

Gilgandra Shire Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2024



Gilgandra Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2024



Gilgandra Shire Council

General Purpose Financial Statements

for the year ended 30 June 2024

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Gilgandra 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.

Gilgandra Shire Council

General Purpose Financial Statements

for the year ended 30 June 2024

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

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

- the *Local Government Act 1993* (NSW) (as amended) 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.

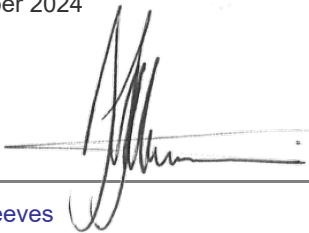
Signed in accordance with a resolution of Council made on 20 August 2024.



Doug Batten
Mayor
29 October 2024



Ash Walker
Councillor
29 October 2024



David Neeves
General Manager
29 October 2024



Guy McAnally-Elwin
Responsible Accounting Officer
29 October 2024

Gilgandra Shire Council

Income Statement

for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Actual 2023
Income from continuing operations				
7,191	Rates and annual charges	B2-1	7,194	7,015
17,695	User charges and fees	B2-2	22,494	18,165
826	Other revenues	B2-3	965	918
11,103	Grants and contributions provided for operating purposes	B2-4	17,451	15,240
14,464	Grants and contributions provided for capital purposes	B2-4	3,994	8,010
1,603	Interest and investment income	B2-5	1,858	1,024
–	Net gain from the disposal of assets	B4-1	220	223
52,882	Total income from continuing operations		54,176	50,595
Expenses from continuing operations				
19,173	Employee benefits and on-costs	B3-1	19,889	18,484
11,117	Materials and services	B3-2	17,587	12,986
518	Borrowing costs	B3-3	197	595
6,226	Depreciation, amortisation and impairment of non-financial assets	B3-4	7,420	6,568
1,229	Other expenses	B3-5	724	585
38,263	Total expenses from continuing operations		45,817	39,218
14,619	Operating result from continuing operations		8,359	11,377
14,619	Net operating result for the year attributable to Council		8,359	11,377
155	Net operating result for the year before grants and contributions provided for capital purposes		4,365	3,367

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

Gilgandra 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		8,359	11,377
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	18,749	22,130
Total items which will not be reclassified subsequently to the operating result		18,749	22,130
Total other comprehensive income for the year		18,749	22,130
Total comprehensive income for the year attributable to Council		27,108	33,507

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

Gilgandra Shire Council

Statement of Financial Position

as at 30 June 2024

\$ '000	Notes	2024	2023
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	6,693	6,036
Investments	C1-2	32,000	28,000
Receivables	C1-4	3,809	5,836
Inventories	C1-5	166	195
Total current assets		42,668	40,067
Non-current assets			
Receivables	C1-4	792	607
Inventories	C1-5	–	225
Infrastructure, property, plant and equipment (IPPE)	C1-6	408,222	384,086
Total non-current assets		409,014	384,918
Total assets		451,682	424,985
LIABILITIES			
Current liabilities			
Payables	C2-1	16,322	16,259
Contract liabilities	C2-2	–	208
Borrowings	C2-3	569	612
Employee benefit provisions	C2-4	4,122	3,807
Total current liabilities		21,013	20,886
Non-current liabilities			
Borrowings	C2-3	4,011	4,580
Employee benefit provisions	C2-4	248	270
Provisions	C2-5	1,241	1,188
Total non-current liabilities		5,500	6,038
Total liabilities		26,513	26,924
Net assets		425,169	398,061
EQUITY			
Accumulated surplus		136,556	128,197
IPPE revaluation reserve	C3-1	288,613	269,864
Council equity interest		425,169	398,061
Total equity		425,169	398,061

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

Gilgandra 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		128,197	269,864	398,061	116,820	247,734	364,554
Opening balance		128,197	269,864	398,061	116,820	247,734	364,554
Net operating result for the year		8,359	–	8,359	11,377	–	11,377
Net operating result for the period		8,359	–	8,359	11,377	–	11,377
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	18,749	18,749	–	22,130	22,130
Other comprehensive income		–	18,749	18,749	–	22,130	22,130
Total comprehensive income		8,359	18,749	27,108	11,377	22,130	33,507
Closing balance at 30 June		136,556	288,613	425,169	128,197	269,864	398,061

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

Gilgandra 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>				
7,191	Rates and annual charges		6,966	6,890
17,695	User charges and fees		24,365	17,053
1,603	Interest received		1,725	687
25,567	Grants and contributions		22,472	23,643
–	Bonds, deposits and retentions received		–	735
826	Other		1,789	1,729
<i>Payments:</i>				
(19,173)	Payments to employees		(19,641)	(18,558)
(11,117)	Payments for materials and services		(21,034)	(14,568)
(518)	Borrowing costs		(147)	(581)
(1,229)	Other		–	(212)
20,845	Net cash flows from operating activities	G1-1	16,495	16,818
Cash flows from investing activities				
<i>Receipts:</i>				
2,700	Sale of real estate assets		–	–
561	Proceeds from sale of IPPE		459	314
<i>Payments:</i>				
–	Acquisition of term deposits		(4,000)	(3,000)
(25,335)	Payments for IPPE		(13,046)	(11,789)
(7,474)	Purchase of real estate assets		–	–
(29,548)	Net cash flows from investing activities		(16,587)	(14,475)
Cash flows from financing activities				
<i>Receipts:</i>				
2,500	Proceeds from borrowings		–	1,000
1,000	Proceeds from Retirement Complex Contributions		3,296	3,389
<i>Payments:</i>				
(711)	Repayment of borrowings		(612)	(812)
(1,000)	Repayment of Retirement Complex Contributions		(1,935)	(2,654)
1,789	Net cash flows from financing activities		749	923
(6,914)	Net change in cash and cash equivalents		657	3,266
–	Cash and cash equivalents at beginning of year		6,036	2,770
(6,914)	Cash and cash equivalents at end of year	C1-1	6,693	6,036
32,797	plus: Investments on hand at end of year	C1-2	32,000	28,000
25,883	Total cash, cash equivalents and investments		38,693	34,036

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

Gilgandra Shire Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 29 October 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 and investment property.

Significant accounting estimates and judgements

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-6
- (ii) employee benefit provisions – refer Note C2-4
- (iii) tip remediation provisions - refer Note C2-5

Significant judgements in applying the Council's accounting policies

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

Monies and other assets received by Council

The Consolidated Fund

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

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

- General purpose operations
- Water service
- Sewerage service
- Orana Living
- Carlinda Enterprises
- Cooee Villa Units
- Cooee Lodge Hostel

A1-1 Basis of preparation (continued)

- Jack Towney Hostel

The Trust Fund

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

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

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

Goods and Services Tax (GST)

Volunteer services

Council relies on volunteers to perform duties within the community transport, meal on wheels and tourist information operational areas. If the services of volunteers were not available, Council would be required fill the void by utilising contracted operators or by employing additional staff. It is estimated that this would cost Council between \$200,000 and \$300,000 annually.

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 to applied any pronouncements before their operative dates in the annual reporting period beginning 1 July 2023.

Council's assessment of the impact of the new standards, and interpretations relevant to them, is set out below:

New accounting standards adopted during the year

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**
- **Equivalent standard for JO's is AASB 2021-6 Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards**

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										
Governance	–	–	180	171	(180)	(171)	–	–	–	–
Administration	750	922	12,444	11,991	(11,694)	(11,069)	555	653	39,494	21,870
Public order and safety	582	670	859	711	(277)	(41)	566	1,293	3,564	3,360
Health	68	106	607	519	(539)	(413)	–	–	2,203	2,185
Environment	721	725	640	690	81	35	–	–	5,222	4,231
Community services and education	18,054	15,238	14,384	11,436	3,670	3,802	1,439	1,384	44,016	43,761
Housing and community amenities	335	1,775	512	406	(177)	1,369	44	1,518	4,167	4,721
Water supplies	1,532	1,126	1,335	1,078	197	48	138	4	21,319	21,210
Sewerage services	1,555	2,197	908	870	647	1,327	1	811	21,753	21,218
Recreation and culture	1,053	2,435	1,840	1,262	(787)	1,173	946	2,328	16,357	14,529
Mining, manufacturing and construction	33	29	4	–	29	29	–	–	–	–
Transport and communication	17,093	11,146	10,659	8,764	6,434	2,382	12,195	7,116	280,774	281,175
Economic affairs	1,119	1,972	1,446	1,320	(327)	652	593	1,674	9,991	6,725
General purpose revenues	11,282	12,254	–	–	11,282	12,254	4,968	6,469	–	–
Other	–	–	–	–	–	–	–	–	2,822	–
Total functions and activities	54,177	50,595	45,818	39,218	8,359	11,377	21,445	23,250	451,682	424,985

B1-2 Components of functions or activities

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

Governance

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

Administration

Includes corporate support and other support services, engineering works and any Council policy compliance.

Public order and safety

Includes fire protection, emergency services, enforcement of regulations and animal control.

Health

Includes food control and medical centres.

Environment

Includes noxious plants and insect / vermin control, solid waste management (including domestic, commercial and other waste management), street cleaning and stormwater management.

Community services and education

Includes administration and education, social protection (welfare), aged and disabled persons services and children's services.

Housing and community amenities

Includes public cemeteries, public conveniences, street lighting, town planning and other community amenities including housing services.

Water supplies

Includes the provision of a water supply service to the town of Gilgandra and the village of Tooraweenah.

Sewerage services

Includes the provision of a sewerage service to the town of Gilgandra.

Recreation and culture

Includes public libraries, community centres and halls, other cultural services (heritage programs), sporting grounds and venues, swimming pools, parks and gardens and other sport and recreation services.

Mining, manufacturing and construction

Includes building control and gravel pits.

Transport and communication

Includes urban roads, sealed and unsealed rural roads, regional roads, bridges, parking areas, footpaths, aerodromes and other transport services including RMS contract works, rural addressing, road safety officer and kerb and gutter.

Economic affairs

Includes camping areas and caravan parks, tourism and area promotion, real estate development, private works and other business undertakings.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2024	2023
Ordinary rates		
Residential	1,053	1,011
Farmland	4,208	4,090
Business	278	269
Less: pensioner rebates	(84)	(83)
Rates levied to ratepayers	5,455	5,287
Pensioner rate subsidies received	45	46
Total ordinary rates	5,500	5,333
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	515	507
Stormwater management services	25	25
Water supply services	470	470
Sewerage services	608	591
Waste management services (non-domestic)	94	109
Less: pensioner rebates	(43)	(45)
Annual charges levied	1,669	1,657
Pensioner annual charges subsidies received:		
– Water	13	13
– Sewerage	12	12
Total annual charges	1,694	1,682
Total rates and annual charges	7,194	7,015

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

Material accounting policy information

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

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area.

