



ANNEXURE TWO

AUDITED FINANCIAL STATEMENTS

Narromine Shire Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2024

*To enhance our Shire's image, lifestyle and environment
through effective leadership, community involvement and
commitment to service.*



Narromine Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2024

*To enhance our Shire's image, lifestyle and environment
through effective leadership, community involvement and
commitment to service.*



Narromine Shire Council

General Purpose Financial Statements

for the year ended 30 June 2024

Contents	Page
Statement by Councillors and Management	3
Primary Financial Statements:	
Income Statement	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Contents for the notes to the Financial Statements	9
Independent Auditor's Reports:	
On the Financial Statements (Sect 417 [2])	62
On the Financial Statements (Sect 417 [3])	65

Overview

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

124 Dandaloo Street
Narromine NSW 2821

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.narromine.nsw.gov.au.

Narromine Shire Council

General Purpose Financial Statements

for the year ended 30 June 2024

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 11 September 2024.




Cr Craig Davies
Mayor
11 September 2024



Cr Dawn Collins
Councillor
11 September 2024



Jane Redden
General Manager
11 September 2024



Barry Bonthuys
Responsible Accounting Officer
11 September 2024

Narromine Shire Council

Income Statement

for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Actual 2023
Income from continuing operations				
12,243	Rates and annual charges	B2-1	10,415	9,876
2,693	User charges and fees	B2-2	3,040	4,243
234	Other revenues		473	446
7,393	Grants and contributions provided for operating purposes	B2-3	10,639	9,999
8,900	Grants and contributions provided for capital purposes	B2-3	9,498	6,762
883	Interest and investment income	B2-4	1,392	1,380
–	Other income		313	299
1,194	Net gain from the disposal of assets		165	210
33,540	Total income from continuing operations		35,935	33,215
Expenses from continuing operations				
9,075	Employee benefits and on-costs	B3-1	8,256	7,318
6,056	Materials and services	B3-2	13,097	9,352
177	Borrowing costs		152	129
7,752	Depreciation, amortisation and impairment of non-financial assets	B3-3	9,635	7,727
1,015	Other expenses		980	1,194
24,075	Total expenses from continuing operations		32,120	25,720
9,465	Operating result from continuing operations		3,815	7,495
9,465	Net operating result for the year attributable to Council		3,815	7,495
565	Net operating result for the year before grants and contributions provided for capital purposes		(5,683)	733

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

Narromine Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2024

\$ '000	Notes	2024	2023
Net operating result for the year – from Income Statement		3,815	7,495
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain / (loss) on revaluation of IPP&E	C1-7	<u>(2,209)</u>	31,748
Total items which will not be reclassified subsequently to the operating result		(2,209)	31,748
Total other comprehensive income for the year		(2,209)	31,748
Total comprehensive income for the year attributable to Council		1,606	39,243

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

Narromine Shire Council

Statement of Financial Position

as at 30 June 2024

\$ '000	Notes	2024	2023
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	9,097	8,467
Investments	C1-2	20,000	20,000
Receivables	C1-4	2,716	2,232
Inventories	C1-5	2,643	2,382
Contract assets	C1-6	1,524	5,550
Other		62	41
Total current assets		36,042	38,672
Non-current assets			
Receivables	C1-4	–	397
Inventories	C1-5	5,797	4,194
Infrastructure, property, plant and equipment (IPPE)	C1-7	402,257	401,061
Investment property		–	48
Investments accounted for using the equity method		406	374
Total non-current assets		408,460	406,074
Total assets		444,502	444,746
LIABILITIES			
Current liabilities			
Payables	C2-1	2,594	2,057
Contract liabilities	C2-2	6,080	7,385
Borrowings	C2-3	1,120	1,270
Employee benefit provisions	C2-4	1,616	1,411
Total current liabilities		11,410	12,123
Non-current liabilities			
Borrowings	C2-3	2,570	3,683
Employee benefit provisions	C2-4	54	46
Provisions	C2-5	1,986	2,018
Total non-current liabilities		4,610	5,747
Total liabilities		16,020	17,870
Net assets		428,482	426,876
EQUITY			
Accumulated surplus		170,447	166,632
IPPE revaluation reserve	C3-1	258,035	260,244
Total equity		428,482	426,876

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

Narromine Shire Council

Statement of Changes in Equity

for the year ended 30 June 2024

\$ '000	Notes	2024			2023		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		166,632	260,244	426,876	159,137	228,496	387,633
Net operating result for the year		3,815	–	3,815	7,495	–	7,495
Other comprehensive income							
– Gain / (loss) on revaluation of IPP&E	C1-7	–	(2,209)	(2,209)	–	31,748	31,748
Total comprehensive income		3,815	(2,209)	1,606	7,495	31,748	39,243
Closing balance at 30 June		170,447	258,035	428,482	166,632	260,244	426,876

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

Narromine Shire Council

Statement of Cash Flows

for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Actual 2023
Cash flows from operating activities				
<i>Receipts:</i>				
11,631	Rates and annual charges		10,213	9,763
836	User charges and fees		3,609	6,347
882	Interest received		1,269	1,029
16,292	Grants and contributions		22,862	21,992
1,945	Other		3,002	690
<i>Payments:</i>				
(8,894)	Payments to employees		(8,043)	(7,868)
(9,236)	Payments for materials and services		(15,325)	(9,581)
(177)	Borrowing costs		(153)	(131)
(994)	Other		(1,189)	(1,215)
<u>12,285</u>	Net cash flows from operating activities	G1-1	<u>16,245</u>	<u>21,026</u>
Cash flows from investing activities				
<i>Receipts:</i>				
2,212	Sale of real estate assets		-	219
285	Proceeds from sale of IPPE		165	16
<i>Payments:</i>				
-	Purchase of investments		-	(402)
(20,053)	Payments for IPPE		(12,953)	(16,986)
-	Purchase of real estate assets		(1,524)	-
-	Purchase of intangible assets		(40)	(54)
<u>(17,556)</u>	Net cash flows from investing activities		<u>(14,352)</u>	<u>(17,207)</u>
Cash flows from financing activities				
<i>Receipts:</i>				
-	Proceeds from borrowings		-	1,270
<i>Payments:</i>				
(1,405)	Repayment of borrowings		(1,263)	(1,165)
<u>(1,405)</u>	Net cash flows from financing activities		<u>(1,263)</u>	<u>105</u>
<u>(6,676)</u>	Net change in cash and cash equivalents		<u>630</u>	<u>3,924</u>
26,623	Cash and cash equivalents at beginning of year		8,467	4,543
<u>19,947</u>	Cash and cash equivalents at end of year	C1-1	<u>9,097</u>	<u>8,467</u>
-	plus: Investments on hand at end of year		20,000	20,000
<u>19,947</u>	Total cash, cash equivalents and investments	C1-2	<u>29,097</u>	<u>28,467</u>

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

Narromine Shire Council

Contents for the notes to the Financial Statements for the year ended 30 June 2024

A About Council and these financial statements	11
A1-1 Basis of preparation	11
B Financial Performance	13
B1 Functions or activities	13
B1-1 Functions or activities – income, expenses and assets	13
B1-2 Components of functions or activities	14
B2 Sources of income	16
B2-1 Rates and annual charges	16
B2-2 User charges and fees	17
B2-3 Grants and contributions	18
B2-4 Interest and investment income	21
B3 Costs of providing services	22
B3-1 Employee benefits and on-costs	22
B3-2 Materials and services	22
B3-3 Depreciation, amortisation and impairment of non-financial assets	23
B3-4 Other expenses	24
B4 Performance against budget	24
B4-1 Material budget variations	24
C Financial position	26
C1 Assets we manage	26
C1-1 Cash and cash equivalents	26
C1-2 Financial investments	26
C1-3 Restricted and allocated cash, cash equivalents and investments	28
C1-4 Receivables	29
C1-5 Inventories	30
C1-6 Contract assets and Contract cost assets	31
C1-7 Infrastructure, property, plant and equipment	32
C2 Liabilities of Council	36
C2-1 Payables	36
C2-2 Contract Liabilities	37
C2-3 Borrowings	37
C2-4 Employee benefit provisions	39
C2-5 Provisions	39
C3 Reserves	41
C3-1 Nature and purpose of reserves	41
D Council structure	42
D1 Results by fund	42
D1-1 Income Statement by fund	42
D1-2 Statement of Financial Position by fund	42
E Risks and accounting uncertainties	44
E1-1 Risks relating to financial instruments held	44
E2-1 Fair value measurement	46

Narromine Shire Council

Contents for the notes to the Financial Statements for the year ended 30 June 2024

E3-1 Contingencies	50
F People and relationships	52
F1 Related party disclosures	52
F1-1 Key management personnel (KMP)	52
F1-2 Councillor and Mayoral fees and associated expenses	52
F1-3 Other related parties	53
F2 Other relationships	54
F2-1 Audit fees	54
G Other matters	55
G1-1 Statement of Cash Flows information	55
G2-1 Commitments	56
G3-1 Events occurring after the reporting date	57
G4 Statement of developer contributions	58
G4-1 Summary of developer contributions	58
G5 Statement of performance measures	59
G5-1 Statement of performance measures – consolidated results	59
G5-2 Statement of performance measures by fund	60

A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 11 September 2024. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (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 investment property.

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) fair values of infrastructure, property, plant and equipment – refer Note CI-7.
- (ii) employee benefit provisions - refer Note C2-4.
- (iii) tip remediation provisions – refer Note C2-5.

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 (NSW)*, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

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

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

- General purpose operations
- Water service
- Sewerage service

A1-1 Basis of preparation (continued)

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 2024 reporting period.

Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2023.

New accounting standards adopted during the year

During the year, Council adopted all standards which were mandatorily effective for the first time at 30 June 2024. None of these standards had a significant impact on reported position or performance.

The following standard is effective at 30 June 2024:

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

In applying the new requirements, Council has after taking into account the various specific facts and circumstances applied professional judgement to ensure it discloses only material accounting policies as opposed to significant accounting policies throughout these financial statements.

