

Narrandera Shire Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2024

Achieving Together



General Purpose Financial Statements

Year Ending
June 2024



Narrandera Shire Council

General Purpose Financial Statements

for the year ended 30 June 2024

Contents	Page
Understanding Council's Financial Statements	3
Statement by Councillors and Management	4
Primary Financial Statements:	
Income Statement	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Contents for the notes to the Financial Statements	10
Independent Auditor's Reports:	
On the Financial Statements (Sect 417 [2])	71
On the Financial Statements (Sect 417 [3])	74

Overview

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

141 East St
Narrandera NSW 2700

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

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

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

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

Narrandera Shire Council

General Purpose Financial Statements

for the year ended 30 June 2024

Understanding Council's Financial Statements

Introduction

Each year NSW local governments are required to present audited financial statements to their council and community.

What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2024.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and requirements as set down by the Office of Local Government.

About the Councillor/Management Statement

The financial statements must be certified by senior staff as 'presenting fairly' the Council's financial results for the year and are required to be adopted by Council – ensuring both responsibility for and ownership of the financial statements.

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

Summarises Council's financial performance for the year, listing all income and expenses. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

2. The Statement of Comprehensive Income

Primarily records changes in the fair value of Council's Infrastructure, property, plant and equipment.

3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its assets, liabilities and "net wealth".

4. The Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "net wealth".

5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the five primary financial statements.

About the Auditor's Reports

Council's financial statements are required to be audited by the NSW Audit Office.

In NSW the auditor provides 2 audit reports:

1. an opinion on whether the financial statements present fairly the Council's financial performance and position, and
2. their observations on the conduct of the audit, including commentary on the Council's financial performance and financial position.

Who uses the Financial Statements?

The financial statements are publicly available documents and must be presented at a Council meeting between seven days and five weeks after the date of the audit report.

The public can make submissions to Council up to seven days subsequent to the public presentation of the financial statements.

Council is required to forward an audited set of financial statements to the Office of Local Government.

Narrandera Shire Council

General Purpose Financial Statements

for the year ended 30 June 2024

Statement by Councillors and Management

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 27 August 2024.



Neville Kschenka
Mayor
27 August 2024



Sue Ruffles
Councillor
27 August 2024



George Cowan
General Manager
27 August 2024



Rebecca Best
Responsible Accounting Officer
27 August 2024



Mr Shane Wilson
Deputy General Manager Infrastructure
27 August 2024

Narrandera 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		14,431	9,763
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain/(loss) on revaluation of infrastructure, property, plant and equipment	C1-7	805	29,053
Total items which will not be reclassified subsequently to the operating result		805	29,053
Total other comprehensive income for the year		805	29,053
Total comprehensive income for the year attributable to Council		15,236	38,816

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

Narrandera Shire Council

Statement of Financial Position

as at 30 June 2024

\$ '000	Notes	2024	2023
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	8,191	3,716
Investments	C1-2	29,300	32,563
Receivables	C1-4	3,973	2,360
Inventories	C1-5	575	447
Contract assets and contract cost assets	C1-6	1,540	1,224
Other	C1-8	12	26
Total current assets		43,591	40,336
Non-current assets			
Receivables	C1-4	2	–
Inventories	C1-5	285	161
Infrastructure, property, plant and equipment (IPPE)	C1-7	269,003	255,696
Right of use assets	C2-1	6	12
Total non-current assets		269,296	255,869
Total assets		312,887	296,205
LIABILITIES			
Current liabilities			
Payables	C3-1	2,819	1,862
Contract liabilities	C3-2	1,416	2,661
Lease liabilities	C2-1	6	5
Borrowings	C3-3	291	147
Employee benefit provisions	C3-4	2,587	2,443
Total current liabilities		7,119	7,118
Non-current liabilities			
Lease liabilities	C2-1	–	6
Borrowings	C3-3	3,267	1,757
Employee benefit provisions	C3-4	95	88
Provisions	C3-5	434	500
Total non-current liabilities		3,796	2,351
Total liabilities		10,915	9,469
Net assets		301,972	286,736
EQUITY			
Accumulated surplus	C4-1	190,069	175,638
IPPE revaluation reserve	C4-1	111,903	111,098
Total equity		301,972	286,736

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

Narrandera 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		175,638	111,098	286,736	165,875	82,045	247,920
Opening balance		175,638	111,098	286,736	165,875	82,045	247,920
Net operating result for the year		14,431	–	14,431	9,763	–	9,763
Net operating result for the period		14,431	–	14,431	9,763	–	9,763
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	805	805	–	29,053	29,053
Other comprehensive income		–	805	805	–	29,053	29,053
Total comprehensive income		14,431	805	15,236	9,763	29,053	38,816
Closing balance at 30 June		190,069	111,903	301,972	175,638	111,098	286,736

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

Narrandera 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>				
8,985	Rates and annual charges		8,853	8,651
3,039	User charges and fees		3,589	3,752
904	Interest received		1,429	409
13,623	Grants and contributions		19,327	19,427
–	Bonds, deposits and retentions received		23	30
2,460	Other		4,269	3,599
<i>Payments:</i>				
(8,767)	Payments to employees		(8,713)	(8,679)
(7,164)	Payments for materials and services		(7,936)	(9,198)
(53)	Borrowing costs		(45)	(47)
(424)	Other		(2,951)	(2,162)
12,603	Net cash flows from operating activities	G1-1	17,845	15,782
Cash flows from investing activities				
<i>Receipts:</i>				
28,643	Sale of investments		35,816	27,846
–	Sale of real estate assets		–	1,325
359	Proceeds from sale of IPPE		210	101
<i>Payments:</i>				
(27,846)	Purchase of investments		(32,553)	(27,846)
–	Acquisition of term deposits		–	(4,717)
(18,412)	Payments for IPPE		(18,354)	(9,175)
–	Purchase of real estate assets		(124)	(774)
–	Deferred debtors and advances made		(14)	(73)
(17,256)	Net cash flows from investing activities		(15,019)	(13,313)
Cash flows from financing activities				
<i>Receipts:</i>				
5,300	Proceeds from borrowings		1,800	–
<i>Payments:</i>				
(147)	Repayment of borrowings		(146)	(144)
–	Principal component of lease payments		(5)	(5)
5,153	Net cash flows from financing activities		1,649	(149)
500	Net change in cash and cash equivalents		4,475	2,320
–	Cash and cash equivalents at beginning of year		3,716	1,396
500	Cash and cash equivalents at end of year	C1-1	8,191	3,716
17,815	plus: Investments on hand at end of year	C1-2	29,300	32,563
18,315	Total cash, cash equivalents and investments		37,491	36,279

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

Narrandera Shire Council

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

A About Council and these financial statements	12
A1-1 Basis of preparation	12
B Financial Performance	14
B1 Functions or activities	14
B1-1 Functions or activities – income, expenses and assets	14
B1-2 Components of functions or activities	15
B2 Sources of income	16
B2-1 Rates and annual charges	16
B2-2 User charges and fees	17
B2-3 Other revenues	18
B2-4 Grants and contributions	19
B2-5 Interest and investment income	22
B2-6 Other income	22
B3 Costs of providing services	23
B3-1 Employee benefits and on-costs	23
B3-2 Materials and services	23
B3-3 Borrowing costs	24
B3-4 Depreciation, amortisation and impairment of non-financial assets	24
B3-5 Other expenses	25
B4 Gains or losses	26
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	26
B5 Performance against budget	27
B5-1 Material budget variations	27
C Financial position	29
C1 Assets we manage	29
C1-1 Cash and cash equivalents	29
C1-2 Financial investments	29
C1-3 Restricted and allocated cash, cash equivalents and investments	30
C1-4 Receivables	32
C1-5 Inventories	33
C1-6 Contract assets and Contract cost assets	33
C1-7 Infrastructure, property, plant and equipment	34
C1-8 Other	37
C2 Leasing activities	38
C2-1 Council as a lessee	38
C2-2 Council as a lessor	40
C3 Liabilities of Council	41
C3-1 Payables	41
C3-2 Contract Liabilities	41
C3-3 Borrowings	42
C3-4 Employee benefit provisions	42
C3-5 Provisions	44
C4 Reserves	45

Narrandera Shire Council

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

C4-1 Nature and purpose of reserves	45
D Council structure	46
D1 Results by fund	46
D1-1 Income Statement by fund	46
D1-2 Statement of Financial Position by fund	47
D1-3 Details of internal loans	48
D2 Interests in other entities	48
D2-1 Subsidiaries, joint arrangements and associates not recognised	48
E Risks and accounting uncertainties	49
E1-1 Risks relating to financial instruments held	49
E2-1 Fair value measurement	52
E3-1 Contingencies	57
F People and relationships	60
F1 Related party disclosures	60
F1-1 Key management personnel (KMP)	60
F1-2 Councillor and Mayoral fees and associated expenses	61
F2 Other relationships	61
F2-1 Audit fees	61
G Other matters	62
G1-1 Statement of Cash Flows information	62
G2-1 Commitments	63
G3-1 Events occurring after the reporting date	63
G4 Statement of developer contributions as at 30 June 2024	64
G4-1 Summary of developer contributions	64
G4-2 Developer contributions by plan	64
G5 Statement of performance measures	65
G5-1 Statement of performance measures – consolidated results	65
G5-2 Statement of performance measures by fund	66
H Additional Council disclosures (unaudited)	68
H1-1 Statement of performance measures – consolidated results (graphs)	68
H1-2 Council information and contact details	70

A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 27 August 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. Accounting policies have been consistently applied to all the years presented, unless otherwise stated.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (Act)* and *Local Government (General) Regulation 2021 (Regulation)*, and the Local Government Code of Accounting Practice and Financial Reporting. Council is a not for-profit entity. The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

Historical cost convention

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

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 estimations and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

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

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.

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

- General purpose operations
- Water service
- Sewerage service
- Barellan Hall and Museum
- Grong Grong Hall
- Narrandera Railway Management Committee
- Narrandera Koala Regeneration Centre Supervisory Committee
- Arts Centre and Narrandera Museum

The Trust Fund

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

A1-1 Basis of preparation (continued)

only for the purposes of, or in accordance with, the trusts relating to those monies. Trust monies and property subject to Council's control have been included in these reports.

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

Volunteer services

Council makes use of volunteers for the community transport program, museums at Narrandera and Barellan and also library services. The estimated value of these services has been included in the financial statements based on an average salary and on costs council would be required to pay if the services were not donated.

New accounting standards and interpretations issued but not yet effective

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations 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.

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

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

This Standard amends AASB 13, including adding authoritative implementation guidance and providing related illustrative examples, for application by not-for-profit public sector entities.

In particular, this standard provides guidance on:

- (a) highest and best use
- (b) financially feasible uses
- (c) use of assumptions
- (d) nature of costs to include in the replacement cost of a reference asset and on the identification of economic obsolescence when using the cost approach.

The standard applies prospectively to annual periods beginning on or after 1 January 2024; i.e. Council's financial statements for the year ended 30 June 2025, with earlier application not permitted.

New accounting standards adopted during the year

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 30 June 2024.

The following new standard is effective for the first time at 30 June 2024:

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

The most significant change introduced by this standard is to remove the requirement to disclose significant accounting policies and instead require disclosure of material accounting policy information.

“Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.”

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										
Our Community	6,468	7,193	6,688	6,253	(220)	940	4,621	5,915	51,245	40,024
Our Environment	1,409	1,324	1,718	1,636	(309)	(312)	125	219	3,179	3,129
Our Economy	1,513	1,644	2,567	2,853	(1,054)	(1,209)	(14)	7	7,684	7,540
Our Infrastructure	16,073	10,104	9,565	10,359	6,508	(255)	11,331	5,531	225,653	223,235
Our Civic Leadership	13,516	13,962	4,010	3,363	9,506	10,599	5,996	7,732	25,126	22,277
Total functions and activities	38,979	34,227	24,548	24,464	14,431	9,763	22,059	19,404	312,887	296,205

B1-2 Components of functions or activities

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

Our Community

Security cameras, emergency services, health, aged & disabled services, social support, home modification and maintenance, community transport, community options, youth and childcare services, street lighting, public cemeteries, library, swimming pools, sportsgrounds, parks & reserves, Lake Talbot, sports stadium, cultural services, roads safety officer, arts centre.

Our Environment

Ordinance and ranger services, insect & vermin control, noxious weeds, waste management, public toilets, environmental protection, development control.

Our Economy

State Roads contract, economic development/real estate, industrial subdivision, industrial promotion, marketing & tourism, visitors centre, saleyards, caravan parks, private works, council land & buildings, aerodrome.

Our Infrastructure

Infrastructure services, stormwater, urban & rural roads, regional roads, bridges, Roads to Recovery, roads ancilliary, car parking, water & sewer services.