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

B2-2 User charges and fees

\$ '000	2024	2023
Specific user charges (per s502 - specific 'actual use' charges)		
Water supply services	749	560
Sewerage services	779	724
Total specific user charges	1,528	1,284
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s608)		
Planning and building regulation	94	133
Private works – section 67	23	54
Total fees and charges – statutory/regulatory	117	187
(ii) Fees and charges – other (incl. general user charges (per s608))		
Aerodrome	65	65
Aged care	15,251	12,926
Caravan park	21	20
Cemeteries	68	64
Transport for NSW works (state roads not controlled by Council)	4,648	3,096
Swimming centres	33	28
Waste disposal tipping fees	86	84
Companion animals	41	24
Government access centre	19	3
Rent and hire of council properties	552	319
Other	65	65
Total fees and charges – other	20,849	16,694
Total other user charges and fees	20,966	16,881
Total user charges and fees	22,494	18,165
Timing of revenue recognition for user charges and fees		
User charges and fees recognised at a point in time	22,494	18,165
Total user charges and fees	22,494	18,165

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. 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.

B2-3 Other revenues

\$ '000	2024	2023
Legal fees recovery – rates and charges (extra charges)	5	5
Commissions and agency fees	186	178
Insurance claims recoveries	154	244
Sales – general	151	214
Accommodation bonds retained	317	255
Tourism, promotion and economic development	108	–
Other	44	22
Total other revenue	965	918

Timing of revenue recognition for other revenue

Other revenue recognised at a point in time	965	918
Total other revenue	965	918

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	4,968	6,469	–	–
Amount recognised as income during current year		4,968	6,469	–	–
Special purpose grants and non-developer contributions (tied)					
Previously specific grants:					
Pensioners' rates subsidies:					
Water supplies	1	–	–	136	–
Sewerage services	1	–	–	–	810
Aged and disabled care	1	838	743	–	91
Bushfire and emergency services	1	262	238	420	502
Community Local Infrastructure Program	1	–	–	281	374
Economic development	1	227	482	–	–
Employment and training programs	1	237	342	–	–
Library	1	80	79	533	2,324
Local Infrastructure Renewal Scheme subsidy	1	6	9	–	–
Local Roads & Community Infrastructure	1	–	–	554	878
Recreation and culture	1	11	14	–	424
Parental leave	1	64	31	–	–
Youth services	1	365	356	–	–
Street lighting	1	44	43	–	–
Stronger Country Communities Fund	1	–	–	205	1,475
Town planning	1	–	–	–	–
Transport (roads and bridges funding)	2	9,829	5,972	1,500	646
Other specific grants	1	100	100	100	–
Previously contributions:					

continued on next page ...

B2-4 Grants and contributions (continued)

\$ '000	Timing	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Transport for NSW contributions (regional roads, block grant)	2	411	349	-	-
Water supplies (excl. section 64 contributions)	2	-	-	265	486
Education (pre school)	2	9	13	-	-
Total special purpose grants and non-developer contributions (tied)		12,483	8,771	3,994	8,010
Total grants and non-developer contributions		17,451	15,240	3,994	8,010
Comprising:					
- Commonwealth funding		7,508	11,810	1,292	2,585
- State funding		9,934	3,417	2,437	4,939
- Other funding		9	13	265	486
		17,451	15,240	3,994	8,010

The timing column notation (above) identifies the revenue recognition pattern for material items of Council's revenue:

- (1) indicates income recognised under AASB 15 or AASB 1058 "over time",
 (2) indicates income recognised under AASB 15 or AASB 1058 "at a point in time".

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	592	813	3,672	1,356
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	4,416	432	937	2,492
Add: Funds received and not recognised as revenue in the current year	-	-	-	-
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	-	-	-	-
Less: Funds received in prior year but revenue recognised and funds spent in current year	(338)	(653)	(2,362)	(176)
Unspent funds at 30 June	4,670	592	2,247	3,672

The unspent capital grants total is made up of funding received for infrastructure projects (\$570,000), the library project (\$66,000), the Local Roads & Community Infrastructure program (\$619,000), the Stronger Country Communities Fund (\$767,000) and the Infrastructure Betterment Fund (\$225,000).

The unspent operating grants total is made up of funding received for crown reserve management (\$80,000), town planning (\$80,000), the Business Case & Strategy Development Fund (\$21,000), the Drought Readiness program (\$88,000), the Fixing Local Roads grant (\$763,000), the Community Garden Club (\$14,000), the Open Streets program (\$100,000), the Regional

B2-4 Grants and contributions (continued)

Emergency Repair Fund (\$3,335,000) and the Roads to Recovery grant (\$189,000).

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 construction timelines, inspection points, service obligations and reporting. 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.

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)	74	41
– Cash and investments	1,784	983
Total interest and investment income (losses)	1,858	1,024

Material accounting policy information

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

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2024	2023
Salaries and wages	14,058	12,923
Travel expenses	8	10
Employee leave entitlements (ELE)	2,607	3,040
Superannuation	1,525	1,372
Workers' compensation insurance	1,345	955
Fringe benefits tax (FBT)	45	40
Training costs (other than salaries and wages)	342	317
Other	169	169
Total employee costs	20,099	18,826
Less: capitalised costs	(210)	(342)
Total employee costs expensed	19,889	18,484

Material accounting policy information

Employee benefit expenses are recorded when the service has been provided by the employee.

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

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

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

B3-2 Materials and services

\$ '000	Notes	2024	2023
Raw materials and consumables		15,652	11,173
Audit Fees	F2-1	86	64
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	180	172
Advertising		65	43
Bank charges		23	24
Electricity and heating		286	210
Insurance		596	499
Printing and stationery		45	53
Street lighting		111	109
Telephone and communications		190	354
Valuation fees		32	53
Other expenses		294	200
Legal expenses:			
– Legal expenses: other		27	32
Total materials and services		17,587	12,986
Total materials and services		17,587	12,986

Material accounting policy information

Expenses are recorded on an accrual basis as Council receives the goods or services.

B3-3 Borrowing costs

\$ '000	Notes	2024	2023
(i) Interest bearing liability costs			
Interest on loans		144	153
Total interest bearing liability costs		144	153
Total interest bearing liability costs expensed		144	153
(ii) Other borrowing costs			
Amortisation of discounts and premiums:			
– Remediation liabilities	C2-5	53	442
Total other borrowing costs		53	442
Total borrowing costs expensed		197	595

Material accounting policy information

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed as incurred.

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

\$ '000	Notes	2024	2023
Depreciation and amortisation			
Plant and equipment		1,221	1,153
Office equipment		74	27
Furniture and fittings		17	37
Infrastructure:	C1-6		
– Buildings (non-specialised)		36	35
– Buildings (specialised)		944	773
– Other structures		462	362
– Roads, Bridges and Footpaths		3,463	3,091
– Stormwater drainage		96	77
– Water supply network		568	527
– Sewerage network		433	390
Other assets:			
– Library books		39	32
– Other		62	59
Reinstatement, rehabilitation and restoration assets:			
– Gravel Pit Assets		5	5
Total depreciation and amortisation costs		7,420	6,568
Total depreciation, amortisation and impairment for non-financial assets		7,420	6,568

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-6 for IPPE assets.

Depreciation is capitalised where in-house assets have contributed to new assets.

Impairment of non-financial assets

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

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

Other non-financial assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by

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

which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

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

B3-5 Other expenses

\$ '000	2024	2023
Other		
Donations, contributions and assistance to other organisations (Section 356)	724	585
Total other expenses	724	585

Material accounting policy information

Other expenses are recorded on an accruals basis when Council has an obligation for the expenses.

Impairment expenses are recognised when identified.

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 plant and equipment	C1-6		
Proceeds from disposal – plant and equipment		459	314
Less: carrying amount of plant and equipment assets sold/written off		(239)	(91)
Gain (or loss) on disposal		220	223
Net gain (or loss) from disposal of assets		220	223

Material accounting policy information

Gains and losses on disposals are determined by comparing proceeds with carrying amount. The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer and the asset is de-recognised.

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 27 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	7,191	7,194	3	0%	F
User charges and fees	17,695	22,494	4,799	27%	F
There was a greater amount than anticipated received in aged and disabled care resident fees as well as an increase in Transport for NSW contract works.					
Other revenues	826	965	139	17%	F
Due to a higher amount than an expected received in retained accommodation deposits for aged care.					
Operating grants and contributions	11,103	17,451	6,348	57%	F
Council received funding for roads during the year that was not included in the original budget. The funding was from Disaster Recovery and the Regional Emergency Repair Fund.					
Capital grants and contributions	14,464	3,994	(10,470)	(72)%	U
Council included a number of capital projects in the budget that were conditional on receiving funding. Some of these projects did not proceed as the funding applications were unsuccessful while other projects proceeded with the funding approved but not yet paid.					
Interest and investment revenue	1,603	1,858	255	16%	F
Due to both an increase in interest rates and an increase in funds invested in term deposits.					
Net gains from disposal of assets	-	220	220	∞	F
Council does not budget for gains in disposal of assets. The full sale amount is included along with full replacement costs.					
Expenses					
Employee benefits and on-costs	19,173	19,889	(716)	(4)%	U
Materials and services	11,117	17,587	(6,470)	(58)%	U
The increased operating grant funding has led to the increase in costs for materials and contracts.					
Borrowing costs	518	197	321	62%	F
The borrowing costs were less than estimated due to proposed borrowings for projects not taking place during the year.					
Depreciation, amortisation and impairment of non-financial assets	6,226	7,420	(1,194)	(19)%	U
The increase in asset values due to the revaluation and indexation process has led to an increase in depreciation cost which was not included in the original budget.					
Other expenses	1,229	724	505	41%	F

B5-1 Material budget variations (continued)

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
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The majority of the costs included in the budget are now classed as materials and services and not other expenses.

Statement of cash flows

Cash flows from operating activities	20,845	16,495	(4,350)	(21)%	U
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The reduced cash flow from operating activities was due to a number of capital grants not forthcoming during the year.

Cash flows from investing activities	(29,548)	(16,587)	12,961	(44)%	F
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The cash flows expended in investing activities was less than estimated due to a number of proposed capital projects not proceeding during the year.