B Financial Performance

B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Functions or activities										
Governance	1	45	1,743	1,660	(1,742)	(1,615)	–	–	2,766	2,765
Administration	11,345	12,634	3,867	3,963	7,478	8,671	3,661	4,818	34,264	34,257
Public Order & Safety	124	228	624	51	(500)	177	120	118	25,634	25,629
Environment & Health	168	302	846	732	(678)	(430)	–	104	1,280	1,280
Community & Cultural Services	1,551	268	2,327	1,344	(776)	(1,076)	448	153	6,145	6,144
Planning & Development	–	40	335	382	(335)	(342)	126	138	93	93
Waste Management	2,286	2,028	1,136	1,499	1,150	529	–	–	1,804	1,804
Infrastructure	13,498	10,291	11,596	7,900	1,902	2,391	13,012	8,976	281,345	281,622
Recreational Facilities	418	988	3,066	2,654	(2,648)	(1,666)	1,111	721	19,406	19,402
Economic Development	2,151	1,919	2,523	1,891	(372)	28	693	501	4,719	4,718
Water Supplies	2,780	2,520	2,653	2,275	127	245	966	1,232	30,069	30,063
Sewerage Services	1,613	1,952	1,404	1,369	209	583	–	–	36,977	36,969
Total functions and activities	35,935	33,215	32,120	25,720	3,815	7,495	20,137	16,761	444,502	444,746

B1-2 Components of functions or activities

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

Governance

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

Administration

- Executive services - provision of effective and efficient support to councillors, Council and the community
- Legal advice and services for Council, its delegates and officers, procure adequate and appropriate insurance coverage at a minimum cost, manage claims against Council and manage litigation by and against Council
- Provision of management accounting, financial reporting, rates, payroll, creditors, accounts receivable, cashiering, financial grants and income, debt recovery and investments
- Information Technology, computing and support services to Council
- Management and improvement of the quality, performance, opportunities & safety conditions of Council's staff
- Civic administration building.

Public Order & Safety

- Co-operation and liaison with the Rural Fire Service and other Emergency Service organisations.

Environment & Health

- Protection of the environment, its enhancement and the promotion of environmental sustainability
- Maintenance of the health standards and safety of premises that are accessible to and impact upon the community
- Development of an innovative best practice policy to control the incidence of noxious plants
- Companion animal management and issues in relation to straying livestock.

Community & Cultural Services

- Provision of community, cultural and educational services and facilities to enhance the community's way of life
- Provision of programs and services for young people between 12-24 years of age
- Active participation in and co-operation with community organisations in the delivery of Aged & Disability Services
- Provision for the development and management of a range of community facilities
- Provision of effective public library lending, information and referral services
- Provision of quality cemetery services and memorial facilities
- Advocate for a strong cultural role in community revitalisation and identity by the encouragement & promotion of local historical, cultural and art organisations and activities.

Planning & Development

- Creation of a quality environment for the community in which land use and development is planned and assessed and the social, environmental, economic, agricultural, heritage and physical wellbeing of the community is enhanced and protected
- Planning the Shire's future whilst embracing the principles of Ecologically Sustainable Development
- Assessment and determination of development applications
- Regulatory inspections.

Waste Management

- Effective management of waste collection, minimise waste whilst encouraging commercial and residential recycling
- Collection & recycling
- Disposal.

Infrastructure

- Provision of well constructed, maintained and functional roads, drains, public buildings and associated engineering structures; including operational support, construction and maintenance, design, stormwater management and aerodromes.

Recreational Facilities

- Provision of equitable access to social, cultural, sporting and recreational services and facilities
- Parks, playing fields and reserves
- Recreational buildings and infrastructure

B1-2 Components of functions or activities (continued)

- Swimming Pools.

Economic Development

- Development and assistance in the implementation of strategies, programs and policies that will provide employment and a positive environment for the local economy
- Tourism & area promotion
- Real estate development
- Saleyards and markets
- External partnerships
- Camping areas.

Water Supplies

- Provision of a cost effective, environmentally sensitive and ecologically sustainable water supply service, including business plan, service delivery, customer service, demand management, infrastructure management.

Sewerage Services

- Provision of a cost effective, environmentally sensitive & ecologically sustainable sewerage service, including business plan, service delivery, customer service, demand management, infrastructure management.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2024	2023
Ordinary rates		
Residential	1,897	1,792
Farmland	3,622	3,497
Mining	319	308
Business	666	647
Other	(1)	(5)
Less: pensioner rebates (mandatory)	(116)	(112)
Rates levied to ratepayers	6,387	6,127
Pensioner rate subsidies received	37	36
Total ordinary rates	6,424	6,163
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	1,469	1,322
Stormwater management services	53	53
Water supply services	868	829
Sewerage services	1,314	1,253
Waste management services (non-domestic)	295	263
Less: pensioner rebates (mandatory)	(70)	(69)
Annual charges levied	3,929	3,651
Pensioner annual charges subsidies received:		
– Water	19	19
– Sewerage	18	18
– Domestic waste management	25	25
Total annual charges	3,991	3,713
Total rates and annual charges	10,415	9,876

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.

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	2024	2023
User charges		
Water supply services	1,617	1,467
Sewerage services	323	399
Waste management services (non-domestic)	77	157
Total user charges	2,017	2,023
Fees		
Building services – other	(1)	3
Planning and building regulation	179	110
Private works – section 67	85	73
Cemeteries	103	90
Community centres	–	3
Gravel pits	16	1,393
Lease rentals	10	12
Recycling income (non-domestic)	382	198
Water connection fees	–	25
Other	249	313
Total fees	1,023	2,220
Total user charges and fees	3,040	4,243
Timing of revenue recognition for user charges and fees		
User charges and fees recognised at a point in time	3,040	4,243
Total user charges and fees	3,040	4,243

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. There is no material obligation for Council in relation to refunds or returns.

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 the term of the licence.

B2-3 Grants and contributions

\$ '000	Operating 2024	Operating 2023	Capital 2024	Capital 2023
General purpose grants and non-developer contributions (untied)				
General purpose (untied)				
Current year allocation				
Financial assistance – general component	201	997	–	–
Financial assistance – local roads component	75	459	–	–
Payment in advance - future year allocation				
Financial assistance – general component	3,460	3,766	–	–
Financial assistance – local roads component	1,610	1,812	–	–
Other				
Other grants	–	–	1,217	1,210
Amount recognised as income during current year	5,346	7,034	1,217	1,210
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Water supplies	111	94	608	1,054
Bushfire and emergency services	120	118	–	–
Community care and centres	19	45	100	119
Economic development	134	45	559	375
Library	82	81	–	–
LIRS subsidy	–	–	15	25
Noxious weeds	50	124	–	–
Recreation and culture	25	141	861	721
Community infrastructure grant	391	–	3,916	–
Transport (roads to recovery)	–	–	1,267	872
Transport (other roads and bridges funding)	3,873	1,798	845	2,326
Other specific grants	76	69	50	29
Other contributions	187	187	60	31
Total special purpose grants and non-developer contributions – cash	5,068	2,702	8,281	5,552
Total special purpose grants and non-developer contributions (tied)	5,068	2,702	8,281	5,552
Total grants and non-developer contributions	10,414	9,736	9,498	6,762
Comprising:				
– Commonwealth funding	5,371	7,039	2,319	2,257
– State funding	4,405	2,512	7,179	4,449
– Other funding	638	185	–	56
	10,414	9,736	9,498	6,762

B2-3 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):					
Cash contributions					
S 7.12 – fixed development consent levies	G4	225	75	–	–
S 64 – sewerage service contributions		–	188	–	–
Total developer contributions – cash		225	263	–	–
Total developer contributions		225	263	–	–
Total contributions		225	263	–	–
Total grants and contributions		10,639	9,999	9,498	6,762
Timing of revenue recognition for grants and contributions					
Grants and contributions recognised over time		–	–	9,498	6,762
Grants and contributions recognised at a point in time		10,639	9,999	–	–
Total grants and contributions		10,639	9,999	9,498	6,762

Unspent grants and contributions

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

\$ '000	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Unspent grants and contributions				
Unspent funds as at 1 July	1,935	3,831	752	–
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	5,241	1,935	8,274	752
Less: Funds received in prior year but revenue recognised and funds spent in current year	–	–	(2,899)	–
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(1,422)	(3,831)	–	–
Unspent funds at 30 June	5,754	1,935	6,127	752

B2-3 Grants and contributions (continued)

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.

The performance obligations vary according to the agreement but include milestones such as executing the agreement to acquire or construct roads, stormwater drainage and airport runway. 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.

B2-4 Interest and investment income

\$ '000	2024	2023
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	120	62
– Cash and investments	1,272	1,318
Total interest and investment income (losses)	1,392	1,380

Material accounting policy information

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

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2024	2023
Salaries and wages	7,046	5,723
Employee leave entitlements (ELE)	1,087	618
Superannuation	812	762
Other	426	604
Total employee costs	9,371	7,707
Less: capitalised costs	(1,115)	(389)
Total employee costs expensed	8,256	7,318

Material accounting policy information

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

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

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

B3-2 Materials and services

\$ '000	Notes	2024	2023
Raw materials and consumables		5,717	3,984
Contractor costs		4,475	3,299
Audit Fees	F2-1	82	70
Councillor and Mayoral fees and associated expenses	F1-2	160	173
Advertising		77	92
Computer software charges		388	204
Electricity and heating		372	355
Insurance		694	586
Office expenses (including computer expenses)		97	91
Postage		18	19
Street lighting		136	86
Subscriptions and publications		126	101
Telephone and communications		62	53
Cost of sales		352	–
Travel expenses		11	8
Training costs (other than salaries and wages)		8	2
Expenses from leases of low value assets		20	26
Legal expenses: debt recovery		41	6
Legal expenses: other		41	32
Other		220	165
Total materials and services		13,097	9,352

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

\$ '000	Notes	2024	2023
Depreciation and amortisation			
Plant and equipment		1,096	902
Office equipment		68	65
Furniture and fittings		2	2
Infrastructure:			
	C1-7		
– Buildings – non-specialised		286	200
– Buildings – specialised		1,583	1,067
– Other structures		306	210
– Roads		4,270	3,672
– Bridges		226	217
– Footpaths		115	98
– Stormwater drainage		267	254
– Water supply network		286	181
– Sewerage network		301	246
– Swimming pools		133	134
– Other open space/recreational assets		348	249
Other assets:			
– Aerodrome		265	176
Intangible assets	C1-7	83	54
Total depreciation and amortisation costs		9,635	7,727
Total depreciation, amortisation and impairment for non-financial assets		9,635	7,727

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.