Our Civic Leadership

Governance, council chambers, administration, finance, human resources & work health and safety, information technology, property/revenue, employment overheads, plant operations, external plant revenue and general purposes income.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2024	2023
Ordinary rates		
Residential	1,806	1,712
Farmland	3,233	3,114
Business	466	461
Less: pensioner rebates	(131)	(131)
Rates levied to ratepayers	5,374	5,156
Pensioner rate subsidies received	71	74
Total ordinary rates	5,445	5,230
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	840	807
Stormwater management services	78	75
Water supply services	904	865
Sewerage services	1,575	1,516
Waste management services	132	126
Less: pensioner rebates	(74)	(74)
Annual charges levied	3,455	3,315
Pensioner annual charges subsidies received:		
– Water	21	22
– Sewerage	19	19
Total annual charges	3,495	3,356
Total rates and annual charges	8,940	8,586
Timing of revenue recognition for rates and annual charges		
Rates and annual charges recognised at a point in time	8,940	8,586
Total rates and annual charges	8,940	8,586

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	Timing	2024	2023
User charges			
Water supply services	2	1,422	1,334
Sewerage services	2	132	122
Total User charges		1,554	1,456
Fees			
(i) Fees – statutory and regulatory functions (per s.608)			
Inspection services	2	12	4
Planning and building regulation	2	81	118
Private works – section 67	2	767	350
Regulatory/ statutory fees	2	1	–
Section 10.7 certificates (EP&A Act)	2	18	14
Section 603 certificates	2	16	15
Companion animals fees	2	1	1
Total Fees – statutory/regulatory		896	502
(ii) Fees – other (incl. general user charges (per s.608))			
Aerodrome	2	47	81
Aged care	2	748	741
Cemeteries	2	158	173
Leaseback fees – Council vehicles	2	21	23
Multipurpose centre	2	18	15
Transport for NSW (formerly RMS) charges (state roads not controlled by Council) ¹	2	92	662
Tourism	2	14	–
Waste disposal tipping fees	2	51	34
Connection fees	2	24	21
Sportsground Fees	2	41	20
Halls	2	2	1
Library	2	5	5
Stadium Fees	2	64	62
Truck Wash	2	36	30
Other	2	26	28
Total Fees – other		1,347	1,896
Total Fees		2,243	2,398
Total user charges and fees		3,797	3,854
Timing of revenue recognition for user charges and fees			
User charges and fees recognised at a point in time (2)		3,797	3,854
Total user charges and fees		3,797	3,854

Material accounting policy information

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

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

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

(1) Less income due to Council ceasing the state roads contract with Transport for NSW

B2-3 Other revenues

\$ '000	Timing	2024	2023
Fines	2	7	5
Legal fees recovery – rates and charges (extra charges)	2	16	54
Insurance claims recoveries	2	202	208
Commissions and agency fees	2	46	42
Recycling income (non-domestic)	2	38	24
Diesel rebate	2	87	73
Sales – general	2	83	38
Incentive insurance rebate	2	31	27
Insurance reimbursement	2	9	8
Rural fire service reimbursement	2	843	161
Sale of scrap materials	2	30	6
Temporary Sale of Water Allocation	2	405	288
Volunteer Services	2	338	529
Other	2	20	45
Total other revenue		2,155	1,508
Timing of revenue recognition for other revenue			
Other revenue recognised at a point in time (2)		2,155	1,508
Total other revenue		2,155	1,508

Material accounting policy information for other revenue

Where the revenue is earned for the provision of specified goods / services under an enforceable contract, revenue is recognised when or as the obligations are satisfied.

Statutory fees and fines are recognised as revenue when the service has been provided, the payment is received or when the penalty has been applied, whichever occurs first.

Other revenue is recorded when the payment is due, the value of the payment is notified, or the payment is received, whichever occurs first.

B2-4 Grants and contributions

\$ '000	Timing	Operating 2024	Operating 2023	Capital 2024	Capital 2023
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance	2	310	1,597	-	-
Payment in advance - future year allocation					
Financial assistance	2	5,558	6,119	-	-
Amount recognised as income during current year		5,868	7,716	-	-
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Water supplies	2	-	-	120	24
Sewerage	1	-	-	3,491	332
Aged care	2	-	11	-	-
Economic development	2	171	-	-	-
Employment and training programs	2	128	16	-	-
Heritage and cultural	2	19	65	-	-
Library	2	-	-	-	36
Library – per capita	2	63	61	-	-
Library – special projects	2	20	19	-	-
Noxious weeds	2	48	44	-	-
Community services	2	33	43	-	-
Floodplain mapping and land use	2	62	109	-	-
Lake Talbot – boat ramp	2	-	-	190	-
Crown Lands	2	-	-	115	-
Street lighting	2	35	87	-	-
Stronger Country Communities - Council Projects	1	-	-	665	297
Local Roads & Community Infrastructure	1	-	-	1,718	675
Playground on The Murrumbidgee	1	-	-	369	2,990
Regional Airports	1	-	-	(52)	7
Recreation and culture	2	-	9	75	-
Transport (roads to recovery)	2	1,392	603	-	-
Drainage	1	-	-	144	106
Health and safety	2	-	63	-	-
Transport (other roads and bridges funding)	2	4,085	3,454	1,519	414
Other specific grants	2	-	238	37	-
Tourism	2	59	14	-	-
Recreation and culture	1	-	-	307	83
Transport for NSW contributions (regional roads, block grant)	2	499	574	2	92
Other contributions	2	-	-	-	1
Leeton Shire Council aerodrome contributions	2	67	61	32	4
Disaster Recovery Funding	2	-	1,000	-	-
Total special purpose grants and non-developer contributions – cash		6,681	6,471	8,732	5,061
Non-cash contributions					
Rural Fire Services - Red Fleet	2	-	-	617	46
Roads and bridges	2	-	-	16	-
Water supplies (excl. section 64 contributions)	2	-	-	121	-
Total other contributions – non-cash		-	-	754	46
Total special purpose grants and non-developer contributions (tied)		6,681	6,471	9,486	5,107
Total grants and non-developer contributions		12,549	14,187	9,486	5,107

continued on next page ...

B2-4 Grants and contributions (continued)

\$ '000	Timing	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Comprising:					
– Commonwealth funding		7,388	8,346	1,718	675
– State funding		5,036	5,611	6,646	4,298
– Other funding		125	230	1,122	134
		12,549	14,187	9,486	5,107

Developer contributions

\$ '000	Notes	Timing	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
	G4					
Cash contributions						
S 7.12 – fixed development consent levies		2	–	–	15	55
S 64 – water supply contributions		2	–	–	7	43
S 64 – sewerage service contributions		2	–	–	2	12
Total developer contributions – cash			–	–	24	110
Total developer contributions			–	–	24	110
Total contributions			–	–	24	110
Total grants and contributions			12,549	14,187	9,510	5,217
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			–	–	–	4,490
Grants and contributions recognised at a point in time (2)			12,549	14,187	9,510	727
Total grants and contributions			12,549	14,187	9,510	5,217

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 at 1 July	5,773	1,256	3,504	2,777
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	4,922	5,306	65	129
Add: Funds received and not recognised as revenue in the current year	–	–	1,128	1,510
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(2,077)	(784)	(6)	(10)
Less: Funds received in prior year but revenue recognised and funds spent in current year	–	(5)	(2,372)	(902)
Unspent funds at 30 June	8,618	5,773	2,319	3,504

B2-4 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 evidence of the event taking place or satisfactory achievement of milestones. 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.

B2-5 Interest and investment income

\$ '000	2024	2023
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	71	46
– Overdue user fees and charges	1	–
– Cash and investments	1,704	611
Dividend income (other)	1	1
Total interest and investment income	1,777	658
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	71	24
General Council cash and investments	1,182	376
Restricted investments/funds – external:		
Developer contributions		
- Section 7.4 Planning Agreements	12	6
– Section 7.11	3	2
- Section 7.12	10	5
– Section 64	15	7
Water fund operations	310	146
Sewerage fund operations	103	66
Domestic waste management operations	71	26
Total interest and investment income	1,777	658

B2-6 Other income

\$ '000	Notes	2024	2023
Rental income			
Other lease income			
Aerodrome Hangers		21	10
Caravan Park		99	93
Housing		43	46
Reverse Vending Machine		5	2
Shops & Offices		28	27
Tower Rental		51	37
Other		4	2
Total other lease income		251	217
Total rental income	C2-2	251	217
Total other income		251	217

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2024	2023
Salaries and wages	7,460	7,002
Employee leave entitlements (ELE)	1,591	1,516
Superannuation	936	864
Workers' compensation insurance	238	183
Fringe benefit tax (FBT)	30	38
Sick leave insurance	24	–
Other	8	10
Total employee costs	10,287	9,613
Less: capitalised costs	(1,418)	(1,054)
Total employee costs expensed	8,869	8,559

Material accounting policy information

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
Advertising		7	11
Audit Fees	F2-1	65	54
Bank charges		58	57
Contractor costs		1,196	1,213
Councillor and Mayoral fees and associated expenses	F1-2	203	181
Electricity and heating		652	662
Fire control expenses		105	68
Insurance		526	450
Other expenses		13	70
Postage		25	22
Printing and stationery		34	24
Raw materials and consumables		5,082	5,267
Street lighting		115	99
Subscriptions and publications		92	90
Telephone and communications		86	80
Valuation fees		34	31
Volunteer Services expense		338	529
Internal audit expenses		43	33
Legal expenses:			
– Legal expenses: debt recovery		16	54
– Legal expenses: other		3	–
Expenses from leases of low value assets		10	9
Variable lease expense relating to usage		3	3
Total materials and services		8,706	9,007
Total materials and services		8,706	9,007

B3-3 Borrowing costs

\$ '000	Notes	2024	2023
(i) Interest bearing liability costs			
Interest on leases		1	1
Interest on loans		43	46
Discount adjustments relating to movements in provisions (other than ELE)		–	–
– Remediation liabilities	C3-5	22	17
Total borrowing costs expensed		66	64

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

Depreciation and amortisation

Plant and equipment		762	674
Plant and equipment - specialised (RFS Red Fleet)		194	181
Office equipment		167	158
Furniture and fittings		5	5
Land improvements		6	5
Infrastructure:	C1-7		
– Buildings – non-specialised		839	717
– Buildings – specialised		477	488
– Other structures		672	675
– Roads		1,900	1,900
– Bridges		147	145
– Footpaths		20	21
– Stormwater drainage		82	82
– Water supply network		725	633
– Sewerage network		394	348
– Swimming pools		119	105
– Other open space/recreational assets		78	116
Right of use assets	C2-1	6	4
Other assets:			
– Library books		31	26
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C1-7	16	14
Total gross depreciation and amortisation costs		6,640	6,297

Impairment / revaluation decrement of IPPE

Infrastructure:	C1-7		
– Other structures		–	1
– Roads		(695)	–
– Bridges		(339)	–
Total gross IPPE impairment / revaluation decrement costs		(1,034)	1

Total IPPE impairment / revaluation decrement costs charged to Income Statement

(1,034) 1

Total depreciation, amortisation and impairment for non-financial assets

5,606 6,298

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.

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

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

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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

B3-5 Other expenses

\$ '000	2024	2023
Impairment of receivables		
Other	72	7
Total impairment of receivables	72	7
Other		
Contributions/levies to other levels of government		
– Emergency services levy (includes FRNSW, SES, and RFS levies)	354	342
– Western Riverina Library	34	32
Donations, contributions and assistance to other organisations (Section 356)	45	27
Street Lighting	–	106
Total other	433	507
Total other expenses	505	514

B4 Gains or losses

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

\$ '000	Notes	2024	2023
Gain (or loss) on disposal of property (excl. investment property)			
Less: carrying amount of property assets sold/written off		-	(4)
Gain (or loss) on disposal		-	(4)
Gain (or loss) on disposal of plant and equipment			
Proceeds from disposal – plant and equipment	C1-7	210	101
Less: carrying amount of plant and equipment assets sold		(152)	(22)
Gain (or loss) on disposal		58	79
Gain (or loss) on disposal of infrastructure			
Proceeds from disposal – infrastructure	C1-7	-	-
Less: carrying amount of infrastructure assets written off		(420)	(285)
Gain (or loss) on disposal		(420)	(285)
Gain (or loss) on disposal of real estate assets held for sale			
Proceeds from disposal – real estate assets	C1-5	-	1,325
Less: carrying amount of real estate assets sold		-	(1,000)
Gain (or loss) on disposal		-	325
Gain (or loss) on disposal of investments			
Proceeds from disposal/redemptions/maturities – investments	C1-2	32,553	27,846
Less: carrying amount of investments sold/redeemed/matured		(32,553)	(27,846)
Gain (or loss) on disposal		-	-
Gain (or loss) on disposal of plant and equipment - specialised			
Proceeds from disposal – plant and equipment - specialised		-	-
Less: carrying amount of plant and equipment - specialised assets sold/written off		(170)	-
Gain (or loss) on disposal		(170)	-
Gain (or loss) on disposal of office equipment			
Proceeds from disposal – Office equipment		-	-
Less: carrying amount of office equipment assets written off		-	(7)
Gain (or loss) on disposal		-	(7)
Gain (or loss) on disposal of work in progress			
Proceeds from disposal – Work in progress		-	-
Less: carrying amount of work in progress assets written off		(264)	(130)
Gain (or loss) on disposal		(264)	(130)
Net gain (or loss) from disposal of assets		(796)	(22)