Cash flows from financing activities	1,789	749	(1,040)	(58)%	U
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The reduced cash flow from financing activities is due to the proposed borrowings not proceeding during the year.

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2024	2023
Cash assets		
Cash on hand and at bank	6,693	6,036
Total cash and cash equivalents	6,693	6,036

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	6,693	6,036
Balance as per the Statement of Cash Flows	6,693	6,036

Material accounting policy information

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

C1-2 Financial investments

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Debt securities at amortised cost				
Long term deposits	32,000	–	28,000	–
Total	32,000	–	28,000	–
Total financial investments	32,000	–	28,000	–
Total cash assets, cash equivalents and investments	38,693	–	34,036	–

Material accounting policy information

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

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

C1-2 Financial investments (continued)

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

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

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

\$ '000	2024	2023
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	38,693	34,036
Less: Externally restricted cash, cash equivalents and investments	<u>(13,922)</u>	<u>(11,245)</u>
Cash, cash equivalents and investments not subject to external restrictions	24,771	22,791
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	–	208
External restrictions – included in liabilities	<u>–</u>	<u>208</u>
External restrictions – other		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants (recognised as revenue) – general fund	6,917	4,264
Water fund	3,486	3,298
Sewer fund	3,125	3,134
Domestic waste management	394	341
External restrictions – other	<u>13,922</u>	<u>11,037</u>
Total external restrictions	<u>13,922</u>	<u>11,245</u>

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	24,771	22,791
Less: Internally restricted cash, cash equivalents and investments	<u>(12,484)</u>	<u>(12,920)</u>
Unrestricted and unallocated cash, cash equivalents and investments	12,287	9,871
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Employees leave entitlement	1,241	1,247
Carry over works	1,663	1,491
Community services	545	591
Financial assistance grant	4,674	5,081
Recreation facilities	185	185
Transport	2,629	2,366

continued on next page ...

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

\$ '000	2024	2023
Aged and disabled	540	632
Administration	820	1,230
Other	187	97
Total internal allocations	12,484	12,920

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

\$ '000	2024	2023
(c) Unrestricted and unallocated		
Unrestricted and unallocated cash, cash equivalents and investments	12,287	9,871

C1-4 Receivables

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
Rates and annual charges	536	331	394	275
Interest and extra charges	61	100	34	91
User charges and fees	2,087	265	3,462	241
Accrued revenues				
– Interest on investments	494	–	397	–
Government grants and subsidies	205	96	1,296	–
Other debtors	426	–	253	–
Total	3,809	792	5,836	607
Total net receivables	3,809	792	5,836	607

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, or when the receivables are over 2 years past due, 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	–	–	–	225
Stores and materials	152	–	159	–
Trading stock	14	–	36	–
Total inventories at cost	166	–	195	225
Total inventories	166	–	195	225

(i) Other disclosures

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
(a) Details for real estate development				
Industrial/commercial	–	–	–	225
Total real estate for resale	–	–	–	225

(Valued at the lower of cost and net realisable value)

Represented by:

Development costs	–	–	–	225
Total costs	–	–	–	225
Total real estate for resale	–	–	–	225

Movements:

Real estate assets at beginning of the year	–	225	–	225
– Transfers in from (out to) Note C1-8	–	(225)	–	–
Total real estate for resale	–	–	–	225

Material accounting policy information**Raw materials and stores, work in progress and finished goods**

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

C1-6 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	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000												
Plant and equipment	18,626	(11,650)	6,976	–	1,840	(239)	(1,221)	–	–	19,335	(11,979)	7,356
Office equipment	1,486	(1,144)	342	–	1,232	–	(74)	–	–	2,718	(1,218)	1,500
Furniture and fittings	820	(743)	77	–	–	–	(17)	–	–	820	(760)	60
Land:												
– Operational land	5,916	–	5,916	–	1,124	–	–	225	–	7,265	–	7,265
– Community land	1,856	–	1,856	–	–	–	–	–	–	1,856	–	1,856
– Land under roads (post 30/6/08)	185	–	185	–	–	–	–	–	–	185	–	185
Infrastructure:												
– Buildings – non-specialised	1,835	–	1,835	–	450	–	(36)	–	118	2,403	(36)	2,367
– Buildings – specialised	71,351	(20,060)	51,291	491	1,653	–	(944)	–	3,286	78,066	(22,289)	55,777
– Other structures	9,984	(5,018)	4,966	–	135	–	(462)	–	178	10,477	(5,660)	4,817
– Roads, bridges & footpaths	317,218	(45,526)	271,692	2,571	216	–	(3,463)	–	13,811	336,131	(51,304)	284,827
– Stormwater drainage	7,792	(4,958)	2,834	–	1,464	–	(96)	–	102	9,536	(5,232)	4,304
– Water supply network	31,873	(14,387)	17,486	435	–	–	(568)	–	628	33,452	(15,471)	17,981
– Sewerage network	28,584	(11,132)	17,452	985	–	–	(433)	–	626	30,595	(11,965)	18,630
Other assets:												
– Heritage collections	50	(50)	–	–	70	–	–	–	–	50	(50)	–
– Library books	316	(300)	16	–	–	–	(39)	–	–	386	(339)	47
– Other	1,809	(706)	1,103	–	155	–	(62)	–	–	1,964	(768)	1,196
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):												
– Gravel Pit Assets	86	(27)	59	–	–	–	(5)	–	–	86	(32)	54
Total infrastructure, property, plant and equipment	499,787	(115,701)	384,086	4,482	8,339	(239)	(7,420)	225	18,749	535,325	(127,103)	408,222

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

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

By aggregated asset class	At 1 July 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	Carrying value of disposals	Depreciation expense Restated	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Plant and equipment	17,665	(11,425)	6,240	–	1,980	(91)	(1,153)	–	–	–	18,626	(11,650)	6,976
Office equipment	1,241	(1,117)	124	–	245	–	(27)	–	–	–	1,486	(1,144)	342
Furniture and fittings	816	(706)	110	–	4	–	(37)	–	–	–	820	(743)	77
Land:													
– Operational land	4,873	–	4,873	–	223	–	–	–	–	820	5,916	–	5,916
– Community land	2,063	–	2,063	–	–	–	–	–	(207)	–	1,856	–	1,856
– Land under roads (post 30/6/08)	185	–	185	–	–	–	–	–	–	–	185	–	185
Infrastructure:													
– Buildings – non-specialised	3,213	(144)	3,069	–	–	–	(35)	(1,247)	–	48	1,835	–	1,835
– Buildings – specialised	65,335	(17,302)	48,033	743	4,790	–	(773)	1,247	(2,749)	–	71,351	(20,060)	51,291
– Other structures	8,528	(4,127)	4,401	–	403	–	(362)	–	–	524	9,984	(5,018)	4,966
– Roads, bridges & footpaths ²	290,049	(39,142)	250,907	2,549	–	–	(3,091)	–	–	21,327	317,218	(45,526)	271,692
– Stormwater drainage	7,288	(4,567)	2,721	–	–	–	(77)	–	–	190	7,792	(4,958)	2,834
– Water supply network	29,557	(12,970)	16,587	266	–	–	(527)	–	–	1,160	31,873	(14,387)	17,486
– Sewerage network	26,403	(10,048)	16,355	342	–	–	(390)	–	–	1,145	28,584	(11,132)	17,452
Other assets:													
– Heritage collections	50	(50)	–	–	–	–	–	–	–	–	50	(50)	–
– Library books	291	(268)	23	–	25	–	(32)	–	–	–	316	(300)	16
– Other	1,351	(647)	704	–	458	–	(59)	–	–	–	1,809	(706)	1,103
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):													
– Gravel Pit Assets	272	(81)	191	–	–	–	(5)	–	(128)	–	86	(27)	59
Total infrastructure, property, plant and equipment	459,180	(102,594)	356,586	3,900	8,128	(91)	(6,568)	–	(3,084)	25,214	499,787	(115,701)	384,086

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

(2) These values have been restated.

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

Material accounting policy information

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

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

Increases in the carrying amounts arising on revaluation are credited to the 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 revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

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.

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

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	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 8	Buildings	
Heavy plant/road making equipment	5 to 8	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 40
Water and sewer assets		Stormwater assets	
Dams and reservoirs	80 to 100	Drains	80 to 100
Bores	20 to 40	Culverts	50 to 80
Reticulation pipes: PVC	70 to 80	Flood control structures	80 to 100
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 20		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	20	Bulk earthworks	20
Sealed roads: structure	80	Swimming pools	50
Unsealed roads	20	Kerb and gutter	100
Bridge: concrete	100	Footpaths	20
Bridge: other	100	Other open space / recreational assets	20
Sealed road pavements	80	Other infrastructure	20
Unsealed road pavements	20		

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.

Buildings, other structures, roads, bridges and footpaths, stormwater, water supply and sewerage network assets are indexed at each reporting period in accordance with the applicable NSW CPI rates issued by the Australian Bureau of Statistics.

Increases in the carrying amounts arising on revaluation are credited to the IPPE revaluation reserve. To that 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

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

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.

C2 Liabilities of Council

C2-1 Payables

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Goods and services	1,165	-	2,505	-
Accrued expenses:				
– Borrowings	22	-	25	-
– Salaries and wages	289	-	214	-
Retirement complex contributions	14,502	-	13,141	-
Prepaid rates and charges	344	-	374	-
Total payables	16,322	-	16,259	-

Payables relating to restricted assets

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Externally restricted assets				
Water	224	-	326	-
Sewer	90	-	86	-
Payables relating to externally restricted assets	314	-	412	-
Total payables relating to restricted assets	314	-	412	-
Total payables	16,322	-	16,259	-

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

\$ '000	2024	2023
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	13,052	11,827
Total payables	13,052	11,827

Material accounting policy information

Council measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

Payables

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

C2-2 Contract Liabilities

\$ '000	Notes	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)	-	-	208	-
Total grants received in advance		-	-	208	-
Total contract liabilities		-	-	208	-

Notes

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

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

\$ '000	2024	2023
Grants and contributions received in advance:		
Operating grants (received prior to performance obligation being satisfied)	-	208
Total revenue recognised that was included in the contract liability balance at the beginning of the period	-	208

Significant changes in contract liabilities

No change from the previous year with funding for road maintenance works still held.

C2-3 Borrowings

\$ '000	2024		2023	
	Current	Non-current	Current	Non-current
Loans – secured ¹	569	4,011	612	4,580
Total borrowings	569	4,011	612	4,580

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

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

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

The following borrowings, even though classified as current, are not expected to be settled in the next 12 months.