Intangible assets not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

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

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

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

B3-4 Other expenses

\$ '000	2024	2023
Grants and contributions	17	–
Other	4	29
Fair value decrement on investment properties	1	–
Donations, contributions and assistance to other organisations (Section 356)	73	221
Emergency services levy (includes FRNSW, SES, and RFS levies)	30	17
Macquarie regional library	416	495
NSW fire brigade levy	49	42
NSW rural fire service levy	390	390
Total other expenses	980	1,194

B4 Performance against budget

B4-1 Material budget variations

Council's original budget was adopted by the Council on 21/06/2023 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
Revenues				
User charges and fees	2,693	3,040	347	13% F
Revenue in excess of original budget due to increased water levies and planning assessment fees.				
Other revenues	234	473	239	102% F
Revenue in excess of original budget due to payments received from Rural Fire Services for the slashing and maintenance of state controlled roads.				
Operating grants and contributions	7,393	10,639	3,246	44% F
Grant funds received in excess of original budget due to additional funding made available by state government for the maintenance of roads.				
Interest and investment revenue	883	1,392	509	58% F
Interest received on investments higher than expected and budgeted for 2023-24.				
Net gains from disposal of assets	1,194	165	(1,029)	(86)% U
Net gains on disposal of assets less than budgeted due to expected number of properties (Inventory assets) not sold during the year.				
Expenses				
Materials and services	6,056	13,097	(7,041)	(116)% U
Expenditure in excess of original budget due to increase in flood damage works, contractor costs, road maintenance and				

B4-1 Material budget variations (continued)

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
subscription fees.				
Borrowing costs	177	152	25	14% F
Borrowing costs less than original budget due to lesser amount of interest paid on loans.				
Depreciation, amortisation and impairment of non-financial assets	7,752	9,635	(1,883)	(24)% U
Depreciation expenses higher than original budget due to depreciation during the year of new and additional assets and the impact of revaluation of assets.				
Statement of cash flows				
Cash flows from operating activities	12,285	16,245	3,960	32% F
Cash flows from operating activities increased due to additional grant funding received and increase in interest earnings.				
Cash flows from investing activities	(17,556)	(14,352)	3,204	(18)% F
Cash flows from investing activities improved due to decrease in capital works and purchase of new assets.				
Cash flows from financing activities	(1,405)	(1,263)	142	(10)% F

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2024	2023
Cash assets		
Cash on hand and at bank	9,097	8,467
Total cash and cash equivalents	9,097	8,467

C1-2 Financial investments

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Debt securities at amortised cost				
Term deposits	20,000	-	20,000	-
Total	20,000	-	20,000	-
Total financial investments	20,000	-	20,000	-
Total cash assets, cash equivalents and investments	29,097	-	28,467	-

C1-2 Financial investments (continued)

Material accounting policy information

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

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.

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

\$ '000	2024	2023
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	29,097	28,467
Less: Externally restricted cash, cash equivalents and investments	<u>(16,486)</u>	<u>(17,047)</u>
Cash, cash equivalents and investments not subject to external restrictions	12,611	11,420
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	<u>6,593</u>	6,984
External restrictions – included in liabilities	6,593	6,984
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	308	330
Developer contributions – water fund	215	215
Developer contributions – sewer fund	366	366
Specific purpose unexpended grants (recognised as revenue) – general fund	199	813
Water fund	304	348
Sewer fund	7,556	6,723
Board of control - NSRAC and TSRAC	151	153
Other	–	35
Domestic waste management	<u>794</u>	<u>1,080</u>
External restrictions – other	9,893	10,063
Total external restrictions	16,486	17,047

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	2024	2023
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Alkane community contributions	123	156
Alkane environmental monitoring	44	186
Carry over works	2,198	3,069
Election expenses	45	45
Employees leave entitlement	501	437
FAGS advance grant	5,070	5,579
Other	<u>2,488</u>	<u>334</u>
Total internal allocations	10,469	9,806

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

C1-4 Receivables

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
Rates and annual charges	788	–	425	155
Interest and extra charges	304	–	162	65
User charges and fees	918	–	1,182	177
Accrued revenues				
– Interest on investments	395	–	349	–
Net GST receivable	392	–	139	–
Other debtors	1	–	57	–
Total	2,798	–	2,314	397
Less: provision for impairment				
Interest and extra charges	(34)	–	(34)	–
User charges and fees	(48)	–	(48)	–
Total provision for impairment – receivables	(82)	–	(82)	–
Total net receivables	2,716	–	2,232	397

Material accounting policy information

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

Impairment

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

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

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

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

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

Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over 5 years past due, whichever occurs first.

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

C1-5 Inventories

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Inventories at cost				
Real estate for resale ⁱ	1,669	5,797	1,748	4,194
Stores and materials	974	–	634	–
Total inventories at cost	2,643	5,797	2,382	4,194
Total inventories	2,643	5,797	2,382	4,194

(i) Real estate assets for resale

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Details for real estate development				
Residential	746	609	887	1,237
Industrial/commercial	923	5,188	861	2,957
Total real estate for resale	1,669	5,797	1,748	4,194
Represented by:				
Acquisition costs	1,669	2,171	–	–
Development costs	–	3,626	1,748	4,194
Total costs	1,669	5,797	1,748	4,194
Total real estate for resale	1,669	5,797	1,748	4,194
Movements:				
Real estate assets at beginning of the year	1,748	4,194	1,748	4,194
– Purchases and other costs	(79)	1,603	–	–
Total real estate for resale	1,669	5,797	1,748	4,194

Material accounting policy information

Raw materials and stores, work in progress and finished goods

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

Real estate for resale

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

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

C1-6 Contract assets and Contract cost assets

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
Contract assets	1,524	–	5,550	–
Total contract assets and contract cost assets	1,524	–	5,550	–

Contract assets

Work relating to the upgrade and construction of roads.	1,524	–	5,550	–
Total contract assets	1,524	–	5,550	–

Significant changes in contract assets

Funding for various projects are provided to Council under contract arrangements with the Federal and State Governments. These projects include aerodrome runway lighting upgrade, construction of clubhouse and grandstand, residential land development and restoration of storm and flood damage assets.

Construction works for these projects were completed before funding was received by Council.

Material accounting policy information

Contract assets

Contract assets represent Council's right to payment in exchange for goods or services the Council has transferred to a customer when that right is conditional on something other than the passage of time.

Contract assets arise when the amounts billed to customers are based on the achievement of various milestones established in the contract and therefore the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer. Once an invoice or payment claim is raised or the relevant milestone is reached, Council recognises a receivable.

Impairment of contract assets is assessed using the simplified expected credit loss model where lifetime credit losses are recognised on initial recognition.

C1-7 Infrastructure, property, plant and equipment

By aggregated asset class \$ '000	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	Carrying value of disposals	Depreciation expense	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	16,135	–	16,135	(9,320)	–	–	–	6,815	–	6,815
Plant and equipment	18,058	(10,496)	7,562	2,819	(630)	(1,096)	–	21,151	(12,496)	8,655
Office equipment	1,315	(1,074)	241	33	–	(68)	–	1,348	(1,142)	206
Furniture and fittings	329	(293)	36	–	–	(2)	–	329	(295)	34
Land:										
– Operational land	5,843	–	5,843	–	–	–	–	5,843	–	5,843
– Community land	3,429	–	3,429	(2)	(34)	–	–	3,393	–	3,393
Infrastructure:										
– Buildings – non-specialised	7,497	(4,454)	3,043	173	–	(286)	160	8,090	(5,000)	3,090
– Buildings – specialised	53,752	(26,440)	27,312	2,743	–	(1,583)	1,498	59,492	(29,522)	29,970
– Other structures	6,711	(2,445)	4,266	1,882	–	(306)	205	8,923	(2,876)	6,047
– Roads	282,626	(53,098)	229,528	10,380	–	(4,270)	(7,248)	310,795	(82,405)	228,390
– Bridges	24,050	(9,175)	14,875	1	–	(226)	(105)	25,133	(10,584)	14,549
– Footpaths	4,590	(2,423)	2,167	384	–	(115)	558	5,106	(2,112)	2,994
– Stormwater drainage	27,385	(10,324)	17,061	385	–	(267)	(9,273)	11,958	(4,052)	7,906
– Water supply network	33,620	(7,598)	26,022	1,956	–	(286)	1,532	37,384	(8,235)	29,149
– Sewerage network	35,744	(7,958)	27,786	452	–	(301)	1,490	38,112	(8,685)	29,427
– Swimming pools	6,369	(1,916)	4,453	(1)	–	(133)	236	6,717	(2,162)	4,555
– Other open space/recreational assets	7,243	(2,971)	4,272	1,631	–	(348)	234	9,288	(3,499)	5,789
– Other infrastructure	–	–	–	–	–	–	–	–	–	–
Other assets:										
– Aerodrome	20,606	(15,467)	5,139	219	–	(265)	8,504	21,636	(8,039)	13,597
– Intangibles	1,046	(777)	269	40	–	(83)	–	1,086	(860)	226
– Remediation Assets	1,792	(170)	1,622	–	–	–	–	1,792	(170)	1,622
Total infrastructure, property, plant and equipment	558,140	(157,079)	401,061	13,775	(664)	(9,635)	(2,209)	584,391	(182,134)	402,257