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 20 June 2023 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
Revenues				
Rates and annual charges	8,966	8,940	(26)	0% U
User charges and fees	2,948	3,797	849	29% F
Higher than anticipated revenues relating to:				
<ul style="list-style-type: none"> • Private Works \$605,000 • Community Transport \$119,000 • State Road Contract \$92,000 • DA Subdivision Fees \$21,000 				
Other revenues	2,083	2,155	72	3% F
Operating grants and contributions	7,646	12,549	4,903	64% F
Council received the following grants that were not known at the time of budget preparation:				
<ul style="list-style-type: none"> • Training revenues \$97,000 • Flood studies \$60,000 • Youth holiday break \$30,000 • Roads to recovery \$395,000 • Active transport plan \$34,000 • Regional emergency road repair fund \$3,976,990 • Regional drought resilience \$168,000 • Open streets program \$30,000 • Financial assistance grant \$141,000 				
Capital grants and contributions	6,609	9,510	2,901	44% F
Council recognised income for the following:				
<ul style="list-style-type: none"> • Rural Fire Service contribution \$1,328,000 • Stronger Country Communities \$665,000 • Barellan netball court contribution \$203,500 • Narrandera tennis club contribution \$103,000 • Playground on the murrumbidgee \$368,500 • Local roads and community infrastructure \$1,718,000 • Crown reserve improvement fund \$115,000 • Everyone can play \$75,000 • Remote roads pilot program \$859,000 • Projects budgeted requiring a fully funded grant have not been successful (\$2,385,000) 				
Interest and investment revenue	907	1,777	870	96% F
Council has benefited from higher than anticipated term deposit interest rates				
Net gains from disposal of assets	92	-	(92)	(100)% U
Council disposed of several infrastructure property plant and equipment assets in 23-24 resulting in a loss on disposal of assets				

B5-1 Material budget variations (continued)

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----		
Other income	233	251	18	8%	F
Expenses					
Employee benefits and on-costs	8,872	8,869	3	0%	F
Materials and services	6,242	8,706	(2,464)	(39)%	U
Higher than budgeted expenses relating to:					
<ul style="list-style-type: none"> • Finance project expenses \$96,000 • HR training and recruitment \$83,000 • Salary structure review \$31,500 • Parks \$114,000 • Roads \$452,000 (council funded) • Roads \$428,000 (grant funded) • Workshop \$128,000 • Private works \$561,000 (offset by additional income) • Water \$245,000 					
Borrowing costs	60	66	(6)	(10)%	U
<ul style="list-style-type: none"> • Higher than budgeted interest expense for the Tip remediation provision \$12,000 					
Depreciation, amortisation and impairment of non-financial assets	6,622	5,606	1,016	15%	F
Roads and bridges impairment reversed reported one-off favourable variance.					
Other expenses	431	505	(74)	(17)%	U
<ul style="list-style-type: none"> • Council recorded a provision for bad debts for \$67,000 and higher than budgeted contributions to local organisations of \$10,000 					
Statement of cash flows					
Cash flows from operating activities	12,603	17,845	5,242	42%	F
Council received higher than budgeted revenues from grants and contributions					
Cash flows from investing activities	(17,256)	(15,019)	2,237	(13)%	F
Council acquired more term deposits than budgeted					
Cash flows from financing activities	5,153	1,649	(3,504)	(68)%	U
Council budgeted the drawdown of a loan for the Narrandera urban stormwater project, the loan drawdown has been deferred to the 24-25 financial year					

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2024	2023
Cash assets		
Cash at bank and on hand	6,277	536
Cash equivalent assets		
– Deposits at call	1,914	3,180
Total cash and cash equivalents	8,191	3,716

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	8,191	3,716
Balance as per the Statement of Cash Flows	8,191	3,716

C1-2 Financial investments

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Financial assets at fair value through the profit and loss				
Unlisted equity securities	10	–	10	–
Total	10	–	10	–
Debt securities at amortised cost				
Long term deposits	29,290	–	32,553	–
Total	29,290	–	32,553	–
Total financial investments	29,300	–	32,563	–
Total cash assets, cash equivalents and investments	37,491	–	36,279	–

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

Council classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss;
- financial assets at amortised cost;

The classification depends on the purpose for which the investments were acquired.

Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

C1-2 Financial investments (continued)

Amortised cost

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

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

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

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost 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.

Council's financial assets measured at fair value through profit or loss are investments in Narrandera District Investments Ltd. (Bendigo Bank).

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	37,491	36,279
Less: Externally restricted cash, cash equivalents and investments	<u>(21,468)</u>	<u>(19,842)</u>
Cash, cash equivalents and investments not subject to external restrictions	16,023	16,437
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended loans – sewer	2,046	1,451
Specific purpose unexpended grants – general fund	1,084	2,505
Unexpended contributions - general fund	<u>332</u>	<u>155</u>
External restrictions – included in liabilities	3,462	4,111

External restrictions

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

Developer contributions – general	559	524
Developer contributions – water fund	236	219
Developer contributions – sewer fund	99	92
Transport for NSW contributions	103	103
Specific purpose unexpended grants (recognised as revenue) – general fund	8,158	5,373
Water fund	5,304	5,121
Water supplies – carry over works	641	883
Water supplies – Retention	–	21
Sewer fund	105	388
Sewerage services – carry over works	690	732
Stormwater management	41	369
Crown lands	423	302
Waste management	1,647	1,604
Specific purpose unexpended loans - sewer	–	–
Specific purpose unexpended grants - general fund	–	–

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

\$ '000	2024	2023
Unexpended contributions - general fund	–	–
External restrictions	18,006	15,731
Total external restrictions	21,468	19,842

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
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	16,023	16,437
Less: Internal allocations restricted cash, cash equivalents and investments	(15,438)	(16,092)
Unrestricted and unallocated cash, cash equivalents and investments	585	345

Internal allocations

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

Plant and vehicle replacement	2,155	1,892
Organisational service assets & projects	910	2,924
Employees leave entitlement	1,301	1,178
Carry over works revenue funded	1,417	1,198
Deposits, retentions and bonds	229	185
Organisational strategy and governance	1,563	–
Community transport	365	–
Financial assistance grant received in advance	5,558	6,119
Information technology renewal & replacement	600	670
Property development	609	762
Reverse cycle vending machine	4	–
Quarry rehabilitation	180	17
Cemetery perpetual maintenance	483	455
Council committees	64	60
Other	–	632
Total internal allocations	15,438	16,092

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	767	2	646	–
Interest and extra charges	69	–	89	–
User charges and fees	761	–	485	–
Accrued revenues				
– Interest on investments	678	–	310	–
– Other income accruals	186	–	126	–
– User charges and fees (Water consumption)	195	–	121	–
Deferred debtors	87	–	73	–
Government grants and subsidies	828	–	411	–
Net GST receivable	98	–	39	–
Transport for NSW receivables	–	–	95	–
Other debtors	407	–	–	–
Total	4,076	2	2,395	–
Less: provision for impairment				
Rates and annual charges	(26)	–	(26)	–
Interest and extra charges	(2)	–	(2)	–
User charges and fees	(75)	–	(7)	–
Total provision for impairment – receivables	(103)	–	(35)	–
Total net receivables	3,973	2	2,360	–

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

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

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

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

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

None of the receivables that have been written off are subject to enforcement activity.

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

C1-5 Inventories

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
(i) Inventories at cost				
Real estate for resale	19	285	19	161
Stores and materials	534	–	412	–
Trading stock	22	–	16	–
Total inventories at cost	575	285	447	161
Total inventories	575	285	447	161

(i) Other disclosures

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
(a) Details for real estate development				
Industrial/commercial	19	285	19	161
Total real estate for resale	19	285	19	161

Material accounting policy information

Raw materials and stores, work in progress and finished goods

Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Land held for resale

Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development.

C1-6 Contract assets and Contract cost assets

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Contract assets	1,540	–	1,224	–
Total contract assets and contract cost assets	1,540	–	1,224	–

Contract assets

Construction of Transport assets	1,000	–	25	–
Construction of Sewer assets	425	–	323	–
Construction of Recreation assets	–	–	831	–
Construction of Water assets	115	–	24	–
Other	–	–	21	–
Total contract assets	1,540	–	1,224	–

C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2023			Asset movements during the reporting period								At 30 June 2024		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	WIP transfers	Re-measurement movements	Revaluation increments/(decrements)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000														
Capital work in progress	9,761	–	9,761	4,648	7,343	(264)	–	–	(6,789)	–	–	14,699	–	14,699
Plant and equipment	9,221	(5,669)	3,552	–	1,063	(90)	(762)	–	–	–	–	9,699	(5,939)	3,760
Plant and equipment - specialised	4,825	(2,565)	2,260	102	719	(170)	(194)	–	–	–	–	5,135	(2,622)	2,513
Office equipment	1,932	(1,503)	429	–	94	–	(167)	–	–	–	–	2,025	(1,672)	353
Furniture and fittings	155	(148)	7	–	–	–	(5)	–	–	–	–	155	(153)	2
Land:														
– Operational land	3,622	–	3,622	–	–	–	–	–	–	–	134	3,756	–	3,756
– Community land	6,661	–	6,661	–	–	–	–	–	–	–	966	7,627	–	7,627
– Land under roads (post 30/6/08)	66	–	66	–	16	–	–	–	–	–	30	112	–	112
Land improvements – non-depreciable	288	–	288	–	–	–	–	–	–	–	11	299	–	299
Land improvements	256	(20)	236	–	–	–	(6)	–	–	–	8	266	(27)	239
Infrastructure:														
– Buildings – non-specialised	31,054	(20,243)	10,811	172	170	–	(839)	–	271	–	530	32,930	(21,815)	11,115
– Buildings – specialised	17,704	(8,703)	9,001	44	280	–	(477)	–	3,252	–	443	22,103	(9,560)	12,543
– Other structures	22,094	(9,604)	12,490	–	901	–	(672)	–	1,454	–	612	25,531	(10,744)	14,787
– Roads	101,737	(37,714)	64,023	1,220	404	–	(1,900)	695	720	–	(16,193)	83,112	(34,143)	48,969
– Bridges	17,817	(7,216)	10,601	774	20	(283)	(147)	339	668	–	4,037	25,178	(9,168)	16,010
– Footpaths	1,927	(600)	1,327	5	–	(2)	(20)	–	25	–	551	2,943	(1,058)	1,885
– Bulk earthworks (non-depreciable)	68,950	–	68,950	–	–	–	–	–	–	–	8,462	77,412	–	77,412
– Stormwater drainage	11,891	(4,181)	7,710	–	28	–	(82)	–	–	–	(968)	13,808	(7,121)	6,687
– Water supply network	44,937	(22,231)	22,706	64	84	(46)	(725)	–	238	–	1,149	47,432	(23,961)	23,471
– Sewerage network	25,613	(9,197)	16,416	–	–	–	(394)	–	–	–	832	26,912	(10,057)	16,855
– Swimming pools	4,452	(1,358)	3,094	–	–	(16)	(119)	–	–	–	151	4,600	(1,490)	3,110
– Other open space/recreational assets	1,946	(922)	1,024	207	926	(73)	(78)	–	161	–	50	2,993	(775)	2,218
Other assets:														
– Library books	322	(103)	219	–	53	–	(31)	–	–	–	–	375	(134)	241
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):														
– Tip assets	472	(30)	442	–	–	–	(16)	–	–	(87)	–	385	(45)	340
Total infrastructure, property, plant and equipment	387,703	(132,007)	255,696	7,236	12,101	(944)	(6,634)	1,034	–	(87)	805	409,487	(140,484)	269,003

