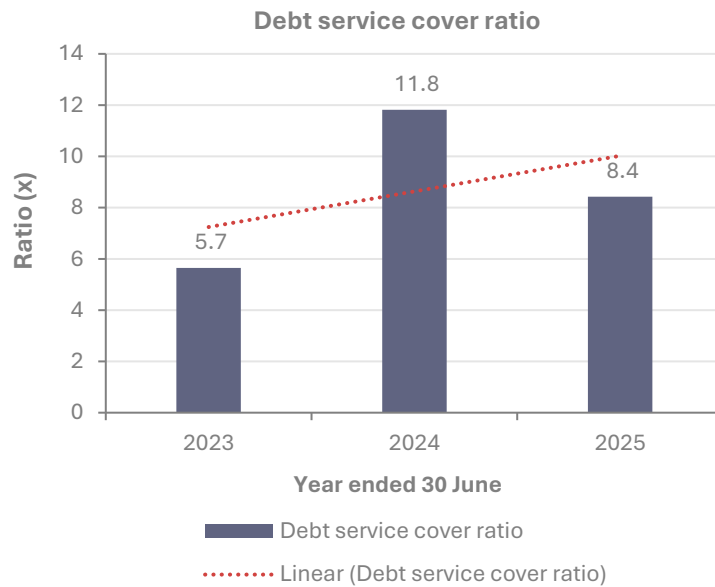
Debt	2025	2024	Commentary
	\$m	\$m	
Loans	19.7	7.1	Loan facilities of \$13.6 million were drawn down during 2024-25 for works on Council's waste facility, bridges and pathways, and flood mitigation programs.
Approved overdraft facility	1.0	1.0	--
Amount drawn down	--	--	
Credit card facility	0.1	0.1	--
Amount drawn down	--	--	

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 2024-25 ratio was impacted by the decrease in Council's operating result.



Cassie Malone
Director, Financial Audit

Delegate of the Auditor-General for New South Wales



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SPECIAL

SCHEDULES

FOR THE YEAR ENDED 30 JUNE 2025

Contents	Page
Special Schedules:	
Permissible income for general rates	2
Report on infrastructure assets as at 30 June 2025	6

Cessnock City 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	47,943	51,437
Plus or minus adjustments ²	b	904	1,093
Notional general income	$c = a + b$	48,847	52,530
Permissible income calculation			
Percentage increase	d	5.30%	4.70%
Plus percentage increase amount ³	$f = d \times (c + e)$	2,589	2,469
Sub-total	$g = (c + e + f)$	51,436	54,999
Plus (or minus) last year's carry forward total	h	15	14
Sub-total	$j = (h + i)$	15	14
Total permissible income	$k = g + j$	51,451	55,013
Less notional general income yield	l	51,437	55,018
Catch-up or (excess) result	$m = k - l$	14	(5)
Carry forward to next year ⁴	$p = m + n + o$	14	(5)

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) 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

Cessnock City Council

To the Councillors of Cessnock City Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Cessnock City 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 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.

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.