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

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period				At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions	Carrying value of disposals	Depreciation expense	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000										
Capital work in progress	9,923	–	9,923	6,212	–	–	–	16,135	–	16,135
Plant and equipment	16,694	(9,624)	7,070	1,419	(25)	(902)	–	18,058	(10,496)	7,562
Office equipment	1,295	(1,009)	286	20	–	(65)	–	1,315	(1,074)	241
Furniture and fittings	329	(291)	38	–	–	(2)	–	329	(293)	36
Land:										
– Operational land	4,802	–	4,802	–	–	–	1,041	5,843	–	5,843
– Community land	2,246	–	2,246	–	–	–	1,183	3,429	–	3,429
Infrastructure:										
– Buildings – non-specialised	6,642	(3,855)	2,787	7	–	(200)	448	7,497	(4,454)	3,043
– Buildings – specialised	40,580	(23,461)	17,119	996	–	(1,067)	10,265	53,752	(26,440)	27,312
– Other structures	6,045	(2,157)	3,888	561	–	(210)	25	6,711	(2,445)	4,266
– Roads	263,135	(46,463)	216,672	3,762	–	(3,672)	12,952	282,626	(53,098)	229,528
– Bridges	22,665	(8,447)	14,218	46	–	(217)	828	24,050	(9,175)	14,875
– Footpaths	4,320	(2,190)	2,130	14	–	(98)	121	4,590	(2,423)	2,167
– Stormwater drainage	25,783	(9,493)	16,290	79	–	(254)	948	27,385	(10,324)	17,061
– Water supply network	29,812	(6,801)	23,011	1,354	–	(181)	1,838	33,620	(7,598)	26,022
– Sewerage network	32,222	(7,071)	25,151	880	–	(246)	2,002	35,744	(7,958)	27,786
– Swimming pools	6,275	(1,674)	4,601	444	–	(134)	(459)	6,369	(1,916)	4,453
– Other open space/recreational assets	7,060	(2,860)	4,200	329	–	(249)	(8)	7,243	(2,971)	4,272
Other assets:										
– Aerodrome	17,988	(14,109)	3,879	872	–	(176)	564	20,606	(15,467)	5,139
– Intangibles	815	(723)	92	230	–	(54)	–	1,046	(777)	269
– Remediation Assets	1,792	(170)	1,622	–	–	–	–	1,792	(170)	1,622
Total infrastructure, property, plant and equipment	500,423	(140,398)	360,025	17,225	(25)	(7,727)	31,748	558,140	(157,079)	401,061

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

Material accounting policy information

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

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

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

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

Useful lives of IPPE

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

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 10	Playground equipment and other assets	5 to 50
Office furniture	5 to 20	Benches, seats etc.	10 to 30
Computer equipment	5 to 10		
Vehicles	5 to 20	Buildings	
Heavy plant/road making equipment	5 to 20	Buildings: masonry	50 to 100
Other plant and equipment	5 to 75	Buildings: other	15 to 50
Water and sewer assets		Stormwater assets	
Dams and reservoirs	80 to 100	Drains	80 to 100
Bores	20 to 80	Culverts	50 to 100
Reticulation pipes: PVC	70 to 100	Flood control structures	80 to 100
Reticulation pipes: other	25 to 110		
Pumps and telemetry	15 to 75		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	15 to 40	Bulk earthworks	infinite
Sealed roads: structure	20 to 100	Swimming pools	50 to 70
Unsealed roads	10 to 30	Other open space/recreational assets	10 to 100
Bridge: concrete	80 to 300	Other infrastructure	50 to 100
Bridge: other	50 to 80		
Road pavements	60 to 120		
Kerb, gutter and footpaths	40 to 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.

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

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

Land under roads

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

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

Council has elected not to recognise land under roads acquired before 1 July 2008. Council has not acquired land under roads after 1 July 2008.

Crown reserves

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

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

Intangible assets

Software development costs include only those costs directly attributable to the development phase (including external direct costs of materials and services, direct payroll, and payroll-related costs of employees' time spent on the project) and are only recognised following completion of technical feasibility, and where the Council has an intention and ability to use the asset.

Amortisation is calculated on a straight-line basis over periods generally ranging from three to five years.

C2 Liabilities of Council

C2-1 Payables

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Goods and services – operating expenditure	2,120	–	1,590	–
Accrued expenses:				
– Borrowings	1	–	2	–
– Other expenditure accruals	–	–	2	–
Other	84	–	80	–
Prepaid rates	389	–	383	–
Total payables	2,594	–	2,057	–

Material accounting policy information

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	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Grants and contributions received in advance:				
Unexpended capital grants (to construct Council controlled assets)	6,080	-	7,385	-
Total grants received in advance	6,080	-	7,385	-
Total contract liabilities	6,080	-	7,385	-

C2-3 Borrowings

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Loans – secured ¹	1,120	2,570	1,270	3,683
Total borrowings	1,120	2,570	1,270	3,683

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

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

(a) Changes in liabilities arising from financing activities

\$ '000	2023 Opening Balance	Cash flows	2024 Closing balance
Loans – secured	4,953	(1,263)	3,690
Total liabilities from financing activities	4,953	(1,263)	3,690

\$ '000	2022 Opening Balance	Cash flows	2023 Closing balance
Loans – secured	4,848	105	4,953
Total liabilities from financing activities	4,848	105	4,953

C2-3 Borrowings (continued)

(b) Financing arrangements

\$ '000	2024	2023
Total facilities		
Total financing facilities available to Council at the reporting date are:		
Credit cards/purchase cards	100	60
Total financing arrangements	100	60
Undrawn facilities		
Undrawn financing facilities available to Council at the reporting date are:		
– Credit cards/purchase cards	100	60
Total undrawn financing arrangements	100	60

Breaches and defaults

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

C2-4 Employee benefit provisions

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Annual leave	565	–	511	–
Long service leave	1,014	54	866	46
Other leave	32	–	28	–
ELE on-costs	5	–	6	–
Total employee benefit provisions	1,616	54	1,411	46

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

\$ '000	2024	2023
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	1,123	567
	1,123	567

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	2024 Current	2024 Non-Current	2023 Current	2023 Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	1,986	–	2,018
Sub-total – asset remediation/restoration	–	1,986	–	2,018
Total provisions	–	1,986	–	2,018

Description of and movements in provisions

\$ '000	Asset remediation	Total
2024		
At beginning of year	2,018	2,018
Changes to provision:		
– Revised costs	(113)	(113)
Unwinding of discount	81	81
Total other provisions at end of year	1,986	1,986
2023		
At beginning of year	1,969	1,969
Unwinding of discount	49	49
Total other provisions at end of year	2,018	2,018

C2-5 Provisions (continued)

Nature and purpose of provisions

Landfill and tip assets.

Asset remediation

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

Self-insurance

To recognise liabilities for outstanding claims (uninsured losses) arising from Council's decision to undertake self-insurance for certain risks faced.

Material accounting policy information

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

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

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

Asset remediation – tips and quarries

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

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

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

C3 Reserves

C3-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

D Council structure

D1 Results by fund

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

D1-1 Income Statement by fund

\$ '000	General 2024	Water 2024	Sewer 2024
Income from continuing operations			
Rates and annual charges	8,241	860	1,314
User charges and fees	1,076	1,651	313
Interest and investment revenue	1,233	22	137
Other revenues	471	1	1
Grants and contributions provided for operating purposes	10,527	112	–
Grants and contributions provided for capital purposes	8,890	608	–
Net gains from disposal of assets	165	–	–
Other income	313	–	–
Total income from continuing operations	30,916	3,254	1,765
Expenses from continuing operations			
Employee benefits and on-costs	7,535	495	226
Materials and services	10,146	2,109	842
Borrowing costs	152	–	–
Depreciation, amortisation and impairment of non-financial assets	9,048	286	301
Other expenses	980	–	–
Total expenses from continuing operations	27,861	2,890	1,369
Operating result from continuing operations	3,055	364	396
Net operating result for the year	3,055	364	396
Net operating result attributable to each council fund	3,055	364	396
Net operating result for the year before grants and contributions provided for capital purposes	(5,835)	(244)	396

D1-2 Statement of Financial Position by fund

ASSETS

Current assets

Cash and cash equivalents	7,656	519	922
Investments	13,000	–	7,000
Receivables	1,782	771	163
Inventories	2,643	–	–
Contract assets and contract cost assets	1,524	–	–
Other	62	–	–
Total current assets	26,667	1,290	8,085

Non-current assets

Inventories	5,797	–	–
Infrastructure, property, plant and equipment	343,681	29,149	29,427
Investments accounted for using the equity method	406	–	–
Total non-current assets	349,884	29,149	29,427
Total assets	376,551	30,439	37,512

D1-2 Statement of Financial Position by fund (continued)

\$ '000	General 2024	Water 2024	Sewer 2024
LIABILITIES			
Current liabilities			
Payables	2,453	80	61
Contract liabilities	6,080	–	–
Borrowings	1,120	–	–
Employee benefit provision	1,499	80	37
Total current liabilities	11,152	160	98
Non-current liabilities			
Borrowings	2,570	–	–
Employee benefit provision	25	20	9
Provisions	1,986	–	–
Total non-current liabilities	4,581	20	9
Total liabilities	15,733	180	107
Net assets	360,818	30,259	37,405
EQUITY			
Accumulated surplus	148,364	10,517	11,566
Revaluation reserves	212,454	19,742	25,839
Council equity interest	360,818	30,259	37,405
Total equity	360,818	30,259	37,405

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

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

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

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

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

The risks associated with the investments held are:

- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.
- **Liquidity risk** – the risk that the Council will not be able to pay its debts as and when they fall due.

Council manages these risks (amongst other measures) 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 risk

\$ '000	2024	2023
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 2% movement in interest rates		
– Equity / Income Statement	582	569
Impact of a 10% movement in price of investments		
– Equity / Income Statement	–	–

(b) Credit risk

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

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

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

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

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance. The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

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

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

E1-1 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		Total
		< 5 years	≥ 5 years	
2024				
Gross carrying amount	373	372	43	788
2023				
Gross carrying amount	376	178	26	580

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2024						
Gross carrying amount	2,676	30	173	11	644	3,534
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	2.70%	0.49%
ECL provision	–	–	–	–	17	17
2023						
Gross carrying amount	7,018	12	19	116	699	7,864
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	2.70%	0.24%
ECL provision	–	–	–	–	82	82

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

(c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
2024							
Payables	0.00%	–	2,594	–	–	2,594	2,594
Borrowings	3.10%	–	1,120	1,646	924	3,690	3,690
Total financial liabilities		–	3,714	1,646	924	6,284	6,284
2023							
Payables	0.00%	–	2,057	–	–	2,057	2,057
Borrowings	3.10%	–	1,270	2,512	1,171	4,953	4,953
Total financial liabilities		–	3,327	2,512	1,171	7,010	7,010

Loan agreement breaches

There have been no breaches to loan agreements during the reporting year.