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

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

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period									At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Reinstatement costs for impaired assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	WIP transfers	Re-measurement movements	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000															
Capital work in progress	9,705	–	9,705	1,567	4,503	–	(126)	–	–	(5,888)	–	–	9,761	–	9,761
Plant and equipment	8,883	(5,122)	3,761	–	487	–	(22)	(674)	–	–	–	–	9,221	(5,669)	3,552
Office equipment	1,856	(1,350)	506	–	66	–	(7)	(158)	–	24	–	–	1,932	(1,503)	429
Furniture and fittings	155	(143)	12	–	–	–	–	(5)	–	–	–	–	155	(148)	7
Plant and equipment - specialised	4,703	(2,308)	2,395	–	47	–	–	(181)	–	–	–	–	4,825	(2,565)	2,260
Land:															
– Operational land	2,396	–	2,396	–	318	–	(4)	–	–	22	–	888	3,622	–	3,622
– Community land	5,021	–	5,021	–	–	–	–	–	–	–	–	1,640	6,661	–	6,661
– Land under roads (post 30/6/08)	25	–	25	–	16	–	–	–	–	–	–	26	66	–	66
Land improvements – non-depreciable	251	–	251	–	–	–	–	–	–	–	–	37	288	–	288
Land improvements – depreciable	223	(12)	211	–	–	–	–	(5)	–	–	–	30	256	(20)	236
Infrastructure:															
– Buildings – non-specialised	29,856	(19,319)	10,537	–	78	–	(31)	(717)	–	351	–	595	31,054	(20,243)	10,811
– Buildings – specialised	16,086	(8,339)	7,747	284	27	–	(5)	(488)	–	938	–	498	17,704	(8,703)	9,001
– Other structures	20,234	(8,505)	11,729	55	81	–	(25)	(675)	(1)	667	–	659	22,094	(9,604)	12,490
– Roads	84,519	(31,429)	53,090	431	702	263	(11)	(1,900)	–	2,052	–	9,396	101,737	(37,714)	64,023
– Bridges	15,203	(6,013)	9,190	–	–	–	–	(145)	–	–	–	1,555	17,817	(7,216)	10,601
– Footpaths	1,464	(482)	982	–	71	–	–	(21)	–	82	–	214	1,927	(600)	1,327
– Bulk earthworks (non-depreciable)	58,836	–	58,836	–	–	–	–	–	–	–	–	10,114	68,950	–	68,950
– Stormwater drainage	11,152	(3,869)	7,283	–	16	–	–	(82)	–	69	–	424	11,891	(4,181)	7,710
– Water supply network	40,666	(20,431)	20,235	–	94	–	(212)	(633)	–	1,662	–	1,560	44,937	(22,231)	22,706
– Sewerage network	23,780	(8,215)	15,565	–	–	–	–	(348)	–	–	–	1,200	25,613	(9,197)	16,416
– Swimming pools	4,217	(1,182)	3,035	–	–	–	–	(105)	–	–	–	163	4,452	(1,358)	3,094
– Other open space/recreational assets	1,820	(758)	1,062	–	2	–	–	(116)	–	21	–	54	1,946	(922)	1,024
Other assets:															
– Library books	261	(77)	184	–	61	–	–	(26)	–	–	–	–	322	(103)	219
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):															
– Tip assets	422	(16)	406	–	–	–	–	(14)	–	–	51	–	472	(30)	442
Total infrastructure, property, plant and equipment	341,734	(117,570)	224,164	2,337	6,569	263	(443)	(6,293)	(1)	–	51	29,053	387,703	(132,007)	255,696

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

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

Material accounting policy information

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

IPPE is measured initially at cost. Cost includes the fair value of the 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	15 to 40
Office furniture	5 to 20	Benches, seats etc.	30
Computer equipment	4		
Vehicles	5 to 8	Buildings	
Heavy plant/road making equipment	5 to 15	Buildings: whole of structure	50
Other plant and equipment	5 to 15	Buildings: External	20
		Buildings: Finishes	40
Water and Sewer assets		Buildings: Fittings	40
Reservoirs	60	Buildings: Services	25
Bores	50	Buildings: Structure	60
Network Mains/Reticulation	40 to 80	Buildings: Sub-Structure	60
Pumping Stations	35 to 45	Buildings: Out-buildings	45
Treatment Plant	35 to 45		
Telemetry and Other	30 to 75		
		Stormwater assets	
Transportation assets		Drains	135
Sealed roads: surface	25	Stormwater Culverts	135
Sealed roads & carparks: pavement Classes 1 to 4	95 to 120		
Sealed roads: pavements Classes 5 to 8	35 to 55	Other infrastructure assets	
Bridge: concrete	100	Swimming pools	40
Culverts	75 to 100	Other open space/recreational assets	15 to 40
Unsealed road pavements	30 to 40	Other Structures	15 to 100
Kerb, gutter and footpaths	80		

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 and where appropriate, assets are indexed using applicable indices.

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

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

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

Land under roads

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

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

Crown reserves

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

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

Rural Fire Service assets

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

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

C1-8 Other

Other assets

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Prepayments	12	-	26	-
Total other assets	12	-	26	-

C2 Leasing activities

C2-1 Council as a lessee

(i) Council as a lessee

Council has leases for office equipment and vehicles. Information relating to the leases in place and associated balances and transactions is provided below.

Terms and conditions of leases

Vehicles

Council leases vehicles with a lease terms varying of 3 years; the lease payments are fixed during the lease term and there is generally no renewal option.

Office and IT equipment

Leases for photocopiers are considered low value assets. The leases are for 5 years with no renewal option, the payments are fixed, however some of the leases include variable payments based on usage.

(a) Right of use assets

\$ '000	Vehicles	Total
2024		
Opening balance at 1 July	12	12
Depreciation charge	(6)	(6)
Balance at 30 June	6	6
2023		
Opening balance at 1 July	–	–
Additions to right-of-use assets	16	16
Depreciation charge	(4)	(4)
Balance at 30 June	12	12

(b) Lease liabilities

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Lease liabilities	6	–	5	6
Total lease liabilities	6	–	5	6

C2-1 Council as a lessee (continued)

(c) (i) The maturity analysis

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
2024					
Cash flows	6	–	–	6	6
2023					
Cash flows	5	6	–	11	11

(d) Income Statement

The amounts recognised in the Income Statement relating to leases where Council is a lessee are shown below:

\$ '000	2024	2023
Interest on lease liabilities	1	1
Variable lease payments based on usage not included in the measurement of lease liabilities	3	3
Depreciation of right of use assets	6	4
Expenses relating to leases of low-value assets	10	9
	20	17

(e) Statement of Cash Flows

Total cash outflow for leases	19	17
	19	17

(f) Leases at significantly below market value – concessionary / peppercorn leases

Council has a number of leases at significantly below market value for land and buildings which are used for:

- Council Works Depot
- Cemetery
- Lake Talbot Water Park
- Old Railway Station

The leases have varying terms and require payments of less than \$1,000 per year. The use of the right-to-use asset is restricted by the lessors to specified community services which Council must provide, these services are detailed in the leases.

Council does not believe that any of the leases in place are individually material from a statement of financial position or performance perspective.

Material accounting policy information

Council has elected not to separate non-lease components from lease components for any class of asset and has accounted for payments as a single component.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives received. The right-of-use is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

Exceptions to lease accounting

C2-1 Council as a lessee (continued)

Council has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases at significantly below market value / concessionary leases

Council has elected to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability at initial recognition.

C2-2 Council as a lessor

Operating leases

\$ '000	2024	2023
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(i) Assets held as property, plant and equipment

Council provides operating leases on Council properties for the purpose of staff housing, health services, training providers, emergency services, caravan park and community groups, the table below relates to operating leases on assets disclosed in C1-8.

Lease income (excluding variable lease payments not dependent on an index or rate)	251	217
Total income relating to operating leases for Council assets	251	217

Amount of IPPE leased out by Council under operating leases

Land	1,096	978
Buildings	3,853	3,519
Structures	5,772	5,155
Other recreation	82	81
Pools	3,112	2,930
Total amount of IPPE leased out by Council under operating leases	13,915	12,663

(ii) Maturity analysis of contractual lease income

Maturity analysis of future lease income receivable showing the undiscounted lease payments to be received after reporting date for operating leases:

< 1 year	232	236
1–2 years	239	239
2–3 years	244	243
3–4 years	249	249
4–5 years	256	238
> 5 years	260	243
Total undiscounted lease payments to be received	1,480	1,448

C3 Liabilities of Council

C3-1 Payables

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Payables				
Goods and services – operating expenditure	1,864	–	966	–
Accrued expenses:				
– Salaries and wages	328	–	323	–
Security bonds, deposits and retentions	229	–	206	–
Other	3	–	8	–
Prepaid rates	395	–	359	–
Total payables	2,819	–	1,862	–
Total payables	2,819	–	1,862	–

Payables

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

C3-2 Contract Liabilities

\$ '000	Notes	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	1,084	–	2,506	–
Unexpended capital contributions (to construct Council controlled assets)	(i)	332	–	155	–
Total grants received in advance		1,416	–	2,661	–
Total contract liabilities		1,416	–	2,661	–

Notes

(i) Council has received funding to construct assets including sporting facilities and other recreation infrastructure. The funds received are under an enforceable contract which require Council to construct an identified asset which will be under Council's control on completion. The revenue is recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue. The revenue is expected to be recognised in the next 12 months.

(ii) The contract liability relates to grants received prior to the revenue recognition criteria in AASB 15 being satisfied since the performance obligations are ongoing.

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

\$ '000	2024	2023
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	2,372	902
Operating grants (received prior to performance obligation being satisfied)	–	5
Total revenue recognised that was included in the contract liability balance at the beginning of the period	2,372	907

Significant changes in contract liabilities

Council has reduced the amount of grant liabilities held at 30 June 2024.

C3-3 Borrowings

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
Loans – secured ¹	291	3,267	147	1,757
Total borrowings	291	3,267	147	1,757

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

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

(a) Changes in liabilities arising from financing activities

\$ '000	2023	Non-cash movements		2024
	Opening Balance	Cash flows	Acquisition	Closing balance
Loans – secured	1,904	(146)	1,800	3,558
Lease liability (Note C2-1b)	11	(5)	–	6
Total liabilities from financing activities	1,915	(151)	1,800	3,564

(b) Financing arrangements

\$ '000	2024	2023
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Total financing facilities available to Council at the reporting date are:

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

Bank overdraft facilities ¹	350	350
Credit cards/purchase cards	45	45
Total financing arrangements	395	395

Financing facilities drawn down at the reporting date are:

Financing facilities drawn down at the reporting date are:

– Credit cards/purchase cards	16	7
Total drawn financing arrangements	16	7

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

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

– Bank overdraft facilities	350	350
– Credit cards/purchase cards	29	38
Total undrawn financing arrangements	379	388

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

C3-4 Employee benefit provisions

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
Annual leave	718	–	715	–
Long service leave	1,812	95	1,679	88
Rostered days off	57	–	49	–
Total employee benefit provisions	2,587	95	2,443	88

C3-4 Employee benefit provisions (continued)

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	<u>1,202</u>	1,434
	<u>1,202</u>	<u>1,434</u>

Material accounting policy information

Employee benefit provisions are presented as current liabilities in the Statement of Financial Position if Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur and therefore all annual leave and vested long service leave (or that which vests within 12 months) is presented as current.

Other long-term employee benefit obligations

The liability for long-service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

C3-5 Provisions

\$ '000	2024		2023	
	Current	Non-Current	Current	Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	434	–	500
Sub-total – asset remediation/restoration	–	434	–	500
Total provisions	–	434	–	500

Movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
2024		
At beginning of year	500	500
Unwinding of discount	21	21
Remeasurement effects	(87)	(87)
Total other provisions at end of year	434	434
2023		
At beginning of year	432	432
Unwinding of discount	17	17
Remeasurement effects	51	51
Total other provisions at end of year	500	500

Nature and purpose of provisions

Asset remediation

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

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

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.

C3-5 Provisions (continued)

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

C4 Reserves

C4-1 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	6,494	886	1,560
User charges and fees	2,150	1,454	193
Interest and investment income	1,330	338	116
Other revenues	2,155	–	–
Grants and contributions provided for operating purposes	12,549	–	–
Grants and contributions provided for capital purposes	5,769	247	3,494
Other income	251	–	–
Total income from continuing operations	30,698	2,925	5,363
Expenses from continuing operations			
Employee benefits and on-costs	8,025	467	377
Materials and services	6,219	1,745	742
Borrowing costs	36	–	37
Depreciation, amortisation and impairment of non-financial assets	4,464	740	402
Other expenses	455	50	–
Net losses from the disposal of assets	599	187	10
Total expenses from continuing operations	19,798	3,189	1,568
Operating result from continuing operations	10,900	(264)	3,795
Net operating result for the year	10,900	(264)	3,795
Net operating result attributable to each council fund	10,900	(264)	3,795
Net operating result for the year before grants and contributions provided for capital purposes	5,131	(511)	301

D1-2 Statement of Financial Position by fund

\$ '000	General 2024	Water 2024	Sewer 2024
ASSETS			
Current assets			
Cash and cash equivalents	7,601	383	207
Investments	20,769	5,798	2,733
Receivables	2,438	632	943
Inventories	575	–	–
Contract assets and contract cost assets	1,000	115	425
Other	12	–	–
Total current assets	32,395	6,928	4,308
Non-current assets			
Receivables	–	87	–
Inventories	285	–	–
Infrastructure, property, plant and equipment	221,369	24,738	22,896
Right of use assets	6	–	–
Total non-current assets	221,660	24,825	22,896
Total assets	254,055	31,753	27,204
LIABILITIES			
Current liabilities			
Payables	2,713	106	–
Contract liabilities	1,416	–	–
Lease liabilities	6	–	–
Borrowings	94	–	237
Employee benefit provision	2,587	–	–
Total current liabilities	6,816	106	237
Non-current liabilities			
Borrowings	398	–	2,954
Employee benefit provision	95	–	–
Provisions	434	–	–
Total non-current liabilities	927	–	2,954
Total liabilities	7,743	106	3,191
Net assets	246,312	31,647	24,013
EQUITY			
Accumulated surplus	155,751	17,469	16,849
Revaluation reserves	90,561	14,178	7,164
Council equity interest	246,312	31,647	24,013
Total equity	246,312	31,647	24,013

D1-3 Details of internal loans

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

Details of individual internal loans	Council ID / Ref 278	Council ID / Ref 280	Council ID / Ref 285
Borrower (by purpose)	Coaches Box	Aerodrome Lighting	Festoon Lighting
Lender (by purpose)	Water Fund	Water Fund	Water Fund
Date of Minister's approval	28/06/2017	28/06/2017	26/10/2017
Date raised	30/06/2017	30/06/2017	30/06/2018
Term years	10	10	10
Dates of maturity	30/06/2027	30/06/2027	30/06/2028
Rate of interest (%)	4.86%	4.86%	4.86%
Amount originally raised (\$'000)	150	100	60

Details of individual internal loans	Council ID / Ref 284	Council ID / Ref 287
Borrower (by purpose)	Barellan Change Room	Lake Talbot Water Park
Lender (by purpose)	Water Fund	Waste Fund
Date of Minister's approval	26/10/2017	
Date raised	30/06/2018	31/12/2020
Term years	10	15
Dates of maturity	30/06/2028	31/12/2035
Rate of interest (%)	4.86%	4.86%
Amount originally raised (\$'000)	50	1,450

D2 Interests in other entities

Subsidiaries, joint arrangements and associates not recognised

The following subsidiaries, joint arrangements and associates have not been recognised in this financial report.