(a) Changes in liabilities arising from financing activities

\$ '000	2023		Non-cash movements				2024
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	5,192	(612)	–	–	–	–	4,580
Total liabilities from financing activities	5,192	(612)	–	–	–	–	4,580

\$ '000	2022		Non-cash movements				2023
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	5,004	188	–	–	–	–	5,192
Lease liability	37	–	–	–	–	(37)	–
Total liabilities from financing activities	5,041	188	–	–	–	(37)	5,192

C2-3 Borrowings (continued)

(b) Financing arrangements

\$ '000	2024	2023
Total facilities		
Total financing facilities available to Council at the reporting date are:		
Credit cards/purchase cards	75	75
Total financing arrangements	75	75
Drawn facilities		
Financing facilities drawn down at the reporting date are:		
Undrawn facilities		
Undrawn financing facilities available to Council at the reporting date are:		
– Credit cards/purchase cards	75	75
Total undrawn financing arrangements	75	75

C2-4 Employee benefit provisions

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Annual leave	2,032	–	1,891	–
Long service leave	1,955	248	1,762	270
Other leave	135	–	154	–
Total employee benefit provisions	4,122	248	3,807	270

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

\$ '000	2024	2023
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	1,749	915
	1,749	915

Description of and movements in provisions

\$ '000	ELE provisions			Total
	Annual leave	Long service leave	Other employee benefits	
2024				
At beginning of year	1,891	2,032	154	4,077
Additional provisions	438	208	115	761
Amounts used (payments)	(791)	(221)	(138)	(1,150)
Remeasurement effects	353	13	23	389
Total ELE provisions at end of year	2,032	2,203	135	4,370
2023				
At beginning of year	1,912	2,128	112	4,152
Additional provisions	868	353	120	1,341
Amounts used (payments)	(1,169)	(423)	(100)	(1,692)
Remeasurement effects	280	(30)	23	273
Total ELE provisions at end of year	1,891	2,032	154	4,077

C2-4 Employee benefit provisions (continued)

Material accounting policy information

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

Other long-term employee benefit obligations

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

C2-5 Provisions

\$ '000	2024		2023	
	Current	Non-Current	Current	Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	1,241	–	1,188
Sub-total – asset remediation/restoration	–	1,241	–	1,188
Total provisions	–	1,241	–	1,188
Provisions relating to restricted assets				
Total provisions relating to unrestricted assets	–	1,241	–	1,188
Total provisions	–	1,241	–	1,188

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

The following provisions, even though classified as current, are not expected to be settled in the next 12 months.

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
2024		
At beginning of year	1,188	1,188
Unwinding of discount	53	53
Total other provisions at end of year	1,241	1,241
2023		
At beginning of year	746	746
Changes to provision:		
– Revised costs	(510)	(510)
Unwinding of discount	13	13
Total other provisions at end of year	1,188	1,188

Material accounting policy information

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

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

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

Asset remediation – tips and quarries

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

The ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors, including changes to the relevant legal requirements, the emergence of new restoration techniques, or experience at other locations.

C2-5 Provisions (continued)

The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates. As a result, there could be significant adjustments to the provision for close down and restoration and environmental clean-up, which would affect future financial results.

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

C3 Reserves

C3-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

D Council structure

D1 Results by fund

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

D1-1 Income Statement by fund

\$ '000	General 2024	Water 2024	Sewer 2024
Income from continuing operations			
Rates and annual charges	5,984	535	675
User charges and fees	20,830	852	812
Interest and investment revenue	1,519	163	176
Other revenues	960	5	–
Grants and contributions provided for operating purposes	17,423	15	13
Grants and contributions provided for capital purposes	3,858	136	–
Net gains from disposal of assets	198	22	–
Total income from continuing operations	50,772	1,728	1,676
Expenses from continuing operations			
Employee benefits and on-costs	19,356	301	232
Materials and services	16,489	644	454
Borrowing costs	195	1	1
Depreciation, amortisation and impairment of non-financial assets	6,419	568	433
Other expenses	724	–	–
Total expenses from continuing operations	43,183	1,514	1,120
Operating result from continuing operations	7,589	214	556
Net operating result for the year	7,589	214	556
Net operating result attributable to each council fund	7,589	214	556
Net operating result for the year before grants and contributions provided for capital purposes	3,731	78	556

D1-2 Statement of Financial Position by fund

ASSETS

Current assets

Cash and cash equivalents	5,082	486	1,125
Investments	27,000	3,000	2,000
Receivables	3,478	211	120
Inventories	166	–	–
Total current assets	35,726	3,697	3,245

Non-current assets

Receivables	575	122	95
Infrastructure, property, plant and equipment	371,066	18,125	19,031
Total non-current assets	371,641	18,247	19,126
Total assets	407,367	21,944	22,371

LIABILITIES

Current liabilities

Payables	16,249	28	45
Income received in advance	(84)	84	–

continued on next page ...

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

\$ '000	General 2024	Water 2024	Sewer 2024
Borrowings	526	24	19
Employee benefit provision	4,122	–	–
Total current liabilities	20,813	136	64
Non-current liabilities			
Borrowings	4,011	–	–
Employee benefit provision	248	–	–
Provisions	1,241	–	–
Total non-current liabilities	5,500	–	–
Total liabilities	26,313	136	64
Net assets	381,054	21,808	22,307
EQUITY			
Accumulated surplus	116,699	11,344	8,513
Revaluation reserves	264,355	10,464	13,794
Council equity interest	381,054	21,808	22,307
Total equity	381,054	21,808	22,307

D2 Interests in other entities

D2-1 Subsidiaries

Council's consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with AASB 10 and the accounting policy described below.

D2-2 Interests in joint arrangements

Material joint ventures

Council acknowledges a 25% interest in a joint venture with the North West Library, however, this joint venture has not been included in the financial statements due to the value of the operations and Council's equity in the joint venture not deemed to be of a material nature.

(i) Unconsolidated structured entities

County Councils as joint ventures:

Council is a member of the Castlereagh-Macquarie County Council, a body corporate established under the Local Government Act 1993 (NSW) to administer and control noxious weeds in the district. Council is one of five constituent councils and does not have significant influence over the County Council.

Accordingly, the County Council has not been consolidated in the financial statements.

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

Council's activities expose it to a variety of financial risks including **(1)** price risk, **(2)** credit risk, **(3)** liquidity risk and **(4)** interest rate risk.

The 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 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 Council's finance section under policies approved by the Council.

A comparison by category of the carrying amounts and fair values of Council's financial assets and financial liabilities recognised in the financial statements is presented below.

\$ '000	Carrying value 2024	Carrying value 2023	Fair value 2024	Fair value 2023
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	6,693	6,036	6,693	6,036
Receivables	4,601	6,443	4,600	6,443
Investments				
– Deposits at amortised cost	32,000	28,000	32,000	28,000
Total financial assets	43,294	40,479	43,293	40,479
Financial liabilities				
Payables	16,322	16,259	15,978	15,885
Loans/advances	4,580	5,192	4,580	5,192
Total financial liabilities	20,902	21,451	20,558	21,077

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and measure at amortised cost investments** – are based upon estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified (i) **at fair value through profit and loss** or (ii) **at fair value through other comprehensive income** – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital.

Council's finance area manages the cash and Investments portfolio with the assistance of independent advisors.

Council has an investment policy which complies with the Local Government Act 1993 and Minister's investment order 625. This policy is regularly reviewed by Council and its staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance as required by Local Government regulations.

The risks associated with the instruments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.
- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due.

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

- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

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

(a) Market risk – interest rate and price 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	320	349
Impact of a 10% movement in price of investments		
– Equity / Income Statement	–	–

(b) Credit risk

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

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

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

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

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

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

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

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue	overdue rates and annual charges		Total
		< 5 years	≥ 5 years	
2024				
Gross carrying amount	–	867	–	867

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

2023

Gross carrying amount	–	669	–	669
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Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2024						
Gross carrying amount	2,641	283	424	40	346	3,734
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	–	–	–	–	–	–
2023						
Gross carrying amount	4,042	289	83	1,136	224	5,774
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	–	–	–	–	–	–

(c) Liquidity risk

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
2024							
Payables	0.00%	16,322	–	–	–	16,322	16,322
Borrowings	2.94%	–	569	2,129	1,882	4,580	4,580
Total financial liabilities		16,322	569	2,129	1,882	20,902	20,902
2023							
Payables	0.00%	16,259	–	–	–	16,259	16,259
Borrowings	2.75%	–	759	2,814	2,530	6,103	5,192
Total financial liabilities		16,259	759	2,814	2,530	22,362	21,451

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

The fair value of assets and liabilities must be estimated in accordance with various accounting standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a 'level' in the fair value hierarchy as follows:

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

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

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

E2-1 Fair value measurement (continued)

\$ '000	Notes	Fair value measurement hierarchy									
		Date of latest valuation		Level 1 Quoted prices in active mkts		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Recurring fair value measurements											
Infrastructure, property, plant and equipment											
	C1-6										
Plant & equipment		at cost	at cost	7,356	6,976	-	-	-	-	7,356	6,976
Office equipment		at cost	at cost	-	-	-	-	1,500	342	1,500	342
Furniture & fittings		at cost	at cost	-	-	-	-	60	77	60	77
Land		30/06/23	30/06/23	-	-	9,306	7,957	-	-	9,306	7,957
Buildings		30/06/23	30/06/23	-	-	2,367	1,835	55,777	51,291	58,144	53,126
Other structures		at cost	at cost	-	-	-	-	4,817	4,966	4,817	4,966
Roads, bridges & footpaths		30/06/20	30/06/20	-	-	-	-	284,827	271,692	284,827	271,692
Stormwater drainage		30/06/21	30/06/21	-	-	-	-	4,304	2,834	4,304	2,834
Water supply		30/06/22	30/06/22	-	-	-	-	17,981	17,486	17,981	17,486
Sewerage services		30/06/22	30/06/22	-	-	-	-	18,630	17,452	18,630	17,452
Other assets		at cost	at cost	-	-	-	-	1,243	1,119	1,243	1,119
Gravel pits		30/06/23	30/06/23	-	-	-	-	54	59	54	59
Total infrastructure, property, plant and equipment				7,356	6,976	11,673	9,792	389,193	367,318	408,222	384,086

E2-1 Fair value measurement (continued)

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

Valuation techniques

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

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

Infrastructure, property, plant and equipment (IPPE)

Council engaged the services of professional valuers to provide valuations for land and buildings in 22/23 and also the water supply and sewerage services infrastructure assets revalued in 21/22. The values used for other infrastructure assets (roads, bridges and footpaths and stormwater drainage) have been determined by qualified Council staff by using known constructions costs, current condition assessments, current renewal practices and known construction dates. The values of the remaining asset classes (plant and equipment, office equipment, furniture and fittings, other structures and other assets) have been determined by deeming that the transaction price equals the fair value at initial recognition.