E2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Investment property

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability

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

E2-1 Fair value measurement (continued)

Recurring fair value measurements

\$ '000	Notes	Fair value measurement hierarchy				Total	
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		2024	2023
		2024	2023	2024	2023	2024	2023
Infrastructure, property, plant and equipment	C1-7						
Operational land		5,843	5,843	–	–	5,843	5,843
Community land		–	–	3,393	3,429	3,393	3,429
Buildings – non-specialised		3,090	3,043	–	–	3,090	3,043
Buildings – specialised		–	–	29,970	27,312	29,970	27,312
Other structures		–	–	6,047	4,266	6,047	4,266
Roads		–	–	228,390	229,528	228,390	229,528
Bridges		–	–	14,549	14,875	14,549	14,875
Footpaths		–	–	2,994	2,167	2,994	2,167
Stormwater drainage		–	–	7,906	17,061	7,906	17,061
Water supply network		–	–	29,149	26,022	29,149	26,022
Sewerage network		–	–	29,427	27,786	29,427	27,786
Swimming pools		–	–	4,555	4,453	4,555	4,453
Other open space/recreational assets		–	–	5,789	4,272	5,789	4,272
Other infrastructure		–	–	–	–	–	–
Aerodrome		–	–	13,597	5,139	13,597	5,139
Total infrastructure, property, plant and equipment		8,933	8,886	375,766	366,310	384,699	375,196

E2-1 Fair value measurement (continued)

During the year, there were no transfers between level 1 and level 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:

Fair Value - Valuation techniques

Class	Valuation Technique(s)	Unobservable Inputs
Plant, equipment, furniture, fittings and office equipment	Cost approach	Current replacement cost of modern equivalent asset, asset condition, useful life and residual value
Operational Land	Market approach	Price per square metre
Community Land	Market approach Land values obtain from NSW Valuer-General	Land value, land area, level of restriction
Buildings	Cost approach	Current replacement cost of modern equivalent asset using componentisation, asset condition, remaining lives, residual value, rates per m2
Roads, Bridges & Footpaths	Cost approach	Asset condition, remaining lives using componentisation, unit rates per m2 or length
Stormwater Drainage	Cost approach	Asset condition, remaining lives, unit rates per m2 or length
Water Supply Network	Cost approach	Asset condition, remaining lives using componentisation, unit rates per m2 or length
Sewerage Network	Cost approach	Asset condition, remaining lives using componentisation, unit rates per m2 or length
Swimming Pools, Other Open Space/Recreational Assets	Cost approach	Current replacement cost of modern equivalent asset using componentisation, asset condition, remaining lives, residual value, rates per m2
Other Infrastructure	Cost approach	Asset condition and remaining lives using componentisation
Aerodrome	Cost approach	Asset condition, remaining lives using componentisation

E2-1 Fair value measurement (continued)

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

\$ '000	IPPE	
	2024	2023
Opening balance	366,310	348,773
Total gains or losses for the period		
Other movements		
Purchases (GBV)	20,030	9,344
Disposals (WDV)	(34)	–
Depreciation and impairment	(8,100)	(6,704)
Revaluation	(2,440)	14,897
Closing balance	375,766	366,310

Highest and best use

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

E3-1 Contingencies

Defined benefit plan

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named The Local Government Superannuation Scheme – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a 'multi-employer fund' for purposes of AASB 119 *Employee Benefits* for the following reasons:

- a) Assets are not segregated within the sub-group according to the employees of each sponsoring employer.
- b) 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.
- c) Benefits for employees of all sponsoring employers are determined according to the same formula and without regard to the sponsoring employer.
- d) 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 standard service employer contributions and additional lump sum contributions to the fund.

The standard 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

The additional lump sum contribution for each pooled employer is a share of the total additional contributions of \$20.0 million per annum from 1 July 2022 to 30 June 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2023. These lump sum contributions are used to fund the deficit of assets to accrued liabilities as at 30 June 2024.

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

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

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

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

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2024 was -\$5,649.83. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA (AFS License #411770) as at 30 June 2023.

The amount of additional contributions included in the total employer contribution advised above is \$6,476.30. Council's expected contribution to the plan for the next annual reporting period is \$11,310.98.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2024 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	2,237.5	
Past Service Liabilities	2,141.9	104.5%
Vested Benefits	2,159.8	103.6%

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

The share of any funding surplus or deficit that can be attributed to the Council is 0.06%.

E3-1 Contingencies (continued)

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

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

Investment return	6.0% per annum
Salary inflation *	3.5% per annum
Increase in CPI	3.5% for FY 23/24 2.5% per annum thereafter

* Plus promotional increases

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

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

\$ '000	2024	2023
Compensation:		
Short-term benefits	1,208	1,081
Post-employment benefits	109	102
Other long-term benefits	187	165
Total	1,504	1,348

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2024	2023
---------	------	------

The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:

Mayoral fee	28	28
Councillors' fees	99	109
Other Councillors' expenses (including Mayor)	33	36
Total	160	173

F1-3 Other related parties

\$ '000	Ref	Transactions during the year	Outstanding balances including commitments	Terms and conditions
2024				
Library Services	1	383	–	30 days
2023				
Library Services	1	354	–	30 days

- 1 Council has joined with Dubbo Regional Council and Warrumbungle Shire Council to form a Joint Venture arrangement called Macquarie Regional Library. Council contributes a proportion of the costs of the entity and receives a share of profits and net assets.

F2 Other relationships

F2-1 Audit fees

\$ '000	2024	2023
---------	------	------

During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

Auditors of the Council - NSW Auditor-General:

Audit and review of financial statements	82	70
Total Auditor-General remuneration	82	70

G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of Operating Result

\$ '000	2024	2023
Net operating result from Income Statement	3,815	7,495
Add / (less) non-cash items:		
Depreciation and amortisation	9,635	7,727
(Gain) / loss on disposal of assets	(165)	(210)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investment property	1	–
Share of net (profits)/losses of associates/joint ventures using the equity method	(32)	(13)
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(87)	1,651
Increase / (decrease) in provision for impairment of receivables	–	(4)
(Increase) / decrease of inventories	(340)	(255)
(Increase) / decrease of other current assets	(21)	9
(Increase) / decrease of contract asset	4,026	(929)
Increase / (decrease) in payables	530	26
Increase / (decrease) in accrued interest payable	(1)	(2)
Increase / (decrease) in other accrued expenses payable	(2)	(191)
Increase / (decrease) in other liabilities	10	(130)
Increase / (decrease) in contract liabilities	(1,305)	6,160
Increase / (decrease) in employee benefit provision	213	(357)
Increase / (decrease) in other provisions	(32)	49
Net cash flows from operating activities	16,245	21,026

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2024	2023
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Sewerage and water infrastructure	40	640
Buildings	–	105
Road infrastructure	572	10,552
Sports & Recreation	–	765
Other	58	1,417
Total commitments	670	13,479
These expenditures are payable as follows:		
Within the next year	670	13,479
Total payable	670	13,479

G3-1 Events occurring after the reporting date

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

G4 Statement of developer contributions

G4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2023	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
S7.12 levies – under a plan	322	248	–	–	–	(262)	–	308	–
Total S7.11 and S7.12 revenue under plans	322	248	–	–	–	(262)	–	308	–
S64 contributions	581	–	–	–	–	–	–	581	–
Total contributions	903	248	–	–	–	(262)	–	889	–

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

S7.12 Levies – under a plan

\$ '000	Opening balance at 1 July 2023	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
S7.12 LEVIES – UNDER A PLAN									
Drainage	10	3	–	–	–	–	–	13	–
Roads	8	23	–	–	–	–	–	31	–
Open space	26	–	–	–	–	–	–	26	–
Community facilities	278	222	–	–	–	(262)	–	238	–
Total	322	248	–	–	–	(262)	–	308	–

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2024	Indicator 2024	Indicators 2023 2022		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(5,909)	(22.56)%	1.79%	0.58%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	26,189				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	15,550	43.57%	49.09%	45.97%	> 60.00%
Total continuing operating revenue ¹	35,687				
3. Unrestricted current ratio					
Current assets less all external restrictions	18,622	5.42x	4.52x	4.59x	> 1.50x
Current liabilities less specific purpose liabilities	3,436				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	3,878	2.74x	6.43x	4.57x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	1,415				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	1,058	9.36%	7.28%	6.43%	< 10.00%
Rates and annual charges collectable	11,308				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	29,097	13.44	17.11	2.88	> 3.00
Monthly payments from cash flow of operating and financing activities	2,164	months	months	months	months

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

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

G5-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2024	2023	2024	2023	2024	2023	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(27.83)%	(2.80)%	(9.22)%	12.80%	22.44%	39.58%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	36.69%	41.79%	77.87%	88.68%	100.00%	100.00%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	5.42x	4.52x	8.06x	∞	82.50x	∞	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	2.22x	5.27x	∞	∞	∞	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	8.13%	6.06%	10.35%	8.83%	17.20%	14.64%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	11.12 months	14.68 months	2.39 months	3.30 months	89.01 months	94.63 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

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

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

End of the audited financial statements



INDEPENDENT AUDITOR'S REPORT
Report on the general purpose financial statements
Narromine Shire Council

To the Councillors of Narromine Shire Council

Opinion

I have audited the accompanying financial statements of Narromine Shire Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2024, the Statement of Financial Position as at 30 June 2024, 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 this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2024, 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 2024 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the *Local Government Act 1993* and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of 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 B4-1 '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.



David Daniels
Delegate of the Auditor-General for New South Wales

31 October 2024
SYDNEY



Cr Ewen Jones
 Mayor
 Narromine Shire Council
 PO Box 115
 Narromine NSW 2821

Contact: David Daniels
 Phone no: 02 9275 7103
 Our ref: R008-2124742775-7533

31 October 2024

Dear Mayor

Report on the Conduct of the Audit
for the year ended 30 June 2024
Narromine Shire Council

I have audited the general purpose financial statements (GPFS) of the Narromine Shire Council (the Council) for the year ended 30 June 2024 as required by section 415 of the *Local Government Act 1993* (the Act).