Name of entity/operation	Principal activity/type of entity	2024 Net profit	2024 Net assets
Western Riverina Library Services	Provision of library services to member local government areas	230	900

Reasons for non-recognition

Council holds 15.91% equity share in Western Riverina Library Service, and has assessed this as not material, hence not recognised. The information provided above is for 2023 as this is the latest information available at the time of Council preparing the Financial Statements.

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

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

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

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

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

The risks associated with the financial instruments held are:

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

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

(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 1% movement in interest rates		
– Equity / Income Statement	374	357

(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.

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. 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 secure a charge over the land relating to the debts – 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 the payment of debt.

\$ '000	Not yet overdue	overdue rates and annual charges		Total
		< 5 years	≥ 5 years	
2024				
Gross carrying amount	–	767	2	769
2023				
Gross carrying amount	–	625	21	646

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	4,410	–	133	–	306	4,849
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.16%	0.01%
ECL provision	–	–	–	–	–	–
2023						
Gross carrying amount	2,886	–	36	51	–	2,973
Expected loss rate (%)	0.00%	0.00%	0.00%	23.68%	0.00%	0.41%
ECL provision	–	–	–	12	–	12

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.

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	≤ 1 Year	payable in:		Total cash outflows	Actual carrying values
				1 - 5 Years	> 5 Years		
2024							
Payables	0.00%	229	2,519	–	–	2,748	2,819
Borrowings	3.09%	–	291	1,276	1,991	3,558	3,558
Total financial liabilities		229	2,810	1,276	1,991	6,306	6,377
2023							
Payables	0.00%	206	1,589	–	–	1,795	1,862
Borrowings	2.01%	–	147	783	974	1,904	1,904
Total financial liabilities		206	1,736	783	974	3,699	3,766

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
- Financial assets and liabilities

Fair value hierarchy

All assets 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:

\$ '000	Notes	Fair value measurement hierarchy					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2024	2023	2024	2023	2024	2023
Recurring fair value measurements							
Financial assets							
Financial investments	C1-2						
At fair value through profit or loss – designated at fair value on initial recognition		–	–	10	10	10	10
Total financial assets		–	–	10	10	10	10
Infrastructure, property, plant and equipment							
Plant, equipment, furniture and fittings	C1-7	–	–	6,628	6,247	6,628	6,247
Operational land		3,756	3,622	–	–	3,756	3,622
Community land		–	–	7,627	6,661	7,627	6,661
Land under roads (post 30/06/08)		–	–	112	66	112	66
Land Improvements – non-depreciable		–	–	299	288	299	288
Land Improvements - depreciable		–	–	239	236	239	236
Buildings – non-specialised		–	–	11,115	10,811	11,115	10,811
Buildings – specialised		–	–	12,543	9,044	12,543	9,044
Other structures		–	–	14,787	12,490	14,787	12,490
Roads, bridges, footpaths, bulk earthworks		–	–	144,276	144,901	144,276	144,901
Stormwater drainage		–	–	6,687	7,710	6,687	7,710
Sewerage network		–	–	16,855	16,416	16,855	16,416
Water supply network		–	–	23,471	22,706	23,471	22,706
Library books		–	–	241	219	241	219
Swimming pools		–	–	3,110	3,094	3,110	3,094
Other open space/recreational assets		–	–	2,218	1,024	2,218	1,024
Tip assets		–	–	340	442	340	442
Total infrastructure, property, plant and equipment		3,756	3,622	250,548	242,355	254,304	245,977

E2-1 Fair value measurement (continued)

Valuation techniques

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

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

Infrastructure, property, plant and equipment (IPPE)

Land Improvements

Land Improvements are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.

Land improvement assets have been revalued internally as at 30 June 2021. An assessment has been undertaken on this asset class resulting in an indexation being applied for 30 June 2024.

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

Operational & Community Land

Community land was revalued as at 30 June 2022 inhouse using the Land Value provided by the Valuer-General where available. Community land has been valued using level 3 valuation inputs.

Operational land was revalued as at 30 June 2023 by an external valuer, Australis Asset Advisory Group. Operational land has been valued using level 2 valuation inputs.

The valuation is the valuer's opinion of the Market Value of the property as at the date of inspection having regard to the supply and demand conditions for this category of property.

Market value is defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

An assessment has been undertaken on community land and operational land assets resulting in an indexation applied for 30 June 2024.

Buildings – Non-Specialised & Specialised

Non-Specialised & Specialised Buildings are valued by an external valuer, AssetVal Pty Ltd and have been revalued as at 30 June 2021. The cost approach has been used whereby replacement cost was estimated for each asset. No Market based evidence (Level 2) could be supported as such these assets were all classified as having been valued using level 3 valuation inputs.

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

An assessment has been undertaken resulting in an indexation applied to Buildings non-specialised and Buildings specialised for 30 June 2024.

Other Structures

Other Structures comprise of lighting, irrigation systems, fencing, shade structures etc.

The cost approach has been used whereby replacement cost was estimated for each asset. No Market based evidence (Level 2) could be supported as such these assets were all classified as having been valued using level 3 valuation inputs.

Other Structures have been revalued by an external valuer AssetVal Pty Ltd as at 30 June 2021 and there has been no change to the valuation process during the reporting period.

An assessment has been undertaken resulting in an indexation applied to Other Structures for 30 June 2024.

Roads

Roads include bulk earthworks, carriageway, roadside shoulders & kerb & gutter. The cost approach using level 3 inputs was used to value this asset class. A revaluation was undertaken as at 30 June 2024 in-house based on actual costs and assumptions from Council's Technical Services Department. No market based evidence (level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class.

E2-1 Fair value measurement (continued)

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

Bridges

Bridges were valued under the cost approach using level 3 inputs. A revaluation was undertaken as at 30 June 2024 in-house based on actual costs and assumptions from Council's Technical Services Department. No market based evidence (level 2) inputs are available therefore Level 3 valuation inputs were used for this asset class.

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

Footpaths

Footpaths were revalued in-house by Council's Technical Services Department as at 30 June 2024 and were based on actual cost per square meter of works carried out during the year.

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

Stormwater Drainage

Assets within this class comprise of pits and pipes.

The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear meters of certain diameter pipes and prices per pit or similar could be supported from market evidence (Level 2) other inputs (such as residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value.

A revaluation was undertaken as at 30 June 2024 in-house by council technical services staff and there has been no change to the valuation process during the reporting period.

Water Supply Network

Assets within this class comprise of bores, water treatment plant, reservoirs, pumping stations and water pipelines.

The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear meters of certain diameter pipes and prices per pit or similar could be supported from market evidence (Level 2) other inputs (such as residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. These assets are indexed each year in line with the NSW Reference Rates Manual as published by the Office of Water.

The assets in this class of assets were revalued by an external valuer AssetVal Pty Ltd as at 30 June 2022 and there has been no change to the valuation process during the reporting period.

Sewerage Network

Assets within this class comprise of treatment works, pumping stations and sewerage mains.

The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear meters of certain diameter pipes and prices per pit or similar could be supported from market evidence (Level 2) other inputs (such as residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. These assets are indexed each year in line with the NSW Reference Rates Manual as published by the Office of Water.

The assets in this class of assets were revalued by an external valuer AssetVal Pty Ltd as at 30 June 2022 and there has been no change to the valuation process during the reporting period.

Swimming Pools

Swimming pools were valued using the cost approach. No Market based evidence (Level 2) could be supported as such these assets were all classified as having been valued using level 3 valuation inputs.

Swimming Pools have been revalued by an external valuer, AssetVal Pty Ltd as at 30 June 2021 and there has been no change to the valuation process during the reporting period.

An assessment has been undertaken resulting in an indexation applied to Swimming pool assets for 30 June 2024.

Other Open Space/Recreational Assets

E2-1 Fair value measurement (continued)

Assets within this class comprise of BBQ's and outdoor play equipment.

Other Open Space/Recreational Assets were valued using the cost approach. No Market based evidence (Level 2) could be supported as such these assets were all classified as having been valued using level 3 valuation inputs.

Open Space and Recreation Assets have been revalued by an external valuer, AssetVal Pty Ltd as at 30 June 2021 and there has been no change to the valuation process during the reporting period.

An assessment has been undertaken resulting in an indexation applied to Other open space/recreational assets for 30 June 2024.

E2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

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

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

	Valuation technique/s	Unobservable inputs
Financial assets		
Unlisted equity securities	Level 3 Valued at cost	
Total financial assets		
Infrastructure, property, plant and equipment		
Plant, equipment, library books, furniture and fittings	Level 3 Valued at cost	<ul style="list-style-type: none"> • Gross replacement cost • Remaining useful life • Residual value
Operational Land	Level 2 Market approach	<ul style="list-style-type: none"> • Land value (price per square metre)
Community Land, Land under roads (post 30/06/08)	Level 3 Market approach	<ul style="list-style-type: none"> • Land value (price per square metre)
Land Improvements- Non-dep	Level 3 Valued at cost	<ul style="list-style-type: none"> • Gross replacement cost • Remaining useful life
Land Improvements - depreciable	Level 3 Valued at cost	<ul style="list-style-type: none"> • Gross replacement cost • Remaining useful life
Buildings & other Structures	Level 3 External valuation using cost approach	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value
Roads, bridges, footpaths, bulk earthworks	Level 3 Internal valuation using cost approach	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life
Stormwater Drainage	Level 3 Internal valuation using cost approach	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life
Water Supply Network	Level 3 External valuation using cost approach	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life
Sewerage Network	Level 3 External valuation using cost approach	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life
Swimming Pools	Level 3 External valuation using cost approach	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life
Open Space and Recreational	Level 3 External valuation using cost approach	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life
Library Books	Level 3 Valued at cost	<ul style="list-style-type: none"> • Gross replacement cost • Asset condition • Remaining useful life • Residual value

Highest and best use

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

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

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

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

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

* For 180 Point Members, Employers are required to contribute 8.5% of salaries for the year ending 30 June 2024 (increasing to 9.0% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$20.0 million per annum for 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2023. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

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

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

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

E3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2024 was \$ 46,608.68. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2023.

The amount of additional contributions included in the total employer contribution advised above is \$13,872.36. Council's expected contribution to the plan for the next annual reporting period is \$24,940.32.

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 this deficit that is broadly attributed to the Council is estimated to be in the order of 0.14% as at 30 June 2024.

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.

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review, which will be a triennial actuarial investigation will be completed by December 2024.

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

E3-1 Contingencies (continued)

(iv) Other guarantees

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

2. Other liabilities

(i) Third party claims

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

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

(ii) Quarries

Council operates a number gravel quarries and will have to rehabilitate the sites at some time in the future. As at 30 June 2024 Council is unable to reliably estimate the financial cost of such work.

ASSETS NOT RECOGNISED

(i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30/6/08.