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

Cassie Malone
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

28 October 2025
SYDNEY

Cessnock City Council

Report on infrastructure assets as at 30 June 2025

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2024/25 Required maintenance ^a	2024/25 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Buildings	15,014	45,118	1,765	1,451	86,272	168,581	12.7%	15.4%	41.3%	24.4%	6.2%
	Sub-total	15,014	45,118	1,765	1,451	86,272	168,581	12.7%	15.4%	41.3%	24.4%	6.2%
Roads	Sealed roads	23,362	106,767	8,598	8,346	495,647	723,202	33.8%	22.4%	36.2%	6.1%	1.6%
	Unsealed roads	3,547	11,368	2,218	1,596	63,702	86,248	48.5%	17.9%	26.0%	3.0%	4.7%
	Bridges	277	1,577	551	258	136,837	148,233	75.6%	22.0%	2.0%	0.2%	0.3%
	Footpaths	414	2,031	918	68	81,564	90,588	68.5%	23.9%	5.7%	1.7%	0.1%
	Other road assets	328	1,550	1,241	218	203,949	212,511	88.4%	9.2%	1.8%	0.5%	0.1%
	Sub-total	27,928	123,293	13,526	10,486	981,699	1,260,782	51.4%	19.9%	23.5%	3.9%	1.3%
Stormwater drainage	Stormwater drainage	725	6,599	858	448	211,179	240,466	63.2%	25.7%	10.4%	0.5%	0.2%
	Sub-total	725	6,599	858	448	211,179	240,466	63.2%	25.7%	10.4%	0.5%	0.2%
Open space / recreational assets	Open Space	3,446	9,523	3,832	4,019	43,742	63,526	39.9%	20.2%	23.1%	13.6%	3.3%
	Swimming Pools	230	1,650	309	297	3,191	6,455	0.0%	2.8%	94.7%	2.6%	0.0%
	Sub-total	3,676	11,173	4,141	4,316	46,933	69,981	36.2%	18.6%	29.7%	12.5%	3.0%
Other infrastructure assets	Other	79	169	288	293	15,663	15,941	97.3%	0.1%	1.4%	0.5%	0.7%
	Sub-total	79	169	288	293	15,663	15,941	97.3%	0.1%	1.4%	0.5%	0.7%
Total – all assets		47,422	186,352	20,578	16,994	1,341,746	1,755,751	49.1%	20.1%	23.4%	5.8%	1.6%

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

Infrastructure asset condition assessment 'key'

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

Cessnock City Council

Report on infrastructure assets as at 30 June 2025

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2025	Indicator 2025	Indicators 20242023		Benchmark
Buildings and infrastructure renewals ratio					
Asset renewals ^{1, 2}	47,344	202.62%	329.31%	181.96%	> 100.00%
Depreciation, amortisation and impairment	23,366				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	47,422	3.38%	3.27%	3.08%	< 2.00%
Net carrying amount of infrastructure assets ²	1,402,587				
Asset maintenance ratio					
Actual asset maintenance	16,994	82.58%	123.02%	117.02%	> 100.00%
Required asset maintenance	20,578				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	186,352	10.61%	32.89%	17.92%	
Gross replacement cost	1,755,751				

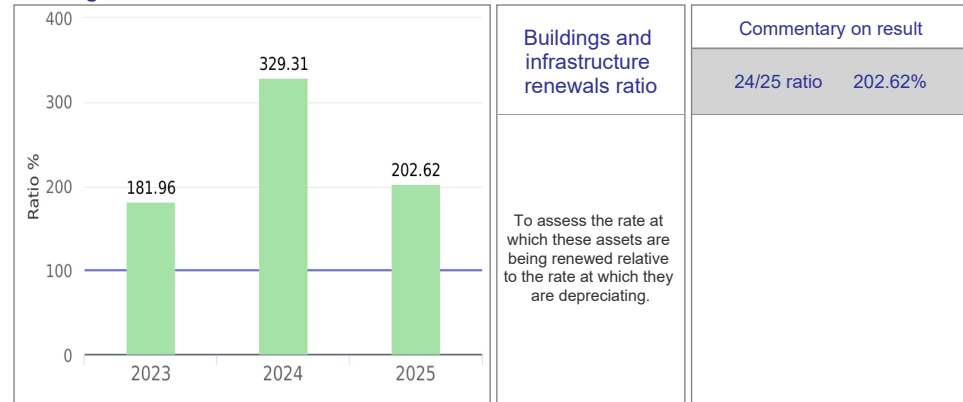
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

(2) As per the Local Government Code of Accounting Practice and Financial Reporting 2020/21, WIP is now included in the applicable ratios.