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

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2024 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

INCOME STATEMENT

Operating result

	2024	2023	Variance
	\$m	\$m	%
Rates and annual charges revenue	10.4	9.9	↑ 5.1
Grants and contributions revenue	20.1	16.8	↑ 19.6
Operating result from continuing operations	3.8	7.5	↓ 49.3
Net operating result before capital grants and contributions	(5.7)	0.7	↓ 914.3

Rates and annual charges revenue (\$10.4 million) increased by \$0.5 million (5.1%) in 2023–24, primarily due to an increase in the rate peg (3.7%).

Grants and contributions revenue (\$20.1 million) increased by \$3.3 million (19.6%) in 2023–24 mainly due to an additional \$4.3 million in grants received for community infrastructure, offset by Council only receiving 85% of the financial assistance grants for 2024–25 in advance (compared to 100% received in advance in 2022–23).

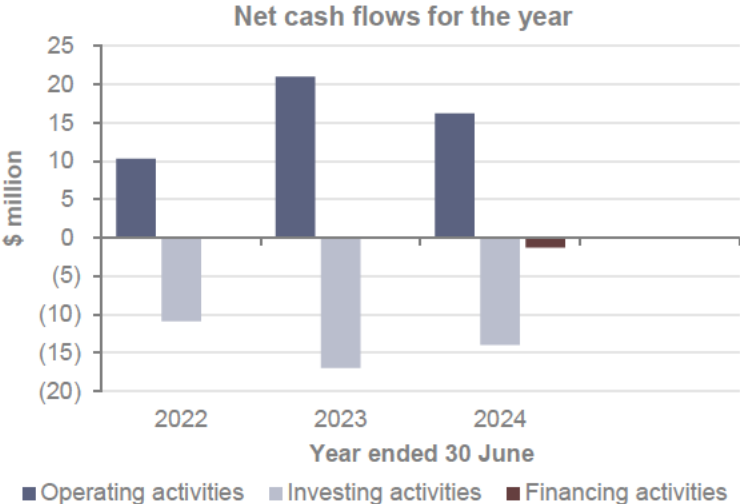
Council’s operating result from continuing operations (\$3.8 million including depreciation, amortisation and impairment of non-financial assets expenses of \$9.6 million) was \$3.7 million lower than the 2022–23 result. This was mainly attributable to an increase in materials and services (\$3.7 million), depreciation, amortisation and impairment of non-financial assets (\$1.9 million), employee benefits and on-costs (\$0.9 million), offset by an increase in grants and contributions provided for capital purposes (\$2.7 million).

The net operating result before capital grants and contributions (loss of \$5.7 million) was \$6.4 million lower than the 2022–23 result.

STATEMENT OF CASH FLOWS

The increase in cash and cash equivalents of \$0.6 million mainly reflects:

- a decrease in net cash inflows from operating activities from \$21.0 million in the prior year to \$16.2 million in the current year, primarily due to increased payments for materials and services
- a decrease in net cash outflows from investing activities from \$17.2 million in the prior year to \$14.4 million in the current year, mainly due to decreased payments for IPPE
- a decrease in net cash outflows from financing activities (\$1.4 million).



FINANCIAL POSITION

Cash and investments

Cash and investments	2024	2023	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	29.1	28.5	Externally restricted balances comprise mainly unexpended special purpose grants of \$6.6 million and sewer funds of \$7.6 million.
Restricted and allocated cash, cash equivalents and investments:			Internal allocations balances include financial assistance grants, carry-over works and other items. These restrictions are governed by council policies or decisions, which are subject to change.
• External restrictions	16.5	17.0	
• Internal allocations	10.5	9.8	

Debt

At 30 June 2024, Council had:

- \$3.7 million in secured loans (\$5 million in 2022–23)
- \$0.1 million in credit card facility with nil used.

PERFORMANCE

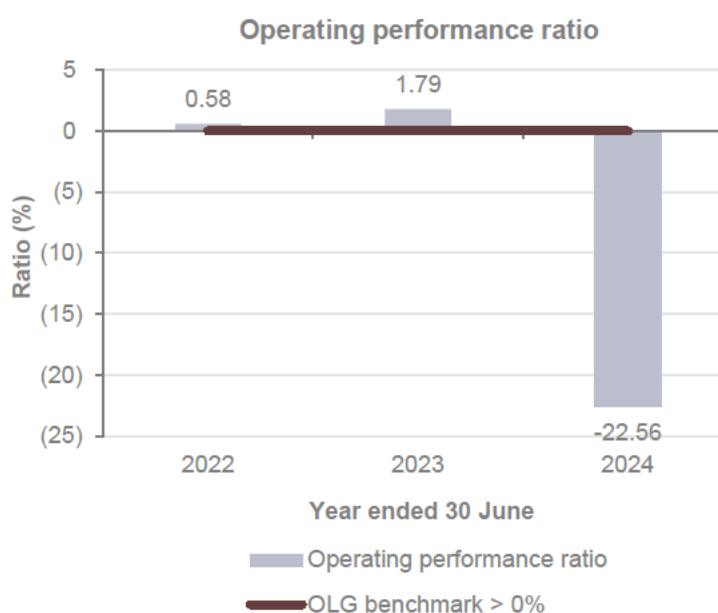
Performance measures

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

Operating performance ratio

Council did not meet the benchmark for the current reporting period. This was mainly attributable to an increase in employee benefits and on-costs, materials and services, and depreciation, amortisation and impairment of non-financial assets expenses.

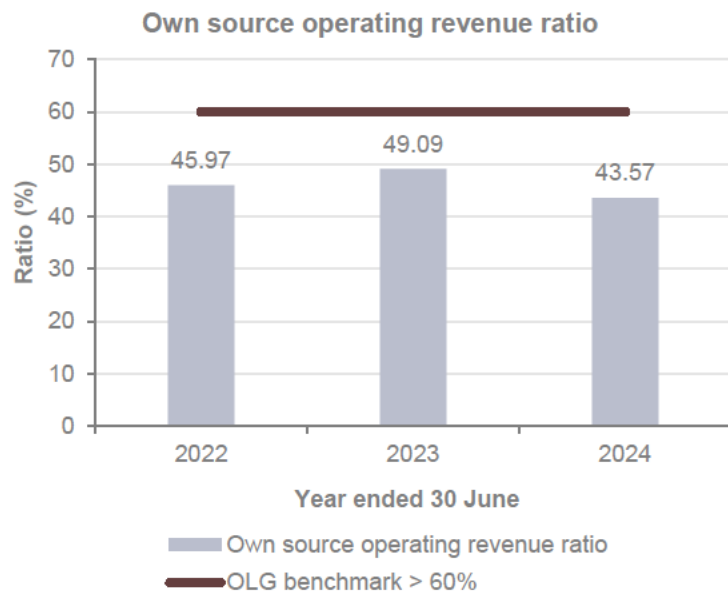
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

Council did not meet the benchmark for the current reporting period. This was mainly due to a decrease in user charges and fees and an increase in grants and contributions.

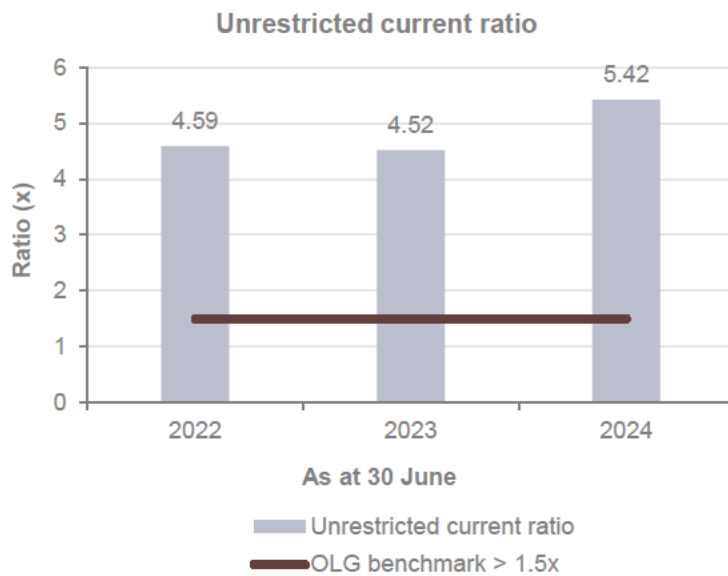
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

Council continues to exceed the benchmark in the current reporting period.

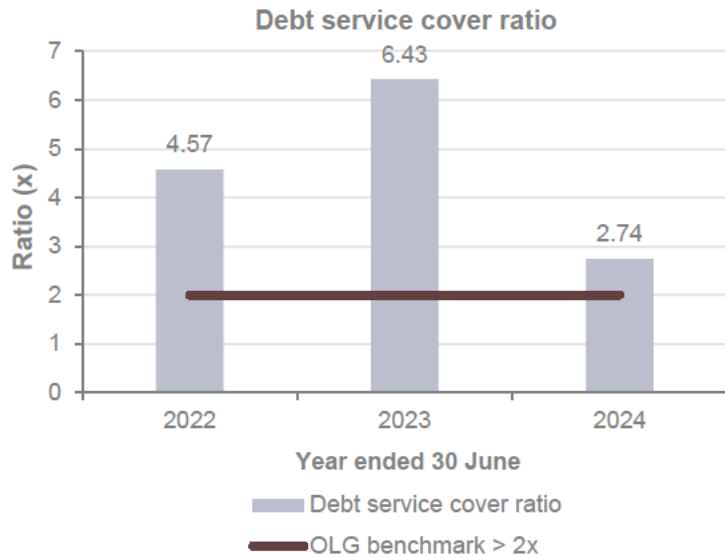
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

Council continues to exceed the benchmark in the current reporting period.