Fair value measurements using significant unobservable inputs (level 3)

The valuation process for level 3 fair value measurements

Buildings

Council engaged APV Valuers and Asset Management to conduct a revaluation of its buildings in 22/23. The majority of the buildings were valued using a depreciated replacement cost method however there was a small portion where a market value approach was used. The market value portion was considered to be minor compared to the total value of the building assets. The asset values for 23/24 have been indexed by 5.92% for specialised buildings.

Roads, Bridges & Footpaths

Council management has determined that as Council's engineering staff are experts available who can provide informed values of the road network including bridges and footpaths, then the advice and opinions of those experts should be used. A revaluation was performed in 2019/20 and the process used to determine the valuations was obtaining the cost to construct the various components and segments of the network by using a combination of the last actual construction costs from a Council job and accepted industry standards. Inspections were carried out to determined condition ratings and these ratings were used to calculate the remaining useful lives. The current replacement cost and the condition rating were then used to calculate a value based on the current depreciated replacement cost of the assets. The asset values for 23/24 have been indexed by applying the applicable CPI rate of 5.10%.

Stormwater Drainage

Council management has determined that as Council's engineering staff are experts available who can provide informed values of the stormwater network, then the advice and opinions of those experts should be used. A revaluation was performed in 2020/21 and the process used to determine the valuations was obtaining the cost to construct the various components and segments of the network by using a combination of the last actual construction costs from a Council job and accepted industry standards. Inspections were carried to determined condition ratings and these ratings were used to calculate the remaining useful lives. The current replacement cost and the condition ratings were then used to calculate a value based on the current depreciated replacement cost of the assets. The asset values for 23/24 have been indexed by applying the applicable CPI rate of 3.59%.

Water Supply

Council engaged APV Valuers and Asset Management to undertake the revaluation of the Water Supply infrastructure assets in 2021/22. The assets were valued using the depreciated replacement cost method. The revaluation process was undertaken as part of a group engagement with other central western Councils. The asset values for 23/24 have been indexed by applying the applicable CPI rate of 3.59%.

Sewerage Services

Council engaged APV Valuers and Asset Management to undertake the revaluation of the Sewerage Services infrastructure assets in 2021/22. The assets were valued using the depreciated replacement cost method. The revaluation process was undertaken as part of a group engagement with other central western Councils. The asset values for 23/24 have been indexed by applying the applicable CPI rate of 3.59%.

Other Structures

Fair value at initial recognition that equals the transaction price has been used for all other assets.

This means that the values recorded are the purchase cost to Council at the time they were bought. This process was determined by Council management because the assets are consumed in a short period of time and the total value of the asset class is small in comparison to other asset classes. It was determined that other methods of valuation could be used

E2-1 Fair value measurement (continued)

but would result in an immaterial difference in value. The asset values for 23/24 have been indexed by applying the applicable CPI rate of 3.59%.

Other Assets

Fair value at initial recognition that equals the transaction price has been used for all other assets.

This means that the values recorded are the purchase cost to Council at the time they were bought. This process was determined by Council management because the assets are consumed in a short period of time and the total value of the asset class is small in comparison to other asset classes. It was determined that other methods of valuation could be used but would result in an immaterial difference in value.

Gravel Pits

Council management determined that as Council's engineering staff are experts available who can provide informed values of the rehabilitation costs of a gravel pit, then the advice and opinions of those experts should be used. A review of the pits was undertaken during 2022/23 and it was determined that the majority of the pits had been rehabilitated through normal operations. As a result, the number of gravel pits to be valued and in use was reduced from 79 to 24. The cost to rehabilitate these 24 gravel pits was determined, this cost was then inflated out by 3.60% per year until 2064 when it was determined the gravel pits would need to be rehabilitated. To determine the cost at a present value, the inflated cost is then discounted back to the current year using the bond rate of 4.478%.

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.

\$ '000	Fair value (30/6/24) 2024	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment			
Buildings	55,777	Independent valuation.	Depreciated replacement cost & market value.
Roads, bridges, etc.	284,827	In house valuation.	Depreciated replacement cost.
Stormwater drainage	4,304	In house valuation.	Depreciated replacement cost.
Water supply	17,981	Independent valuation.	Depreciated replacement cost.
Sewerage services	18,630	Independent valuation.	Depreciated replacement cost.
Other structures	4,817	Transaction price.	Purchase price of asset used.
Other assets	1,243	Transaction price.	Purchase price of asset used.
Gravel pits	54	In house valuation.	Depreciated replacement cost.

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

\$ '000	Roads, bridges and footpaths		Stormwater drainage		Water supply network		Sewerage services	
	2024	2023	2024	2023	2024	2023	2024	2023
Opening balance	271,692	250,907	2,834	2,721	17,486	16,587	17,452	16,355
Total gains or losses for the period								
Recognised in other comprehensive income – revaluation surplus	13,811	21,327	102	190	628	1,160	626	1,145
Other movements								
Purchases (GBV)	2,787	2,549	1,464	–	435	266	985	342
Depreciation and impairment	(3,463)	(3,091)	(96)	(77)	(568)	(527)	(433)	(390)
Closing balance	284,827	271,692	4,304	2,834	17,981	17,486	18,630	17,452

\$ '000	Other structures		Other assets		Gravel pits		Total	
	2024	2023	2024	2023	2024	2023	2024	2023

E2-1 Fair value measurement (continued)

\$ '000	Other structures		Other assets		Gravel pits		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Opening balance	4,966	4,401	1,119	727	59	191	315,608	291,889
Recognised in other comprehensive income – revaluation surplus	178	524	–	–	–	(128)	15,345	24,218
Purchases (GBV)	135	403	225	483	–	–	6,031	4,043
Depreciation and impairment	(462)	(362)	(101)	(91)	(5)	(5)	(5,128)	(4,543)
Closing balance	4,817	4,966	1,243	1,119	54	58	331,856	315,607

Information relating to the transfers into and out of the level 3 fair valuation hierarchy includes:

Information relating to the transfers

There were no transfers into or out of the Level 3 hierarchy as listed in the tables above.

Highest and best use

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

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements, including the method used to determine the entity's rate of contributions and any minimum funding requirements.

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 standard employer contribution rates are:

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

E3-1 Contingencies (continued)

* For 180 Point Members, employers are required to contribute 8% of salaries for the year ending 30 June 2023 (increasing to 8.5% 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 contributions for each pooled employer is a share of the total past 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 2022. These past 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 entity can be liable to the plan for other entities' obligations under the terms and conditions of the multi-employer plan.

As stated 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.

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

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.

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 \$24,253.96. The last valuation of the Scheme was performed by Mr Richard Boyfield, FIAA as at 30 June 2023. Council's expected contribution to the plan for the next annual reporting period is \$11,655.83.

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

Defined Benefit 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 other accumulation accounts and reserves in both assets and liabilities.

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 will be completed around 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.

E3-1 Contingencies (continued)

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.

(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.

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

\$ '000	2024	2023
Compensation:		
Short-term benefits	1,254	1,243
Other long-term benefits	678	478
Total	1,932	1,721

Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of KMP using Council services (e.g. access to library or Council swimming pool) will not be disclosed.

Nature of the transaction		Transactions	Outstanding		Impairment	
\$ '000	Ref	during the year	balances	Terms and conditions	provision on	Impairment
			including		outstanding	expense
			commitments		balances	
2024						
Local newspaper.	1	–	–	7 day invoice.	–	–
Wages of employees.	2	246	–	Weekly pay cycle.	–	–
Function costs.	3	1	–	7 day invoice.	–	–
Plumbing services.	4	11	–	7 day invoice.	–	–
Cabinet making works.	5	23	–	7 day invoice.	–	–
2023						
Local newspaper.	1	58	–	7 day invoice.	–	–
Wages of employees.	2	–	–	Weekly pay cycle.	–	–
Function costs.	3	–	–	7 day invoice.	–	–
Plumbing services.	4	–	–	7 day invoice.	–	–
Cabinet making works.	5	146	–	7 day invoice.	–	–

F1-1 Key management personnel (KMP) (continued)

- 1 Council uses the local newspaper for advertising and is owned by a relative of a KMP. All transactions are at arms length
- 2 Council employess staff who are related to KMPs. Appointments are carried out independently and at arms length.
- 3 Council conducted an event at a local hall. A KMP is a member of the hall committee. All transactions are at arms length.
- 4 Council contracted a local business to provide plumbing services. The business is owned by a realted party to a KMP. All transactions are at arms length.
- 5 Council contracted a local business to provide cabinet making services. The business is owned by a realted party to a KMP. All transactions are at arms length.

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	26
Councillors' fees	117	114
Other Councillors' expenses (including Mayor)	35	32
Total	180	172

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	86	64
Remuneration for audit and other assurance services	86	64
Total Auditor-General remuneration	86	64
Total audit fees	86	64

G Other matters

G1-1 Statement of Cash Flows information

(a) Reconciliation of Operating Result

\$ '000	2024	2023
Net operating result from Income Statement	8,359	11,377
Add / (less) non-cash items:		
Depreciation and amortisation	7,420	6,568
(Gain) / loss on disposal of assets	(220)	(223)
Non-cash capital grants and contributions	(420)	(240)
Unwinding of discount rates on reinstatement provisions	53	13
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	1,842	(1,080)
(Increase) / decrease of inventories	29	(6)
Increase / (decrease) in payables	(1,340)	430
Increase / (decrease) in accrued interest payable	(3)	1
Increase / (decrease) in other accrued expenses payable	75	41
Increase / (decrease) in other liabilities	(30)	7
Increase / (decrease) in contract liabilities	(208)	(424)
Increase / (decrease) in employee benefit provision	293	(75)
Increase / (decrease) in other provisions	-	429

G1-1 Statement of Cash Flows information (continued)

Net cash flows from operating activities	15,850	16,818
\$ '000	2024	2023
(b) Non-cash investing and financing activities		
Rural Fire Service vehicle purchases	420	240
Total non-cash investing and financing activities	420	240

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		
Buildings	850	1,305
Plant and equipment	187	97
Land Development	337	–
Infrastructure	6,121	7,504
Total commitments	7,495	8,906
These expenditures are payable as follows:		
Within the next year	3,121	4,925
Later than one year and not later than 5 years	3,848	3,491
Later than 5 years	526	490
Total payable	7,495	8,906

Details of capital commitments

Council is committed to spending on the above capital items with all having been included in previous year's budgets and carried forward to the 2024/25 year as well as ongoing years as detailed in the Long Term Financial Plan. Contractual arrangements are in place for these commitments with funding allocated and placed in internal reserves as at 30 June 2024.