(ii) Infringement notices/fines

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

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

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

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

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

\$ '000	2024	2023
Compensation:		
Short-term benefits	924	842
Post-employment benefits	96	67
Other long-term benefits	24	27
Total	1,044	936

Other transactions with KMP and their related parties

Nature of the transaction	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000					
2024					
Employee expenses relating to close family members of KMP	441	–	Council staff award	–	–
Related Parties, which are Suppliers of Council, supplying goods and services, such as printing services.	31	–	Contracts, purchase orders or tenders	–	–
2023					
Employee expenses relating to close family members of KMP	367	–	Council staff award	–	–
Related Parties, which are Suppliers of Council, supplying goods and services, such as printing services.	38	–	Contracts, purchase orders or tenders	–	–

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	117	103
Other Councillors' expenses (including Mayor)	58	50
Total	203	181

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:		
(i) Audit and other assurance services		
Audit and review of financial statements	65	54
Remuneration for audit and other assurance services	65	54
Total Auditor-General remuneration	65	54
Total audit fees	65	54

G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of Operating Result

\$ '000	2024	2023
Net operating result from Income Statement	14,431	9,763
Add / (less) non-cash items:		
Depreciation and amortisation	6,640	6,297
(Gain) / loss on disposal of assets	796	22
Non-cash capital grants and contributions	(754)	(46)
– Revaluation decrements / impairments of IPP&E direct to P&L	(1,034)	1
Unwinding of discount rates on reinstatement provisions	21	17
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(1,669)	(60)
Increase / (decrease) in provision for impairment of receivables	68	–
(Increase) / decrease of inventories	(128)	(43)
(Increase) / decrease of other current assets	14	(26)
(Increase) / decrease of contract assets	(316)	(580)
Increase / (decrease) in payables	898	(148)
Increase / (decrease) in other accrued expenses payable	5	(43)
Increase / (decrease) in other liabilities	54	50
Increase / (decrease) in contract liabilities	(1,245)	604
Increase / (decrease) in employee benefit provisions	151	(77)
Increase / (decrease) in other provisions	(87)	51
Net cash flows from operating activities	17,845	15,782

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	2,122	–
Buildings	75	1,093
Recreation	469	302
Total commitments	2,666	1,395

These expenditures are payable as follows:

Within the next year	2,666	1,395
Total payable	2,666	1,395

Sources for funding of capital commitments:

Future grants and contributions	1,029	857
Unexpended grants	–	72
Unexpended Contributions	332	–
Externally restricted reserves	–	373
Internally restricted reserves	261	93
Unexpended loans	1,044	–
Total sources of funding	2,666	1,395

Details of capital commitments

- Barellan Sewer Scheme \$2,122,417
- Barellan Toddler Pool \$469,053
- North Narrandera Shelter \$74,927

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 as at 30 June 2024

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					
Roads	57	–	–	–	3	–	–	60	–
S7.11 contributions – under a plan	57	–	–	–	3	–	–	60	–
S7.12 levies – under a plan	211	15	–	–	10	–	–	236	–
Total S7.11 and S7.12 revenue under plans	268	15	–	–	13	–	–	296	–
S7.4 planning agreements	257	–	–	–	12	(6)	–	263	–
S64 contributions	311	9	–	–	15	–	–	335	–
Total contributions	836	24	–	–	40	(6)	–	894	–

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.

G4-2 Developer contributions by 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					
CONTRIBUTION PLAN - Pine Hill									
Roads	57	–	–	–	3	–	–	60	–
Total	57	–	–	–	3	–	–	60	–

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2024	Indicator 2024	2023	Indicators 2022	2021	Benchmark
1. Operating performance ratio						
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	4,755	16.14%	15.77%	0.28%	5.42%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	29,469					
2. Own source operating revenue ratio						
Total continuing operating revenue excluding all grants and contributions ¹	16,920	43.41%	43.31%	46.51%	44.46%	> 60.00%
Total continuing operating revenue	38,979					
3. Unrestricted current ratio						
Current assets less all external restrictions	20,008	4.46x	6.57x	5.99x	5.03x	> 1.50x
Current liabilities less specific purpose liabilities	4,490					
4. Debt service cover ratio						
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	11,461	52.82x	51.35x	44.41x	215.52x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	217					
5. Rates and annual charges outstanding percentage						
Rates and annual charges outstanding	810	8.32%	7.52%	7.73%	9.25%	< 10.00%
Rates and annual charges collectable	9,734					
6. Cash expense cover ratio						
Current year's cash and cash equivalents plus all term deposits	37,481	22.72 months	21.51 months	18.40 months	19.67 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	1,650					

(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}	18.93%	18.93%	(10.23)%	(13.09)%	16.64%	13.75%	> 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	40.31%	35.72%	91.56%	95.93%	34.85%	82.94%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	4.46x	6.57x	7.05x	54.73x	5.77x	34.00x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	122.56x	59.98x	∞	∞	5.64x	16.51x	> 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	7.74%	6.91%	10.78%	10.15%	9.29%	8.52%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	20.60 months	19.07 months	32.79 months	41.63 months	32.06 months	26.32 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

(1) - (2) Refer to Notes at Note G4-1 above.

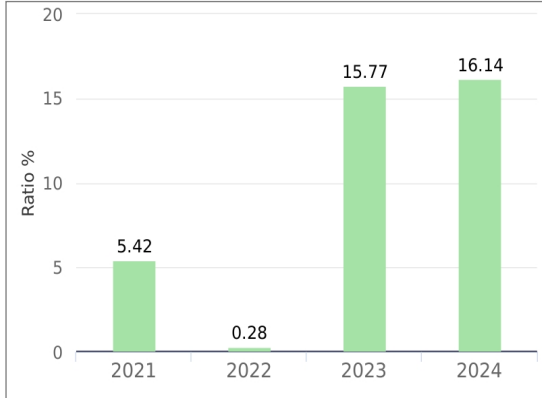
(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

End of the audited financial statements

H Additional Council disclosures (unaudited)

H1-1 Statement of performance measures – consolidated results (graphs)

1. Operating performance ratio



Purpose of operating performance ratio

This ratio measures Council's achievement of containing operating expenditure within operating revenue.

Commentary on 2023/24 result

2023/24 ratio 16.14%

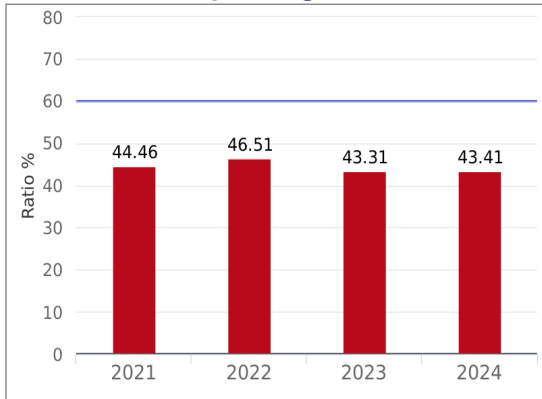
Council continues to contain operating expenditure within operating revenue. The receipt of significant operating grants in 2023-2024 that remain unspent at 30 June 2024 may impact Council's operating performance ratio in future years. The water fund has reported a deficit on the income statement for three consecutive years. Council is formulating a strategy to correct the issue.

Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark
Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.

Commentary on 2023/24 result

2023/24 ratio 43.41%

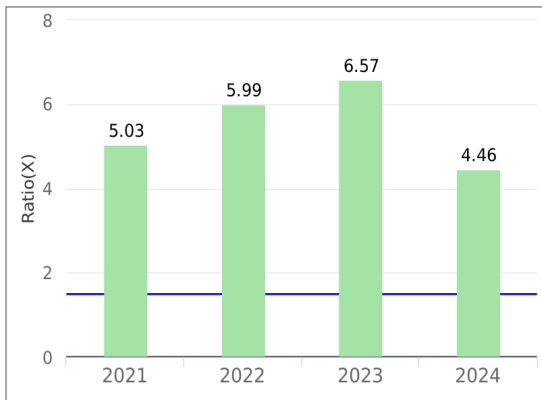
Own source revenue has again been impacted by additional grant funding for Local Roads and Community Infrastructure, Regional Emergency Road Repair Fund, Financial Assistance Grant prepayment, Barellan Sewer Grant, Fixing Local Roads.

Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark
Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.

Commentary on 2023/24 result

2023/24 ratio 4.46x

Council's ratio remains well above the benchmark with more than adequate funds to satisfy its short-term obligations.

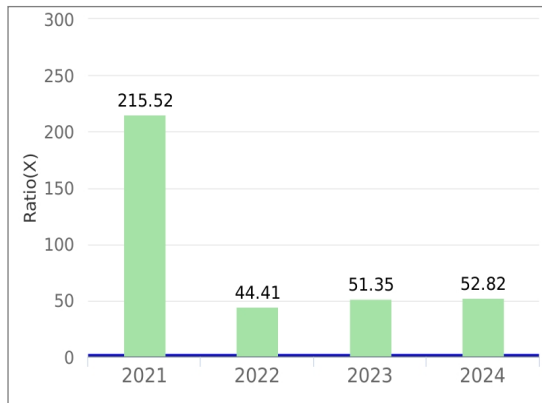
Benchmark: — > 1.50x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark
Ratio is outside benchmark

H1-1 Statement of performance measures – consolidated results (graphs) (continued)

4. Debt service cover ratio



Purpose of debt service cover ratio

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

Commentary on 2023/24 result

2023/24 ratio 52.82x

Council currently has three external loans , one for the Lake Talbot Pool upgrade and two for the Barellan Sewer scheme. Internal loans exist from the Water fund to the General Fund \$126,650.

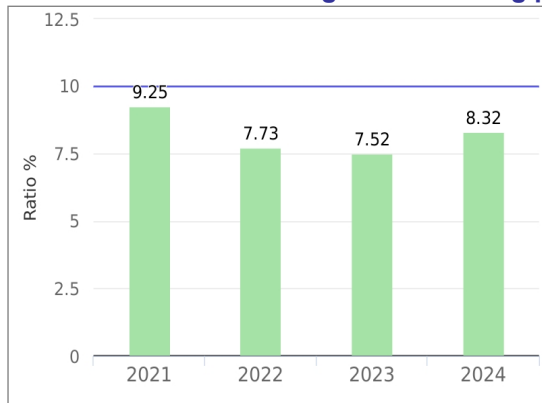
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

Commentary on 2023/24 result

2023/24 ratio 8.32%

Councils outstanding rates remain satisfactory at 30 June 2024 through the use of a fair debt recovery program.

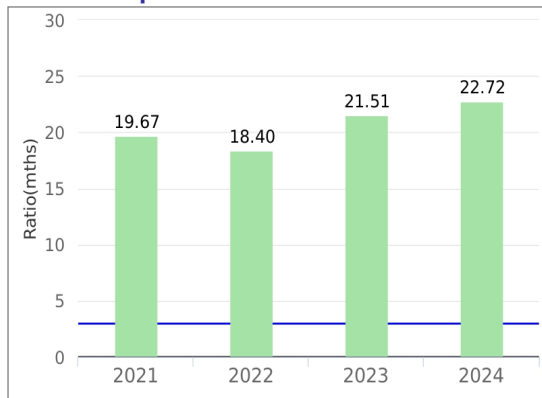
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.

Commentary on 2023/24 result

2023/24 ratio 22.72 months

Council has adequate cash to meet its obligations for 22 months without requiring additional cash inflows.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-2 Council information and contact details

Principal place of business:

141 East Street
Narrandera NSW 2700

Contact details

Mailing Address:

141 East Street
Narrandera NSW 2700

Opening hours:

Office Hours
Monday to Friday
9.00am - 4:30pm

Telephone: 02 6959 5510

Internet: www.narrandera.nsw.gov.au

Email: council@narrandera.nsw.gov.au

Officers

General Manager

George Cowan

Responsible Accounting Officer

Rebecca Best

Public Officer

Mr Martin Hiscox

Auditors

NSW Audit Office
Level 19
Darling Park Tower 2
201 Sussex Street
Sydney NSW 2000

GPO Box 12
Sydney NSW 2001

Elected members

Mayor

Cr Neville Kschenka

Councillors

Cr Cameron Lander
Cr Jenny Clarke
Cr Tracey Lewis
Cr Kevin Morris
Cr Peter Dawson
Cr Narelle Payne
Cr Braden Lyons
Cr Sue Ruffles

Other information

ABN: 96 547 765 569



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

To the Councillors of Narrandera Shire Council

Opinion

I have audited the accompanying financial statements of Narrandera 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 the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Lawrissa Chan
Delegate of the Auditor-General for New South Wales

8 October 2024
SYDNEY



Cr Neville Kschenka
 Mayor
 Narrandera Shire Council
 141 East Street
 NARRANDERA NSW 2700

Contact: Lawrissa Chan
 Phone no: 02 9275 7255
 Our ref: R008-2124742775-6988

8 October 2024

Dear Mayor

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

I have audited the general purpose financial statements (GPFS) of the Narrandera 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 \$m	2023 \$m	Variance %
Rates and annual charges revenue	8.9	8.6	↑ 3.5
Grants and contributions revenue	22.1	19.4	↑ 13.9
Operating result from continuing operations	14.4	9.8	↑ 46.9
Net operating result before capital grants and contributions	4.9	4.5	↑ 8.9

Rates and annual charges revenue (\$8.9 million) increased by \$0.3 million (3.5 per cent) in 2023–24 mainly due to a rate peg increase of 3.7 per cent.

Grants and contributions revenue (\$22.1 million) increased by \$2.7 million (13.9 per cent) in 2023–24 mainly due to increase in sewerage related funding for the Barellan Sewer Scheme of \$3.2 million.