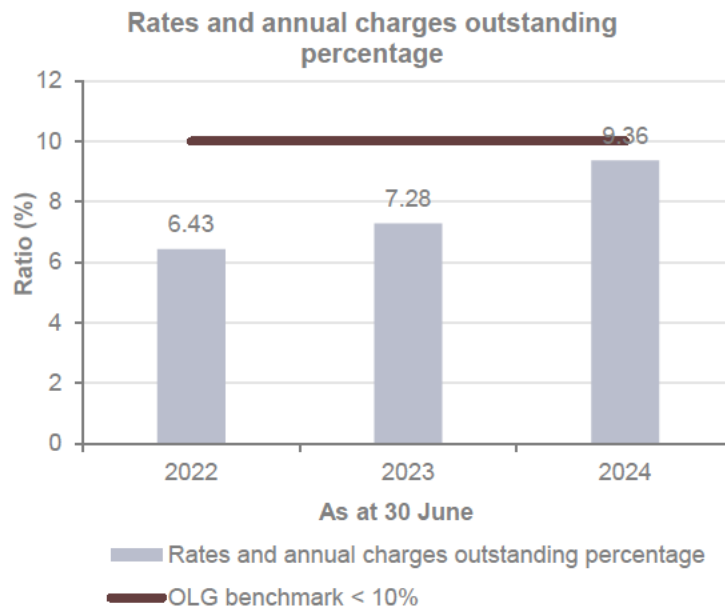
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

Council met the benchmark for the current reporting period, although by less than in previous years.

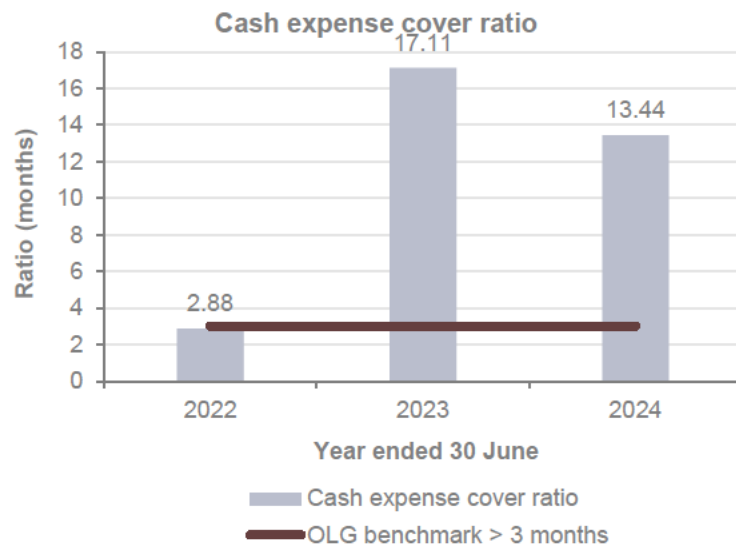
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



Cash expense cover ratio

Council met the benchmark for the current reporting period.

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



Legislative compliance

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.



David Daniels
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

Narromine Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2024

*To enhance our Shire's image, lifestyle and environment
through effective leadership, community involvement and
commitment to service.*



Narromine Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2024

Contents	Page
Statement by Councillors and Management	3
Special Purpose Financial Statements:	
Income Statement of water supply business activity	4
Income Statement of sewerage business activity	5
Statement of Financial Position of water supply business activity	6
Statement of Financial Position of sewerage business activity	7
Note – Material accounting policy information	8
Auditor's Report on Special Purpose Financial Statements	10

Narromine Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2024

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

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

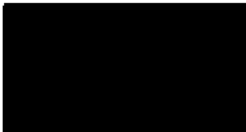
- NSW Government Policy Statement, *Application of National Competition Policy to Local Government*
- Division of Local Government Guidelines, *Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality*
- The Local Government Code of Accounting Practice and Financial Reporting
- Sections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

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

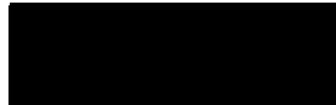
- present fairly the operating result and financial position for each of Council's declared business activities for the year,
- accord with Council's accounting and other records; and
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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

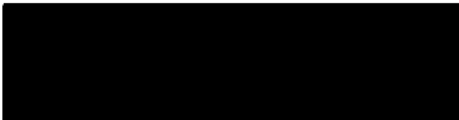
Signed in accordance with a resolution of Council made on 11 September 2024.



Cr Craig Davies
Mayor
11 September 2024



Cr Dawn Collins
Councillor
11 September 2024



Jane Redden
General Manager
11 September 2024



Barry Bonthuys
Responsible Accounting Officer
11 September 2024

Narromine Shire Council

Income Statement of water supply business activity

for the year ended 30 June 2024

\$ '000	2024	2023
Income from continuing operations		
Access charges	860	849
User charges	1,630	1,465
Fees	21	54
Interest and investment income	22	92
Grants and contributions provided for operating purposes	112	94
Other income	1	–
Total income from continuing operations	2,646	2,554
Expenses from continuing operations		
Employee benefits and on-costs	495	439
Materials and services	2,109	1,607
Depreciation, amortisation and impairment	286	181
Total expenses from continuing operations	2,890	2,227
Surplus (deficit) from continuing operations before capital amounts	(244)	327
Grants and contributions provided for capital purposes	608	220
Surplus (deficit) from continuing operations after capital amounts	364	547
Surplus (deficit) from all operations before tax	364	547
Less: corporate taxation equivalent (25%) [based on result before capital]	–	(82)
Surplus (deficit) after tax	364	465
Plus accumulated surplus	14,034	13,487
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	–	82
Closing accumulated surplus	14,398	14,034
Return on capital %	(0.8)%	1.1%
Calculation of dividend payable:		
Surplus (deficit) after tax	364	465
Less: capital grants and contributions (excluding developer contributions)	(608)	(220)
Surplus for dividend calculation purposes	–	245
Potential dividend calculated from surplus (50%)	–	123

Narromine Shire Council

Income Statement of sewerage business activity

for the year ended 30 June 2024

\$ '000	2024	2023
Income from continuing operations		
Access charges	1,314	1,236
User charges	298	553
Liquid trade waste charges	15	22
Interest and investment income	137	83
Other income	1	1
Total income from continuing operations	1,765	1,895
Expenses from continuing operations		
Employee benefits and on-costs	226	184
Materials and services	842	715
Depreciation, amortisation and impairment	301	246
Total expenses from continuing operations	1,369	1,145
Surplus (deficit) from continuing operations before capital amounts	396	750
Surplus (deficit) from continuing operations after capital amounts	396	750
Surplus (deficit) from all operations before tax	396	750
Less: corporate taxation equivalent (25%) [based on result before capital]	(99)	(188)
Surplus (deficit) after tax	297	562
Plus accumulated surplus	12,104	11,354
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	99	188
Closing accumulated surplus	12,500	12,104
Return on capital %	1.3%	2.6%
Calculation of dividend payable:		
Surplus (deficit) after tax	297	562
Surplus for dividend calculation purposes	297	562
Potential dividend calculated from surplus (50%)	149	281

Narromine Shire Council

Statement of Financial Position of water supply business activity

as at 30 June 2024

\$ '000	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	519	563
Receivables	771	576
Total current assets	1,290	1,139
Non-current assets		
Infrastructure, property, plant and equipment	29,149	29,048
Total non-current assets	29,149	29,048
Total assets	30,439	30,187
LIABILITIES		
Current liabilities		
Payables	80	–
Employee benefit provisions	80	–
Total current liabilities	160	–
Non-current liabilities		
Employee benefit provisions	20	–
Total non-current liabilities	20	–
Total liabilities	180	–
Net assets	30,259	30,187
EQUITY		
Accumulated surplus	10,517	11,977
Revaluation reserves	19,742	18,210
Total equity	30,259	30,187

Narromine Shire Council

Statement of Financial Position of sewerage business activity

as at 30 June 2024

\$ '000	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	922	7,089
Investments	7,000	–
Receivables	163	378
Total current assets	8,085	7,467
Non-current assets		
Infrastructure, property, plant and equipment	29,427	28,757
Total non-current assets	29,427	28,757
Total assets	37,512	36,224
LIABILITIES		
Current liabilities		
Payables	61	–
Employee benefit provisions	37	–
Total current liabilities	98	–
Non-current liabilities		
Employee benefit provisions	9	–
Total non-current liabilities	9	–
Total liabilities	107	–
Net assets	37,405	36,224
EQUITY		
Accumulated surplus	11,566	11,876
Revaluation reserves	25,839	24,348
Total equity	37,405	36,224

Note – Material accounting policy information

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

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

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

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

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1

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

Narromine Shire Council Water Supply

Comprising the whole of the operations and net assets of the water supply activities of Council servicing the towns of Narromine, Trangie, and Tomingley.

Category 2

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

Narromine Shire Council Sewerage Service

Comprising the whole of the operations and net assets of the sewerage reticulation and treatment activities of Council servicing the towns of Narromine and Trangie.

Taxation equivalent charges

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

Notional rate applied (%)

Corporate income tax rate – 25% (2023/24)

Note – Material accounting policy information (continued)

Land tax – the first \$1,075,000 of combined land values attracts 0%. For the combined land values in excess of \$1,075,000 up to \$6,571,000 the rate is \$100 + 1.6%. For the remaining combined land value that exceeds \$6,571,000 a premium marginal rate of 2.0% applies.

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

In accordance with DCCEEW's regulatory and assurance framework, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities. The payment of taxation equivalent charges, referred to in the regulatory and assurance framework as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the Act. Achievement of substantial compliance to DCCEEW's regulatory and assurance framework is not a prerequisite for the payment of the tax equivalent charges; however the payment must not exceed \$3 per assessment.

Income tax

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

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

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

Local government rates and charges

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

Subsidies

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

Return on investments (rate of return)

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

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

Dividends

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

A local government water supply and sewerage businesses are permitted to pay an annual dividend from its water supply or sewerage business surpluses. Each dividend must be calculated and approved in accordance with DCCEEW's regulatory and assurance framework and must not exceed 50% of the relevant surplus in any one year, or the number of water supply or sewerage assessments at 30 June 2024 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Narromine Shire Council

To the Councillors of Narromine Shire Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Narromine Shire Council's (the Council) Declared Business Activities, which comprise the Statement by Councillors and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2024, the Statement of Financial Position of each Declared Business Activity as at 30 June 2024 and the Material accounting policy information note.