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

Council currently has no S94 developer contribution plans or S94 funds on hand from prior years.

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2024	Indicator 2024	Indicators 2023 2022		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	4,145	8.30%	7.42%	6.18%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	49,962				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	32,511	60.25%	53.84%	66.81%	> 60.00%
Total continuing operating revenue ¹	53,956				
3. Unrestricted current ratio					
Current assets less all external restrictions	28,192	4.85x	3.84x	3.28x	> 1.50x
Current liabilities less specific purpose liabilities	5,812				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	11,762	14.54x	7.33x	9.10x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	809				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	1,028	12.74%	10.30%	8.68%	< 10.00%
Rates and annual charges collectable	8,067				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	38,693	10.71 months	10.93 months	11.14 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	3,614				

(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}	7.52%	6.79%	4.90%	3.11%	33.17%	28.00%	> 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	57.90%	52.07%	91.26%	98.79%	99.22%	64.05%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	4.85x	3.84x	27.18x	15.75x	50.70x	54.33x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	12.55x	6.37x	647.00x	116.00x	990.00x	403.50x	> 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	12.66%	9.96%	13.41%	12.23%	12.95%	11.88%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	9.21 months	10.47 months	70.31 months	∞	38.42 months	∞	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

(1) - (2) Refer to Notes at Note 27(a) 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 Council information and contact details

Principal place of business:

15 Warren Road
Gilgandra NSW 2827

Contact details

Mailing address:

PO Box 23
Gilgandra NSW 2827

Telephone: 02 68178800

Facsimile: 02 68472521

Opening hours:

8:30am - 5:00pm
Monday to Friday

Internet: www.gilgandra.nsw.gov.au

Email: council@gilgandra.nsw.gov.au

Officers

General Manager

David Neeves

Responsible Accounting Officer

Guy McAnally-Elwin

Public Officer

Neil Alchin

Auditors

Auditor General
Audit Office of NSW
Level 19, 201 Sussex Street
Sydney NSW 2000

Elected members

Mayor

Doug Batten

Councillors

Ash Walker (Deputy Mayor)
Gail Babbage
Amber Bunter
Ian Freeth
Paul Mann
Brian Mockler
Noel Mudford
Greg Peart

Other information

ABN: 47 979 060 715



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Gilgandra Shire Council

To the Councillors of Gilgandra Shire Council

Opinion

I have audited the accompanying financial statements of Gilgandra 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.

A handwritten signature in black ink, appearing to read 'Unaib Jeffrey', with a long horizontal stroke extending to the right.

Unaib Jeffrey
Delegate of the Auditor-General for New South Wales

31 October 2024
SYDNEY



Clr Doug Batten
Mayor
Gilgandra Shire Council
PO Box 23
GILGANDRA NSW 2827

Contact: Unaib Jeffrey
Phone no: 02 9275 7450
Our ref: R008-2124742775-7485

31 October 2024

Dear Mayor

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

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

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

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

INCOME STATEMENT

Operating result

	2024	2023	Variance
	\$m	\$m	%
Rates and annual charges revenue	7.2	7.0	↑ 2.8
Grants and contributions revenue	21.4	23.2	↓ 7.8
Operating result from continuing operations	8.4	11.4	↓ 26.3
Net operating result before capital grants and contributions	4.4	3.4	↑ 29.4

Rates and annual charges revenue (\$7.2 million) increased by \$0.2 million (2.8 per cent) in 2023–24. This increase was primarily due to a 3.1% rate peg increase on rates, and a slight increase in annual charges which offset by minimal decrease in pensioner concession

Grants and contributions revenue (\$21.4 million) decreased by \$1.8 million (7.8 per cent) in 2023–24 due to:

- decrease of \$1.5 million of financial assistance grants during the year
- decrease of \$4.3 million of grants recognised received for Library, Sewerage, recreation and culture including stronger communities fund
- which is offset by increase of \$3.9 million of grants received for roads and bridges funding from the commonwealth and state funding

Council's operating result from continuing operations (\$8.4 million including depreciation, amortisation and impairment expense of \$7.4 million) was \$3 million lower than the 2022–23 result. This relates primarily to a \$4.6 million increase in materials and services expenses.

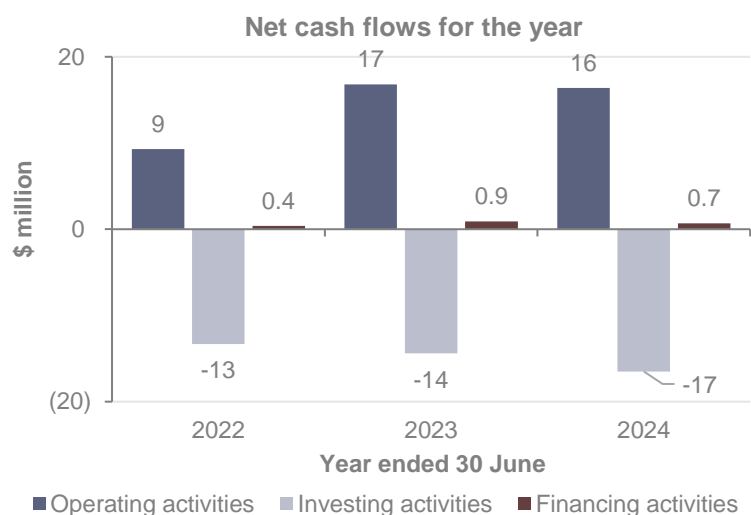
The net operating result before capital grants and contributions (\$4.4 million) was \$1 million higher than the 2022–23 result. This predominately due to increase in interest income compared to prior year.

STATEMENT OF CASH FLOWS

Cash inflows from operating activities reduced slightly, as an increase in rates, annual charges, and user charges and fees was offset by a rise in material and services expenses during the year.

Cash outflows from investing activities increased due to additional investments purchased during the year and payments for acquisition of infrastructure, property, plant and equipment.

Cashflows consists mainly of repayments contributions received from the Council's retirement complex and proceeds from borrowings.



FINANCIAL POSITION

Cash and investments

Cash and investments	2024	2023	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	38.7	34.0	Externally restricted balances comprise mainly of specific purpose unexpended grants and water and sewer funds.
Restricted and allocated cash, cash equivalents and investments:			Internal allocations are determined by council policies or decisions, which are subject to change.
• External restrictions	13.9	11.2	These mostly include financial assistance grants, funds for the aged and disabled, and employee leave entitlements.
• Internal allocations	12.5	12.9	

Debt

At 30 June 2024, Council had \$4.6 million in secured loans (\$5.2 million in 2022-23)

PERFORMANCE

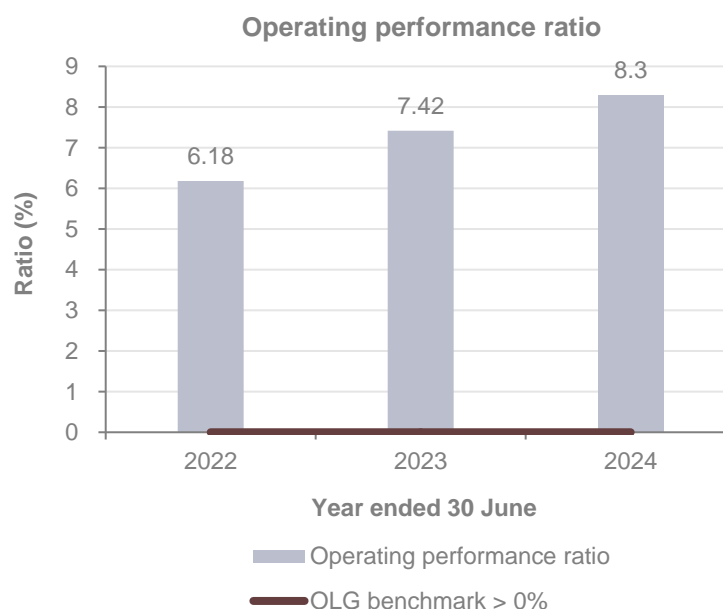
Performance measures

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.

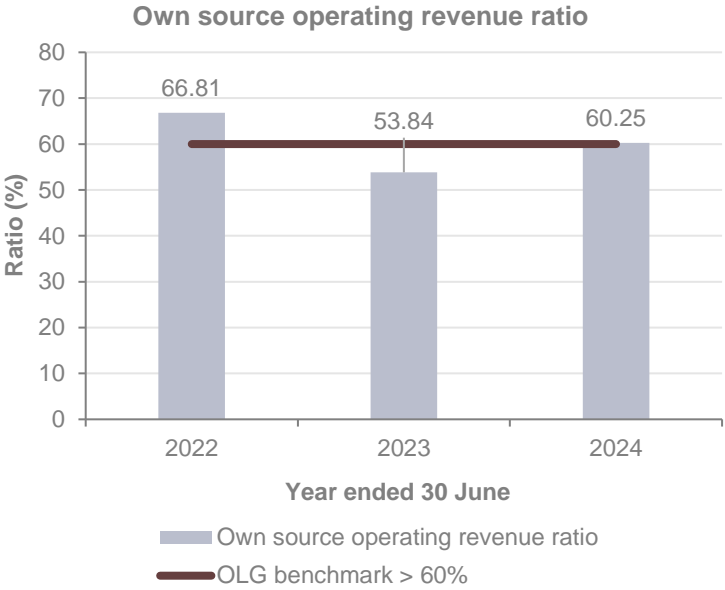
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

Council met the benchmark for the current reporting period.