Council’s operating result from continuing operations (\$14.4 million including depreciation, amortisation and impairment expense of \$5.6 million) was \$4.6 million higher than the 2022–23 result. This increase was mainly due to grants and contributions as explained above, and interest and investment income.

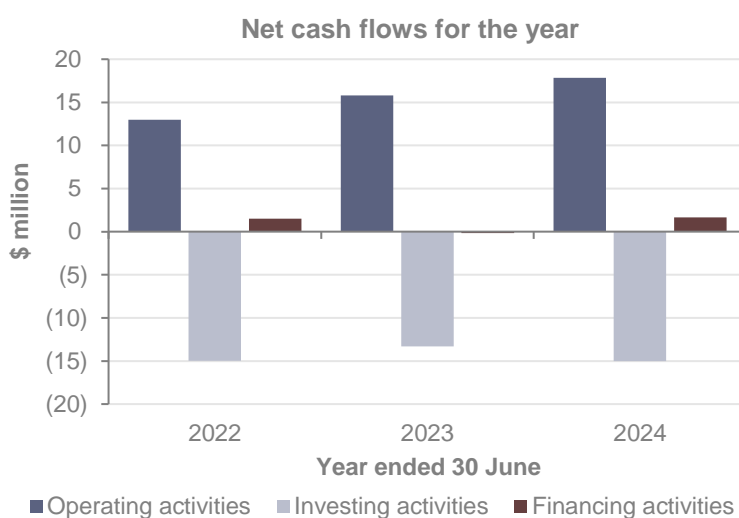
The net operating result before capital grants and contributions of \$4.9 million was \$0.4 million higher than the 2022–23 result. This increase is mainly attributed to the increase in other revenues, interest and investment income and rates and annual charges.

STATEMENT OF CASH FLOWS

Cash flows from Operating activities increased by \$2.1 million mainly due to an increase in interest received, and a reduction in payments for materials and services.

Cash flows from investing activities decreased by \$1.7 million mainly due to payments for infrastructure, property, plant and equipment.

Cash flows from financing activities increased by \$1.8 million mainly due to proceeds from borrowings.



FINANCIAL POSITION

Cash and investments

Cash and investments	2024	2023	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	37.5	36.3	Externally restricted balances comprise mainly of specific purpose unexpended grants, developer contributions, water and sewer funds. Externally restricted funds increased by \$1.7 million due to increase in specific purpose unexpended grants. Internal allocations are determined by council policies or decisions, which are subject to change. Internal allocations have remained steady compared with the prior year.
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	21.5	19.8	
• Internal allocations	15.4	16.1	

Debt

At 30 June 2024, Council had:

- \$3.6 million in secured loans (\$1.9 million in 2022–23)
- \$350,000 in approved overdraft facility with \$nil drawn down (\$350,000 with \$nil drawn down in 2022–23)
- \$45,000 in credit card facility with \$16,000 used (\$45,000 with \$7,000 used in 2022–23).

PERFORMANCE

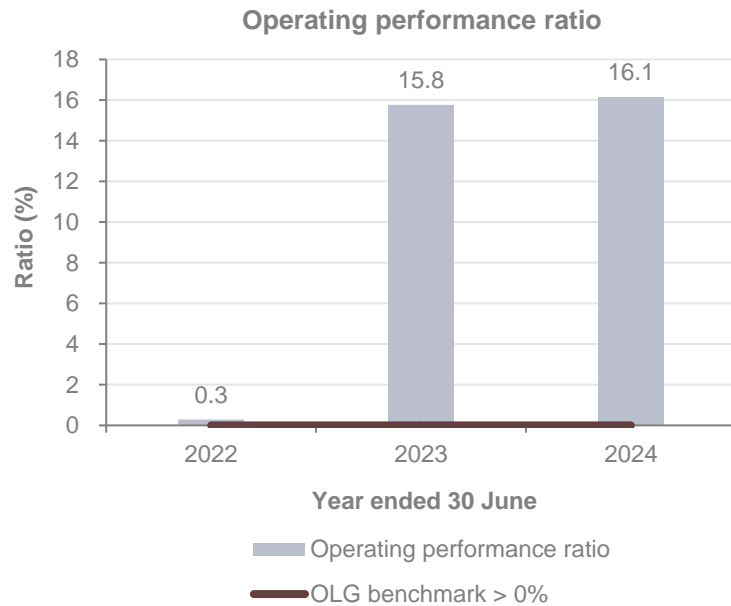
Performance measures

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 exceeded the benchmark for the current reporting period.

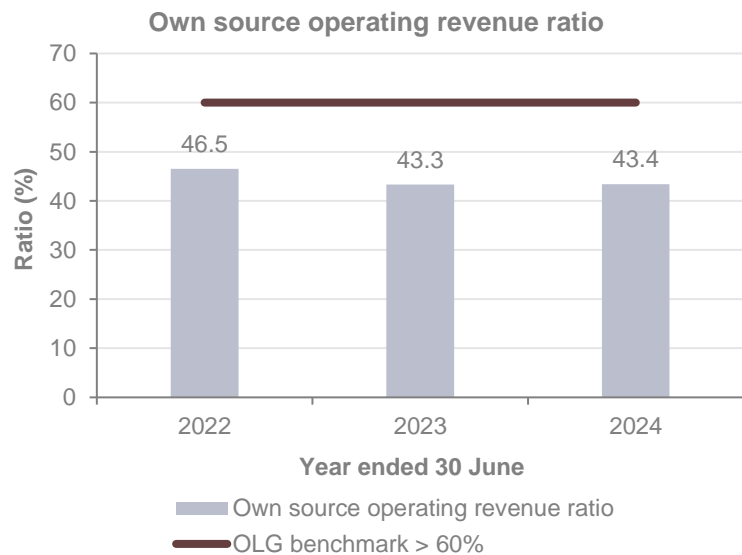
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

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

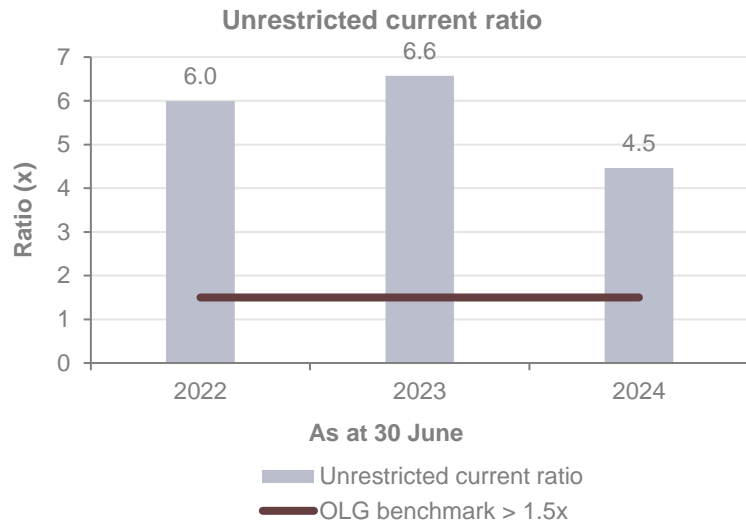
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

Council exceeded the benchmark for the current reporting period.

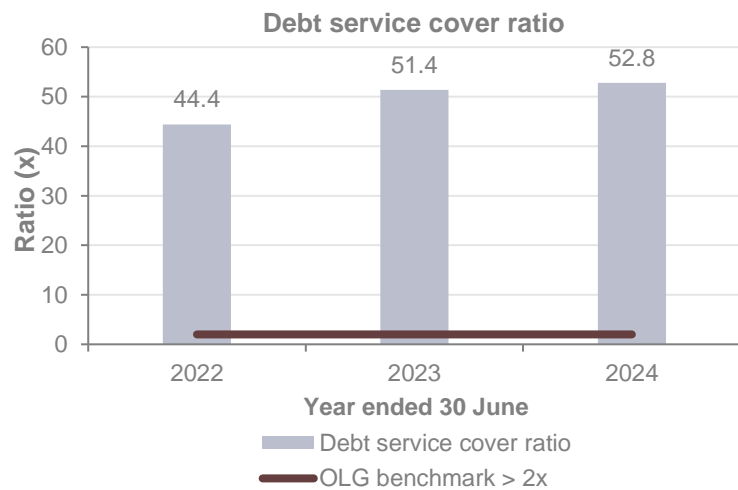
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

Council exceeded the benchmark for the current reporting period.

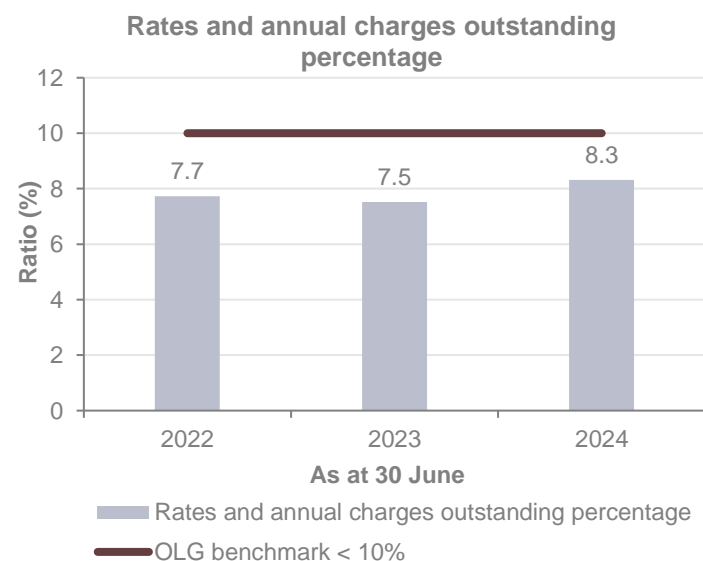
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

Council met the benchmark for the current reporting period.

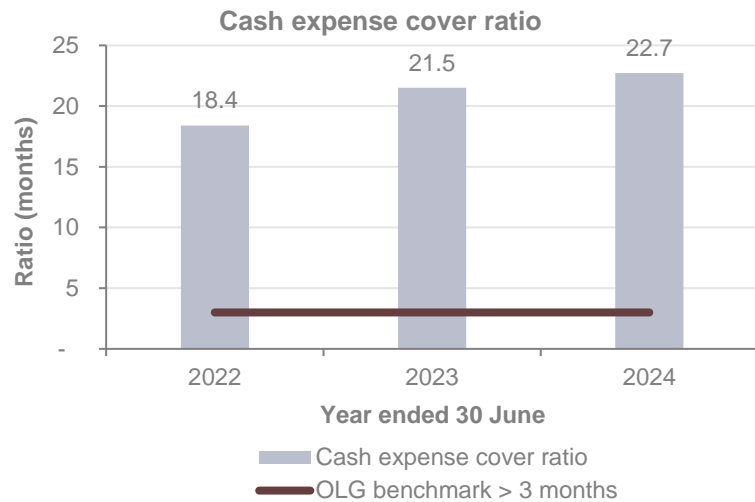
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



Cash expense cover ratio

Council exceeded the benchmark for the current reporting period.

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



Infrastructure, property, plant and equipment renewals

Council renewed \$7.2 million of infrastructure, property, plant and equipment during the 2023–24 financial year, mainly on roads and bridges. A further \$12.1 million was spent on new assets.

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.

Lawrissa Chan
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

Special Purpose Financial Statements

Year Ending
June 2024



Narrandera 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	11

Background

- i. These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
- ii. The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.

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

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

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

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

Narrandera Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2024

Statement by Councillors and Management

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

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

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

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

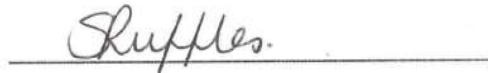
- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records.
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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

Signed in accordance with a resolution of Council made on 27 August 2024.