The Declared Business Activities of the Council are:

- Water supply business activity
- Sewerage business activity.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2024, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Material accounting policy information note and the Local Government Code of Accounting Practice and Financial Reporting 2023–24 (LG Code).

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

The Council's annual report for the year ended 30 June 2024 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



David Daniels
Delegate of the Auditor-General for New South Wales

31 October 2024
SYDNEY

Narromine Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2024

*To enhance our Shire's image, lifestyle and environment
through effective leadership, community involvement and
commitment to service.*



Narromine Shire Council

Special Schedules

for the year ended 30 June 2024

Contents	Page
Special Schedules:	
Permissible income for general rates	3
Report on infrastructure assets as at 30 June 2024	7

Narromine Shire Council

Permissible income for general rates

\$ '000	Notes	Calculation 2023/24	Calculation 2024/25
Notional general income calculation ¹			
Last year notional general income yield	a	6,237	6,498
Plus or minus adjustments ²	b	10	39
Notional general income	c = a + b	6,247	6,537
Permissible income calculation			
Percentage increase	d	3.70%	4.50%
Plus percentage increase amount ³	f = d x (c + e)	231	294
Sub-total	g = (c + e + f)	6,478	6,831
Plus (or minus) last year's carry forward total	h	16	(4)
Sub-total	j = (h + i)	16	(4)
Total permissible income	k = g + j	6,494	6,827
Less notional general income yield	l	6,498	6,826
Catch-up or (excess) result	m = k - l	(4)	1
Carry forward to next year ⁶	p = m + n + o	-	1

Notes

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



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Narromine Shire Council

To the Councillors of Narromine Shire Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Narromine Shire Council (the Council) for the year ending 30 June 2025.

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 2023–24 (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 2024 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, special purpose financial statements and Special Schedule 'Report on infrastructure assets as at 30 June 2024.

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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



David Daniels
Delegate of the Auditor-General for New South Wales

31 October 2024
SYDNEY

Narromine Shire Council

Report on infrastructure assets as at 30 June 2024

Asset Class	Asset Category	Estimated cost		2023/24 Required maintenance ^a	2023/24 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Buildings	Buildings	1,546	1,546	673	821	24,509	51,521	18.0%	61.0%	19.0%	2.0%	0.0%
	Other	–	–	–	–	8,551	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	1,546	1,546	673	821	33,060	51,521	18.0%	61.0%	19.0%	2.0%	0.0%
Other structures	Other structures	268	268	–	–	6,047	6,710	56.0%	27.0%	13.0%	4.0%	0.0%
	Sub-total	268	268	–	–	6,047	6,710	56.0%	27.0%	13.0%	4.0%	0.0%
Roads	Roads	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sealed roads	3,086	3,086	1,887	1,238	134,873	154,290	24.0%	12.0%	62.0%	2.0%	0.0%
	Unsealed roads	–	–	934	687	87,894	106,152	43.0%	44.0%	10.0%	0.0%	3.0%
	Bridges	241	241	–	–	14,874	24,050	50.0%	34.0%	15.0%	1.0%	0.0%
	Footpaths	92	92	–	–	2,166	4,589	15.0%	39.0%	44.0%	2.0%	0.0%
	Other road assets	–	–	30	113	294	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Other	–	–	–	–	5,832	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Other road assets (incl. bulk earth works)	5	5	–	–	–	477	40.0%	29.0%	29.0%	1.0%	1.0%
Sub-total	3,424	3,424	2,851	2,038	245,933	289,558	33.0%	26.0%	38.7%	1.2%	1.1%	
Water supply network	Water supply network	–	–	1,827	2,063	26,022	33,620	46.0%	42.0%	12.0%	0.0%	0.0%
	Other	–	–	–	–	3,127	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	–	–	1,827	2,063	29,149	33,620	46.0%	42.0%	12.0%	0.0%	0.0%
Sewerage network	Sewerage network	357	357	947	879	27,786	35,744	74.0%	9.0%	15.0%	1.0%	1.0%
	Other	–	–	–	–	1,641	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	357	357	947	879	29,427	35,744	74.0%	9.0%	15.0%	1.0%	1.0%
Stormwater drainage	Stormwater drainage	1,095	1,095	80	182	17,061	27,384	30.0%	33.0%	33.0%	4.0%	0.0%
	Other	–	–	–	–	(9,155)	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	1,095	1,095	80	182	7,906	27,384	30.0%	33.0%	33.0%	4.0%	0.0%
Open space / recreational assets	Swimming pools	–	–	467	421	6,164	6,369	16.0%	80.0%	4.0%	0.0%	0.0%
	Other Open Space Recreational	355	355	933	1,406	4,180	7,097	13.0%	50.0%	31.0%	5.0%	1.0%
	Sub-total	355	355	1,400	1,827	10,344	13,466	14.4%	64.2%	18.2%	2.6%	0.6%

Narromine Shire Council

Report on infrastructure assets as at 30 June 2024 (continued)

Asset Class	Asset Category	Estimated cost		2023/24 Required maintenance ^a	2023/24 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost					
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5	
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000						
Other infrastructure assets	Other	425	425	2,254	2,384	–	21,228	14.0%	16.0%	67.0%	2.0%	1.0%	
	Sub-total	425	425	2,254	2,384	–	21,228	14.0%	16.0%	67.0%	2.0%	1.0%	
	Total – all assets	7,470	7,470	10,032	10,194	361,866	479,231	34.1%	30.7%	32.9%	1.5%	0.8%	

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

Infrastructure asset condition assessment 'key'

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

Narromine Shire Council

Report on infrastructure assets as at 30 June 2024

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2024	Indicator 2024	Indicators		Benchmark
			2023	2022	
Buildings and infrastructure renewals ratio ¹					
Asset renewals ¹	5,341	65.77%	104.69%	181.21%	> 100.00%
Depreciation, amortisation and impairment	8,121				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	7,470	2.03%	1.98%	1.80%	< 2.00%
Net carrying amount of infrastructure assets	368,681				
Asset maintenance ratio					
Actual asset maintenance	10,194	101.61%	84.72%	67.96%	> 100.00%
Required asset maintenance	10,032				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	7,470	1.56%	1.56%	1.44%	
Gross replacement cost	479,231				

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

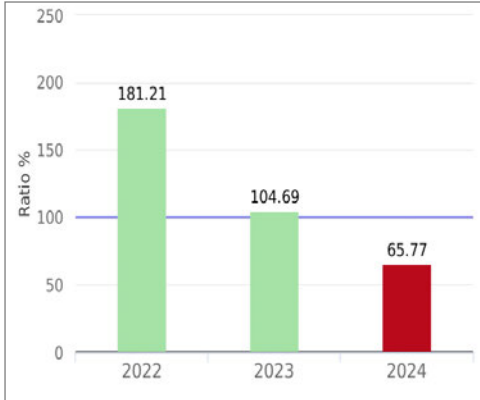
(1) Excludes WIP

(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.

Narromine Shire Council

Report on infrastructure assets as at 30 June 2024

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

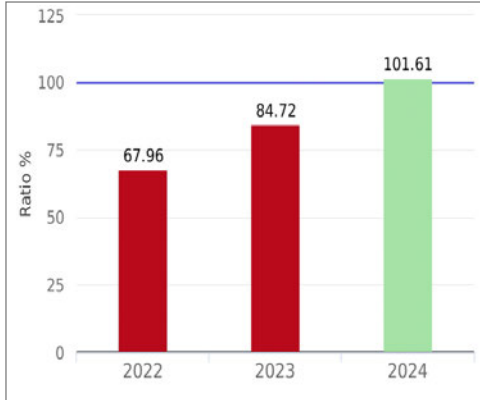
To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

Commentary on result	
23/24 ratio	65.77%

Benchmark: — > 100.00% ■ Ratio achieves benchmark ■ Ratio is outside benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Asset maintenance ratio



Asset maintenance ratio

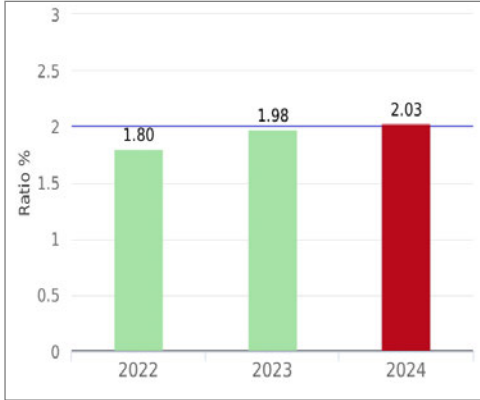
Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.

Commentary on result	
23/24 ratio	101.61%

Benchmark: — > 100.00% ■ Ratio achieves benchmark ■ Ratio is outside benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Infrastructure backlog ratio



Infrastructure backlog ratio

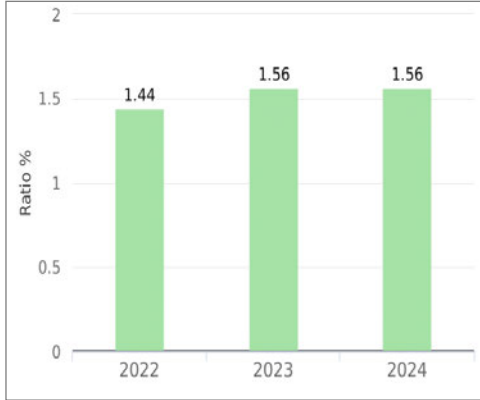
This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

Commentary on result	
23/24 ratio	2.03%

Benchmark: — < 2.00% ■ Ratio achieves benchmark ■ Ratio is outside benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

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

Commentary on result	
23/24 ratio	1.56%

Narromine Shire Council

Report on infrastructure assets as at 30 June 2024

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2024	2023	2024	2023	2024	2023	
Buildings and infrastructure renewals ratio ¹							
Asset renewals ¹							
Depreciation, amortisation and impairment	70.89%	112.01%	0.00%	0.00%	0.00%	0.00%	> 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	2.29%	2.20%	0.00%	0.00%	1.21%	1.28%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	99.92%	78.33%	112.92%	112.92%	92.82%	92.82%	> 100.00%
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	1.74%	1.74%	0.00%	0.00%	1.00%	1.00%	

(1) Excludes WIP

(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.