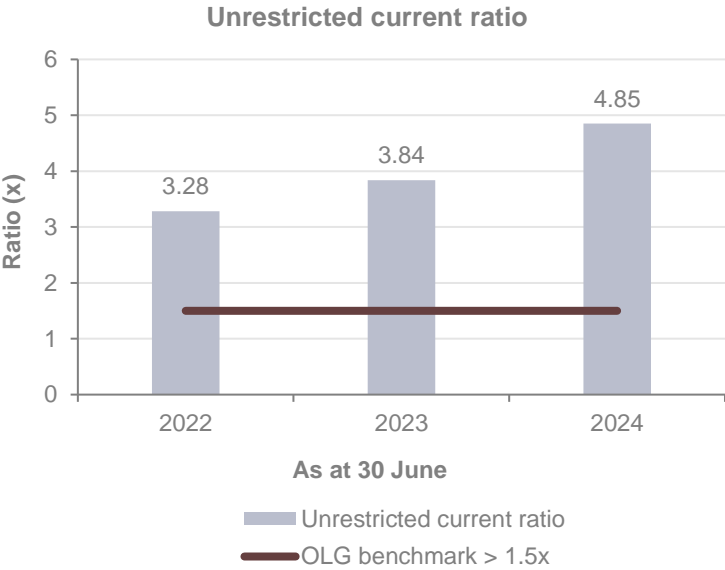
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

Council exceeded the benchmark for the current reporting period.

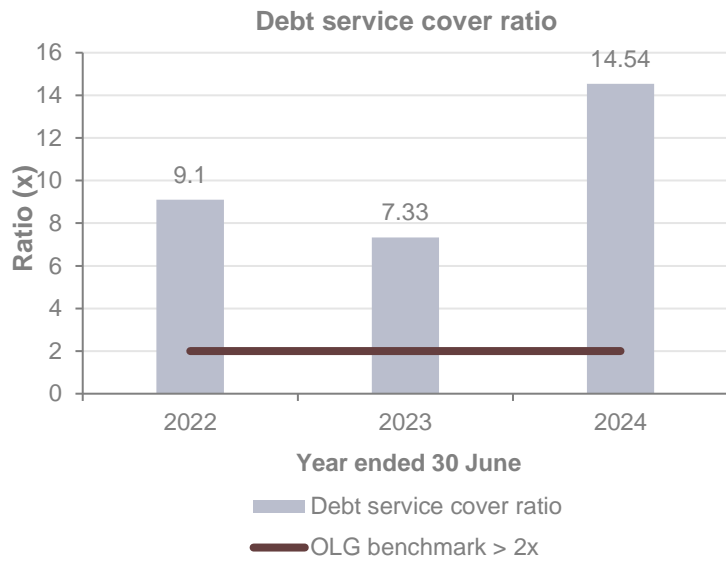
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

Council exceeded the benchmark for the current reporting period.

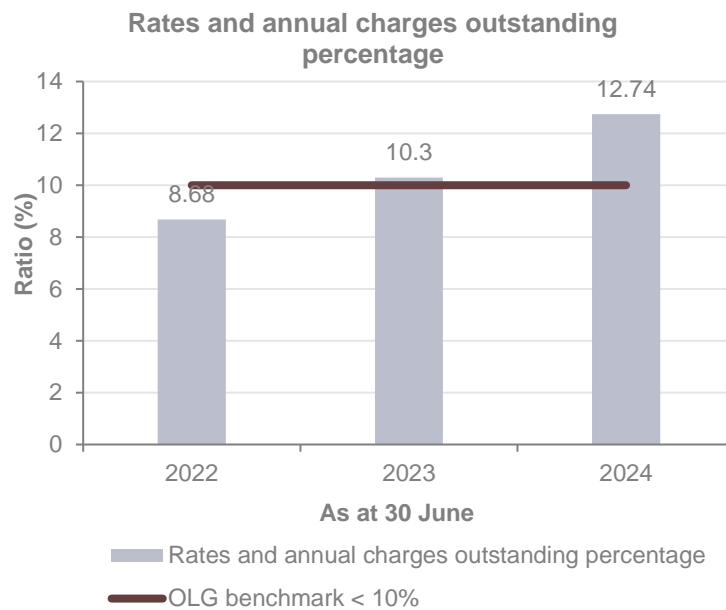
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

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

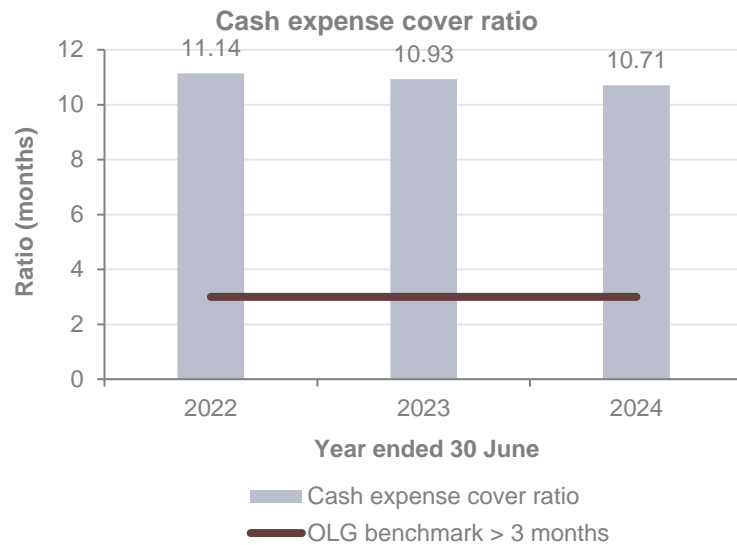
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



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 \$4.5 million of infrastructure, property, plant and equipment during the 2023-24 financial year. This was mainly spent on roads, repairing assets damaged by natural disasters and regular maintenance. A further \$8.3 million was spent on new assets including plant and equipment, office equipment and infrastructure 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.

Unaib Jeffrey
Associate Director, Financial Audit

Delegate of the Auditor-General for New South Wales

Gilgandra Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2024



Gilgandra Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2024

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Gilgandra Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2024

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

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

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

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

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

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

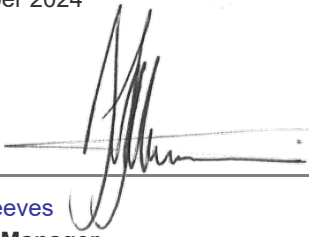
Signed in accordance with a resolution of Council made on 20 August 2024.



Doug Batten
Mayor
29 October 2024



Ash Walker
Councillor
29 October 2024



David Neeves
General Manager
29 October 2024



Guy McAnally-Elwin
Responsible Accounting Officer
29 October 2024

Gilgandra 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	535	507
User charges	852	692
Interest and investment income	163	101
Grants and contributions provided for operating purposes	15	16
Net gain from the disposal of assets	22	–
Other income	5	4
Total income from continuing operations	1,592	1,320
Expenses from continuing operations		
Employee benefits and on-costs	301	284
Borrowing costs	1	5
Materials and services	644	324
Depreciation, amortisation and impairment	568	534
Other expenses	–	132
Total expenses from continuing operations	1,514	1,279
Surplus (deficit) from continuing operations before capital amounts	78	41
Grants and contributions provided for capital purposes	136	–
Surplus (deficit) from continuing operations after capital amounts	214	41
Surplus (deficit) from all operations before tax	214	41
Less: corporate taxation equivalent (25%) [based on result before capital]	(20)	(10)
Surplus (deficit) after tax	194	31
Plus opening accumulated surplus	11,130	11,089
– Corporate taxation equivalent	20	10
Closing accumulated surplus	11,344	11,130
Return on capital %	0.4%	0.3%
Subsidy from Council	700	663
Calculation of dividend payable:		
Surplus (deficit) after tax	195	31
Less: capital grants and contributions (excluding developer contributions)	(136)	–
Surplus for dividend calculation purposes	59	31
Potential dividend calculated from surplus	29	16

Gilgandra Shire Council

Income Statement of sewerage business activity

for the year ended 30 June 2024

\$ '000	2024	2023
Income from continuing operations		
Access charges	675	629
User charges	786	694
Liquid trade waste charges	26	19
Interest and investment income	176	81
Grants and contributions provided for operating purposes	13	14
Other income	–	45
Total income from continuing operations	1,676	1,482
Expenses from continuing operations		
Employee benefits and on-costs	232	290
Borrowing costs	1	2
Materials and services	454	296
Depreciation, amortisation and impairment	433	390
Other expenses	–	89
Total expenses from continuing operations	1,120	1,067
Surplus (deficit) from continuing operations before capital amounts	556	415
Grants and contributions provided for capital purposes	–	810
Surplus (deficit) from continuing operations after capital amounts	556	1,225
Surplus (deficit) from all operations before tax	556	1,225
Less: corporate taxation equivalent (25%) [based on result before capital]	(139)	(104)
Surplus (deficit) after tax	417	1,121
Plus opening accumulated surplus	7,957	6,732
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	139	104
Closing accumulated surplus	8,513	7,957
Return on capital %	2.9%	2.3%
Subsidy from Council	261	301
Calculation of dividend payable:		
Surplus (deficit) after tax	417	1,121
Less: capital grants and contributions (excluding developer contributions)	–	(810)
Surplus for dividend calculation purposes	417	311
Potential dividend calculated from surplus	209	156

Gilgandra Shire Council

Income Statement of Carlginda Enterprises

for the year ended 30 June 2024

\$ '000	2024 Category 2	2023 Category 2
Income from continuing operations		
User charges	296	276
Other income	287	281
Total income from continuing operations	583	557
Expenses from continuing operations		
Employee benefits and on-costs	503	434
Materials and services	115	60
Depreciation, amortisation and impairment	17	16
Other expenses	–	6
Total expenses from continuing operations	635	516
Surplus (deficit) from continuing operations before capital amounts	(52)	41
Surplus (deficit) from continuing operations after capital amounts	(52)	41
Surplus (deficit) from all operations before tax	(52)	41
Less: corporate taxation equivalent (25%) [based on result before capital]	–	(10)
Surplus (deficit) after tax	(52)	31
Plus accumulated surplus	656	615
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	–	10
Closing accumulated surplus	604	656
Return on capital %	(60.5)%	42.7%
Subsidy from Council	56	–
Calculation of dividend payable:		
Surplus (deficit) after tax	(52)	30
Less: capital grants and contributions (excluding developer contributions)	–	–
Surplus for dividend calculation purposes	(52)	30
Potential dividend calculated from surplus	–	–