Neville Kschenka
Mayor
27 August 2024



Sue Ruffles
Councillor
27 August 2024



George Cowan
General Manager
27 August 2024



Rebecca Best
Responsible Accounting Officer
27 August 2024



Mr Shane Wilson
Deputy General Manager Infrastructure
27 August 2024

Narrandera 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	886	848
User charges	1,422	1,354
Fees	32	7
Interest and investment income	338	153
Total income from continuing operations	2,678	2,362
Expenses from continuing operations		
Employee benefits and on-costs	467	528
Materials and services	1,745	1,479
Depreciation, amortisation and impairment	740	651
Net loss from the disposal of assets	187	271
Other expenses	50	–
Total expenses from continuing operations	3,189	2,929
Surplus (deficit) from continuing operations before capital amounts	(511)	(567)
Grants and contributions provided for capital purposes	247	67
Surplus (deficit) from continuing operations after capital amounts	(264)	(500)
Surplus (deficit) from all operations before tax	(264)	(500)
Surplus (deficit) after tax	(264)	(500)
Plus accumulated surplus	17,733	18,233
Plus adjustments for amounts unpaid:		
Closing accumulated surplus	17,469	17,733
Return on capital %	(2.1)%	(2.4)%
Subsidy from Council	1,575	1,530
Calculation of dividend payable:		
Surplus (deficit) after tax	(264)	(500)
Less: capital grants and contributions (excluding developer contributions)	(247)	(67)
Surplus for dividend calculation purposes	–	–
Potential dividend calculated from surplus	–	–

Narrandera Shire Council

Income Statement of sewerage business activity

for the year ended 30 June 2024

\$ '000	2024	2023
Income from continuing operations		
Access charges	1,560	1,501
User charges	193	173
Interest and investment income	116	69
Total income from continuing operations	1,869	1,743
Expenses from continuing operations		
Employee benefits and on-costs	377	339
Borrowing costs	37	39
Materials and services	742	760
Depreciation, amortisation and impairment	402	355
Net loss from the disposal of assets	10	–
Total expenses from continuing operations	1,568	1,493
Surplus (deficit) from continuing operations before capital amounts	301	250
Grants and contributions provided for capital purposes	3,494	344
Surplus (deficit) from continuing operations after capital amounts	3,795	594
Surplus (deficit) from all operations before tax	3,795	594
Less: corporate taxation equivalent (25%) [based on result before capital]	(75)	(63)
Surplus (deficit) after tax	3,720	531
Plus accumulated surplus	13,054	12,460
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	75	63
Closing accumulated surplus	16,849	13,054
Return on capital %	1.5%	1.6%
Subsidy from Council	647	422
Calculation of dividend payable:		
Surplus (deficit) after tax	3,720	531
Less: capital grants and contributions (excluding developer contributions)	(3,494)	(344)
Surplus for dividend calculation purposes	226	187
Potential dividend calculated from surplus	113	94

Narrandera Shire Council

Statement of Financial Position of water supply business activity

as at 30 June 2024

\$ '000	2024	2023
ASSETS		
Current assets		
Contract assets and contract cost assets	115	24
Cash and cash equivalents	383	89
Investments	5,798	6,155
Receivables	632	519
Total current assets	6,928	6,787
Non-current assets		
Receivables	87	127
Infrastructure, property, plant and equipment	24,738	23,951
Total non-current assets	24,825	24,078
Total assets	31,753	30,865
LIABILITIES		
Current liabilities		
Payables	106	124
Total current liabilities	106	124
Total liabilities	106	124
Net assets	31,647	30,741
EQUITY		
Accumulated surplus	17,469	17,733
Revaluation reserves	14,178	13,008
Total equity	31,647	30,741

Narrandera 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	207	42
Investments	2,733	2,621
Receivables	943	176
Contract assets and contract cost assets	425	323
Total current assets	4,308	3,162
Non-current assets		
Infrastructure, property, plant and equipment	22,896	17,686
Total non-current assets	22,896	17,686
Total assets	27,204	20,848
LIABILITIES		
Current liabilities		
Borrowings	237	93
Total current liabilities	237	93
Non-current liabilities		
Borrowings	2,954	1,391
Total non-current liabilities	2,954	1,391
Total liabilities	3,191	1,484
Net assets	24,013	19,364
EQUITY		
Accumulated surplus	16,849	13,054
Revaluation reserves	7,164	6,310
Total equity	24,013	19,364

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 2022 (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)

a. Narrandera Council Water Supply

Council's water supply activities servicing the town of Narrandera, and which is established as a Special Rate Fund of Council.

Category 2

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

a. Narrandera Sewerage Service

Council's sewerage reticulation & treatment activities servicing the town of Narrandera, and which is established as a Special Rate Fund of Council.

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%** (22/23 25%)

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 relevant corporate income tax rate, currently 25% (LY 25%).

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

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

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.30% at 30/6/24.

Note – Material accounting policy information (continued)

(iii) Dividends

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

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

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

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2024 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Narrandera Shire Council

To the Councillors of Narrandera Shire Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Narrandera 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
- sewerage.

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.



Lawrissa Chan
Delegate of the Auditor-General for New South Wales

8 October 2024
SYDNEY

Special Schedules

Year Ending
June 2024



Narrandera 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 6

Narrandera Shire Council

Permissible income for general rates

\$ '000	Notes	Calculation 2023/24	Calculation 2024/25
Notional general income calculation ¹			
Last year notional income yield	a	5,308	5,511
Plus/minus adjustments ²	b	10	2
Notional general income	c = a + b	5,318	5,513
Permissible income calculation			
Percentage increase (%)	d	3.70%	25.50%
Less expiring special variations amount	e	–	–
Plus percentage increase amount ³	f = d x (c + e)	197	1,406
Sub-total	g = (c + e + f)	5,515	6,919
Plus or minus last year's carry-forward total	h	20	24
Less valuation objections claimed in the previous year	i	–	–
Sub-total	j = (h + i)	20	24
Total permissible income	k = g + j	5,535	6,943
Less notional income yield	l	5,511	6,923
Catch-up or (excess) result	m = k – l	24	20
Plus income lost due to valuation objections claimed ⁴	n	–	–
Less unused catch-up greater than 10 years ⁵	o	–	–
Carry forward to next year ⁶	p = m + n + o	24	20

Notes

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



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Narrandera Shire Council

To the Councillors of Narrandera Shire Council

Opinion

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



Lawrissa Chan
Delegate of the Auditor-General for New South Wales

8 October 2024
SYDNEY

Narrandera 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 – non-specialised	2,663	–	451	155	11,115	32,930	2.0%	11.0%	47.0%	38.0%	2.0%
	Buildings – specialised	1,394	–	303	117	12,543	22,103	46.0%	3.0%	19.0%	30.0%	2.0%
	Sub-total	4,057	–	754	272	23,658	55,033	19.7%	7.8%	35.8%	34.8%	1.9%
Other structures	Other structures	1,503	–	350	455	14,787	25,531	53.0%	5.0%	17.0%	22.0%	3.0%
	Sub-total	1,503	–	350	455	14,787	25,531	53.0%	5.0%	17.0%	22.0%	3.0%
Water supply network	Water supply network	4,150	–	530	963	23,471	47,311	19.0%	6.0%	41.0%	27.0%	7.0%
	Sub-total	4,150	–	530	963	23,471	47,311	19.0%	6.0%	41.0%	27.0%	7.0%
Roads	Sealed roads pavement	598	–	277	337	15,269	26,597	2.0%	32.0%	54.0%	11.0%	1.0%
	Sealed roads surface	2,156	–	260	1,056	14,948	25,020	25.0%	25.0%	25.0%	15.0%	10.0%
	Unsealed roads pavement	2,150	–	208	676	9,571	19,983	8.0%	20.0%	42.0%	16.0%	14.0%
	Bridges	586	–	93	1	14,803	24,747	17.0%	62.0%	7.0%	14.0%	0.0%
	Footpaths	40	–	43	40	1,884	2,943	20.0%	23.0%	49.0%	8.0%	0.0%
	Bulk earthworks	–	–	–	–	77,412	77,412	100.0%	0.0%	0.0%	0.0%	0.0%
	Flood-ways	–	–	6	–	520	560	71.0%	29.0%	0.0%	0.0%	0.0%
	Guardrail	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Kerb and guttering	42	–	93	81	5,159	8,980	1.0%	30.0%	66.0%	3.0%	0.0%
	Traffic devices	34	–	11	–	731	1,028	45.0%	13.0%	23.0%	19.0%	0.0%
Sub-total	5,606	–	991	2,191	144,276	187,270	48.9%	20.2%	20.5%	7.5%	2.9%	
Sewerage network	Sewerage network	668	–	301	505	16,855	26,912	48.0%	29.0%	14.0%	6.0%	3.0%
	Sub-total	668	–	301	505	16,855	26,912	48.0%	29.0%	14.0%	6.0%	3.0%
Stormwater drainage	Stormwater drainage	531	–	115	–	6,658	13,808	1.0%	13.0%	64.0%	22.0%	0.0%
	Sub-total	531	–	115	–	6,687	13,808	1.0%	13.0%	64.0%	22.0%	0.0%
Open space / recreational assets	Swimming pools	195	–	196	156	3,111	4,600	76.0%	0.0%	0.0%	24.0%	0.0%
	Open Space & Recreational	135	–	180	37	2,217	2,993	58.0%	22.0%	10.0%	4.0%	6.0%
	Sub-total	330	–	376	193	5,328	7,593	68.9%	8.7%	3.9%	16.1%	2.4%
Total – all assets		16,845	–	3,417	4,579	235,062	363,458	39.4%	15.5%	26.0%	15.8%	3.3%

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

Narrandera Shire Council

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

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

Narrandera Shire Council

Report on infrastructure assets as at 30 June 2024

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2024	Indicator 2024	2023	Indicators 2022	2021	Benchmark
Buildings and infrastructure renewals ratio						
Asset renewals ¹	8,031					
Depreciation, amortisation and impairment	4,419	181.74%	56.74%	154.62%	214.32%	> 100.00%
Infrastructure backlog ratio						
Estimated cost to bring assets to a satisfactory standard	16,845					
Net carrying amount of infrastructure assets	249,761	6.74%	8.51%	14.68%	14.52%	< 2.00%
Asset maintenance ratio						
Actual asset maintenance	4,579					
Required asset maintenance	3,417	134.01%	169.90%	190.73%	119.07%	> 100.00%
Cost to bring assets to agreed service level						
Estimated cost to bring assets to an agreed service level set by Council	–	0.00%	0.00%	0.00%	0.00%	
Gross replacement cost	363,458					

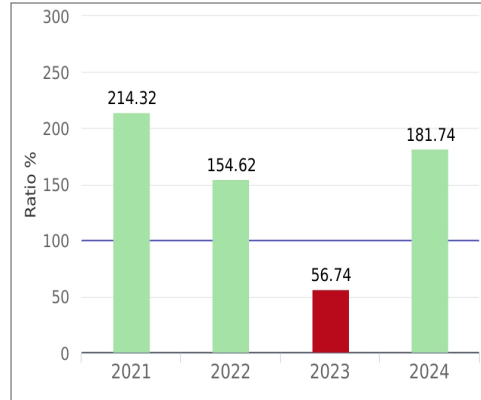
(*) All asset performance indicators are calculated using classes identified in the previous table.

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

Narrandera 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	181.74%
Council has exceeded the benchmark in renewal of buildings and infrastructure. At 30 June there is a significant amount of renewal projects in work in progress. Council will continue to renew buildings and infrastructure to reduce the infrastructure backlog ratio.	

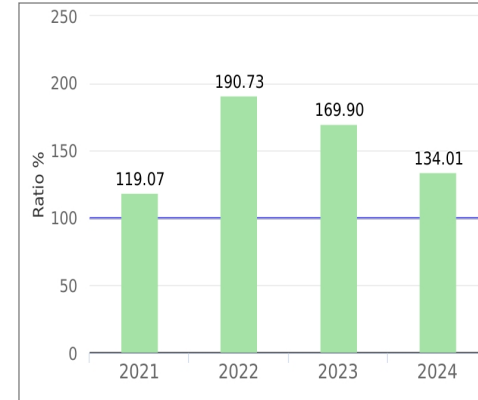
Benchmark: — > 100.00%

■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ Ratio is outside benchmark

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	134.01%
Council is expending sufficient funds to ensure the infrastructure backlog ratio remains at a satisfactory level.	

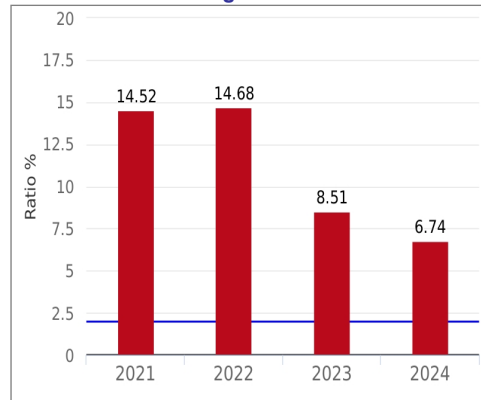
Benchmark: — > 100.00%

■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ Ratio is outside benchmark

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	6.74%
Council is progressively reducing the infrastructure backlog ratio	

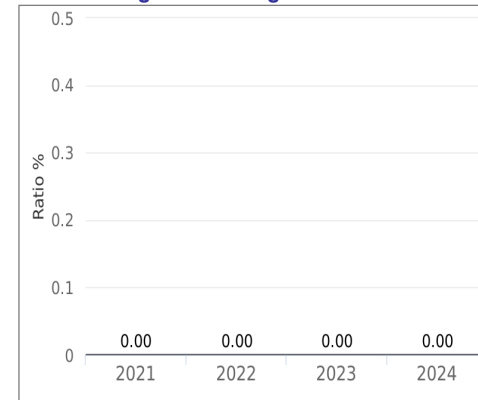
Benchmark: — < 2.00%

■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ Ratio is outside benchmark

Cost to bring assets to agreed service level



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	0.00%

Narrandera 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							
Asset renewals							
Depreciation, amortisation and impairment	241.42%	67.67%	8.83%	14.53%	0.00%	0.00%	> 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	5.74%	7.92%	17.68%	16.98%	3.96%	3.75%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	120.30%	144.30%	181.70%	259.64%	167.77%	237.98%	> 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	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	