Report on infrastructure assets as at 30 June 2025

Buildings and infrastructure renewals ratio



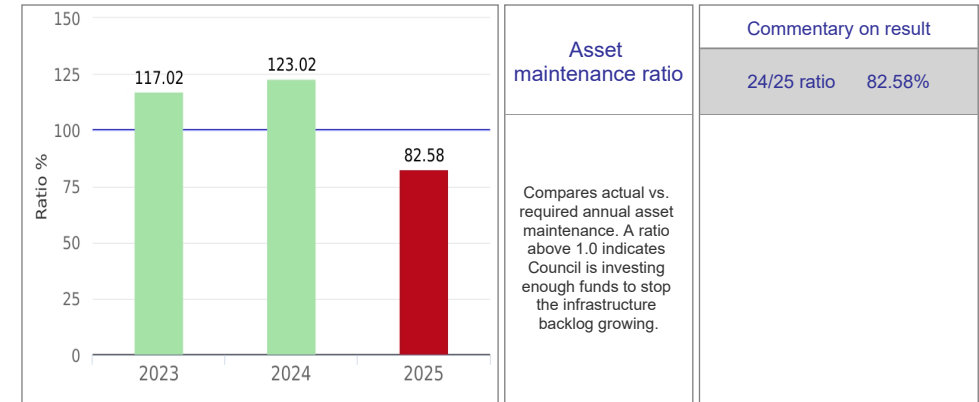
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Asset maintenance ratio



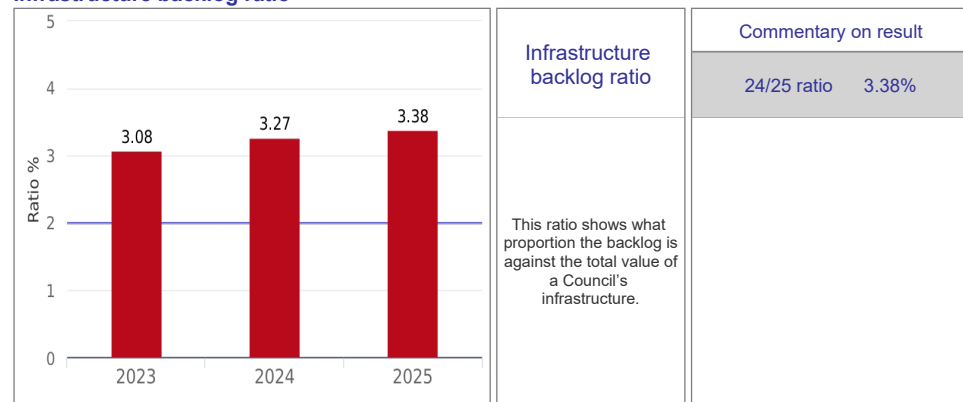
Benchmark: — > 100.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Infrastructure backlog ratio



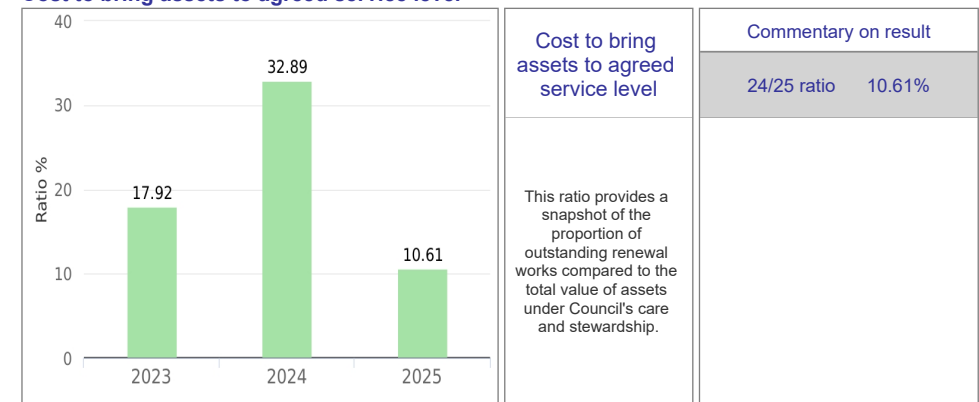
Benchmark: — < 2.00%

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Cost to bring assets to agreed service level





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