Gilgandra Shire Council

Income Statement of Cooee Villa Units

for the year ended 30 June 2024

\$ '000	2024 Category 2	2023 Category 2
Income from continuing operations		
User charges	431	398
Interest and investment income	158	76
Grants and contributions provided for operating purposes	2	–
Other income	317	262
Total income from continuing operations	908	736
Expenses from continuing operations		
Employee benefits and on-costs	135	120
Borrowing costs	2	4
Materials and services	350	230
Depreciation, amortisation and impairment	287	245
Other expenses	–	68
Total expenses from continuing operations	774	667
Surplus (deficit) from continuing operations before capital amounts	134	69
Surplus (deficit) from continuing operations after capital amounts	134	69
Surplus (deficit) from all operations before tax	134	69
Less: corporate taxation equivalent (25%) [based on result before capital]	(34)	(17)
Surplus (deficit) after tax	100	52
Plus accumulated surplus	9,178	6,471
Plus/less: other adjustments (revaluations)	–	2,638
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	34	17
Closing accumulated surplus	9,312	9,178
Return on capital %	0.9%	0.5%
Subsidy from Council	540	530
Calculation of dividend payable:		
Surplus (deficit) after tax	–	52
Less: capital grants and contributions (excluding developer contributions)	–	–
Surplus for dividend calculation purposes	–	52
Potential dividend calculated from surplus	–	–

Gilgandra Shire Council

Statement of Financial Position of water supply business activity

as at 30 June 2024

\$ '000	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	486	298
Investments	3,000	3,000
Receivables	211	183
Total current assets	3,697	3,481
Non-current assets		
Receivables	122	96
Infrastructure, property, plant and equipment	18,125	17,637
Total non-current assets	18,247	17,733
Total assets	21,944	21,214
LIABILITIES		
Current liabilities		
Payables	28	71
Income received in advance	84	92
Borrowings	24	58
Total current liabilities	136	221
Non-current liabilities		
Borrowings	-	27
Total non-current liabilities	-	27
Total liabilities	136	248
Net assets	21,808	20,966
EQUITY		
Accumulated surplus	11,344	11,130
Revaluation reserves	10,464	9,836
Total equity	21,808	20,966

Gilgandra 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	1,125	1,134
Investments	2,000	2,000
Receivables	120	126
Total current assets	3,245	3,260
Non-current assets		
Receivables	95	91
Infrastructure, property, plant and equipment	19,031	17,855
Total non-current assets	19,126	17,946
Total assets	22,371	21,206
LIABILITIES		
Current liabilities		
Payables	45	43
Borrowings	19	17
Total current liabilities	64	60
Non-current liabilities		
Borrowings	-	21
Total non-current liabilities	-	21
Total liabilities	64	81
Net assets	22,307	21,125
EQUITY		
Accumulated surplus	8,513	7,957
Revaluation reserves	13,794	13,168
Total equity	22,307	21,125

Gilgandra Shire Council

Statement of Financial Position of Carlginda Enterprises

as at 30 June 2024

\$ '000	2024 Category 2	2023 Category 2
ASSETS		
Current assets		
Cash and cash equivalents	515	544
Receivables	6	12
Inventories	7	11
Total current assets	528	567
Non-current assets		
Infrastructure, property, plant and equipment	86	96
Total non-current assets	86	96
Total assets	614	663
LIABILITIES		
Current liabilities		
Payables	2	7
Total current liabilities	2	7
Total liabilities	2	7
Net assets	612	656
EQUITY		
Accumulated surplus	604	650
Revaluation reserves	8	6
Total equity	612	656

Gilgandra Shire Council

Statement of Financial Position of Cooee Villa Units

as at 30 June 2024

\$ '000	2024 Category 2	2023 Category 2
ASSETS		
Current assets		
Cash and cash equivalents	1,050	1,269
Investments	2,000	1,000
Receivables	808	21
Total current assets	3,858	2,290
Non-current assets		
Infrastructure, property, plant and equipment	15,711	15,004
Total non-current assets	15,711	15,004
Total assets	19,569	17,294
LIABILITIES		
Current liabilities		
Payables	9,237	8,023
Borrowings	47	44
Total current liabilities	9,284	8,067
Non-current liabilities		
Borrowings	-	49
Total non-current liabilities	-	49
Total liabilities	9,284	8,116
Net assets	10,285	9,178
EQUITY		
Accumulated surplus	1,713	1,579
Revaluation reserves	8,572	7,599
Total equity	10,285	9,178

Note – Material accounting policy information

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

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

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

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

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1

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

There are no business activities under this heading

Category 2

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

a. Water Supply

Comprising the whole of the operations and assets of the water supply systems servicing the town of Gilgandra and the village of Tooraweenah and is established as a separate fund.

b. Sewerage Services

Comprising the whole of the operations and assets of the sewerage service system servicing the town of Gilgandra and is established as a separate fund.

c. Carlinda Enterprises

Comprising the whole of the operations and assets of Carlinda Enterprises which is carried out by Council in its own name. Carlinda Enterprises provides employment opportunities to people with intellectual and physical disabilities through collection and sale of recyclable waste.

d. Cooe Villa Units

Comprising the whole of the operations and assets of Cooe Villa Units which is carried out by Council in its own name. Cooe Villa Units provides 61 self contained units where residents live independently within a secure environment.

Note – Material accounting policy information (continued)

Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs.

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

Notional rate applied (%)

Corporate income tax rate – 27.5%

Land tax – the first \$692,000 of combined land values attracts 0%. For the combined land values in excess of \$692,001 up to \$4,231,000 the rate is 1.6% + \$100. For the remaining combined land value that exceeds \$4,231,000 a premium marginal rate of 2.0% applies.

Payroll tax – 5.45% on the value of taxable salaries and wages in excess of \$850,000.

In accordance with the Department of Industry (DoI) – Water guidelines, 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 DoI – Water guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

Achievement of substantial compliance to the DoI – Water guidelines is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

Income tax

An income tax equivalent has been applied on the profits of the business activities.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 27.5%.

Income tax is only applied where a gain/ (loss) from ordinary activities before capital amounts has been achieved.

Since the taxation equivalent is notional – that is, it is payable to 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 27.5% 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

Note – Material accounting policy information (continued)

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.

(iii) Dividends

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

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

Each dividend must be calculated and approved in accordance with the Department of Industry – Water guidelines and must not exceed:

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2019 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Department of Industry – Water guidelines a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the Department of Industry – Water.



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Gilgandra Shire Council

To the Councillors of Gilgandra Shire Council

Opinion

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

The Declared Business Activities of the Council are:

- Water Supply business activity
- Sewerage business activity
- Carlginda Enterprises
- Cooee Villa Units.

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.

A handwritten signature in black ink, appearing to read 'Unaib Jeffrey', with a long horizontal stroke extending to the right.

Unaib Jeffrey
Delegate of the Auditor-General for New South Wales

31 October 2024
SYDNEY

Gilgandra Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2024



Gilgandra Shire Council

Special Schedules

for the year ended 30 June 2024

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Gilgandra Shire Council

Permissible income for general rates

\$ '000	Notes	Calculation 2023/24	Calculation 2024/25
Notional general income calculation ¹			
Last year notional general income yield	a	5,460	5,670
Plus or minus adjustments ²	b	4	–
Notional general income	c = a + b	5,464	5,670
Permissible income calculation			
Percentage increase	d	3.70%	4.50%
Plus percentage increase amount ³	f = d x (c + e)	202	255
Sub-total	g = (c + e + f)	5,666	5,925
Plus (or minus) last year's carry forward total	h	10	5
Less valuation objections claimed in the previous year	i	(1)	–
Sub-total	j = (h + i)	9	5
Total permissible income	k = g + j	5,675	5,930
Less notional general income yield	l	5,670	5,928
Catch-up or (excess) result	m = k – l	5	2
Carry forward to next year ⁶	p = m + n + o	5	2

Notes

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

Gilgandra 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	All buildings	–	–	759	1,098	58,144	80,469	20.0%	70.0%	10.0%	0.0%	0.0%
	Sub-total	–	–	759	1,098	58,144	80,469	20.0%	70.0%	10.0%	0.0%	0.0%
Other structures	All other structures	–	–	668	417	4,817	10,477	40.0%	20.0%	40.0%	0.0%	0.0%
	Sub-total	–	–	668	417	4,817	10,477	40.0%	20.0%	40.0%	0.0%	0.0%
Roads	All roads	1,410	1,410	3,565	6,109	284,827	336,131	55.0%	15.0%	20.0%	10.0%	0.0%
	Sub-total	1,410	1,410	3,565	6,109	284,827	336,131	55.0%	15.0%	20.0%	10.0%	0.0%
Water supply network	All water supply network	1,587	1,587	340	668	17,981	33,452	5.0%	90.0%	0.0%	5.0%	0.0%
	Sub-total	1,587	1,587	340	668	17,981	33,452	5.0%	90.0%	0.0%	5.0%	0.0%
Sewerage network	All sewerage network	–	–	213	366	18,630	30,595	0.0%	5.0%	90.0%	5.0%	0.0%
	Sub-total	–	–	213	366	18,630	30,595	0.0%	5.0%	90.0%	5.0%	0.0%
Stormwater drainage	All stormwater drainage	517	517	75	2	4,304	9,536	80.0%	5.0%	10.0%	3.0%	2.0%
	Sub-total	517	517	75	2	4,304	9,536	80.0%	5.0%	10.0%	3.0%	2.0%
Total – all assets		3,514	3,514	5,620	8,660	388,703	500,660	42.8%	28.2%	21.6%	7.4%	0.0%

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

Infrastructure asset condition assessment 'key'

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

Gilgandra Shire Council

Report on infrastructure assets as at 30 June 2024

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2024	Indicator 2024	Indicators		Benchmark
			2023	2022	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	4,482	74.68%	74.22%	138.69%	> 100.00%
Depreciation, amortisation and impairment	6,002				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	3,514	0.90%	1.47%	2.22%	< 2.00%
Net carrying amount of infrastructure assets	388,703				
Asset maintenance ratio					
Actual asset maintenance	8,660	154.09%	93.02%	105.53%	> 100.00%
Required asset maintenance	5,620				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	3,514	0.70%	9.80%	12.23%	
Gross replacement cost	500,660				

(*) 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.

Gilgandra 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 ¹							
Depreciation, amortisation and impairment	61.23%	75.89%	76.58%	50.47%	227.48%	87.69%	> 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	0.55%	1.15%	8.83%	7.43%	0.00%	1.72%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	150.50%	89.13%	196.47%	115.24%	171.83%	150.00%	> 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	0.44%	0.94%	4.74%	78.44%	0.00%	59.47%	

(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.



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Gilgandra Shire Council

To the Councillors of Gilgandra Shire Council

Opinion

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

A handwritten signature in black ink, appearing to read 'Unaib Jeffrey', with a long, sweeping flourish extending to the right.

Unaib Jeffrey
Delegate of the Auditor-General for New South Wales

31 October 2024
SYDNEY