
NARROMINE SHIRE COUNCIL
EXTRAORDINARY MEETING BUSINESS PAPER – 27 NOVEMBER 2023
REPORTS TO COUNCIL – FINANCE & CORPORATE STRATEGY

1. 2022-23 ANNUAL FINANCIAL STATEMENTS

| | |
|--------------------------------|---|
| Author | Director Finance and Corporate Strategy |
| Responsible Officer | Director Finance and Corporate Strategy |
| Link to Strategic Plans | CSP – 4.3.1 Operate and manage a Council in a financially sustainable manner that meets all statutory and regulatory compliance and Council policies. Delivery Program - 4.3.1.6 Prepare Council's Annual Financial Accounts in accordance with the relevant Acts and Regulations. |

Executive Summary

The Annual Financial Statements for the 2022-23 financial year have been prepared in accordance with the Office of Local Government's Code of Accounting Practice and Financial Reporting Guidelines and Australian Accounting Standards have been audited and are presented to Council for adoption.

Report

The Financial Statements were submitted to the Office of Local Government on the 17 November 2023 and are attached (**Attachment No. 1**).

Section 420 of the Local Government Act stipulates that Council must allow a period of 7 days after accepting the Financial Statements for the public to make written submissions on the audited Financial Reports and/or the Auditors Report. Any submissions are referred to Council's Auditors for further comment as required.

Summary

The Independent Auditor's Report, issued by the Auditor General of NSW, reflects a sound financial position as at 30 June 2023. This report forms part of the Financial Statements and can be found on pages 63 - 71 of the statements.

Financial Implications

The Annual Financial Statements reflect and report on the financial performance and position of the Council as at 30 June 2023.

Legal and Regulatory Compliance

Local Government Act 1993
Local Government Code of Accounting Practice and Financial Reporting 2022/23
The Australian Accounting Standards and professional pronouncements of the Australian Standards Board

**NARROMINE SHIRE COUNCIL
EXTRAORDINARY MEETING BUSINESS PAPER – 27 NOVEMBER 2023
REPORTS TO COUNCIL – FINANCE & CORPORATE STRATEGY**

1. 2022-23 ANNUAL FINANCIAL STATEMENTS (Cont'd)

Risk Management Issues

Nil

Internal/External Consultation

The General Purpose Financial Statements and Special Purpose Financial Statements were audited by the NSW Audit Office.

Attachments

- 1 Financial Statements for the year ended 30 June 2023.

RECOMMENDATION

That Council adopts the 2022-23 Audited Financial Statements and Auditors report, as presented.

2. QUARTERLY BUDGET REVIEW STATEMENT – 30 SEPTEMBER 2023

| | |
|--------------------------------|--|
| Author | Director Finance and Corporate Strategy |
| Responsible Officer | Director Finance and Corporate Strategy |
| Link to Strategic Plans | CSP – 4.3.1 – Operate and manage Council in a financially sustainable manner that meets all statutory and regulatory compliance and Council policies. Delivery Program – 4.3.1.5 - Provide monthly cash balances and detailed quarterly financial reports to Council. |

Executive Summary

The Quarterly Budget Review Statement (“QBR”) must be prepared by the Responsible Accounting Officer and presented to Council within two months of the end of the quarter.

Report

The Quarterly Budget Review Statement (QBR) has been prepared for the 30 September 2023 quarter and is presented to Council as **Attachment No.2**.

2. QUARTERLY BUDGET REVIEW STATEMENT – 30 SEPTEMBER 2023 (Cont'd)

Council adopted its budget for the 2023-24 financial year as part of the Operational Plan at the 21 June 2023 Council Meeting. Since then the following changes have occurred –

- a) Since the start of the financial year Council has adopted recommendations from staff which have also impacted on the budget result. These changes have already been approved by Council and are included in the "Approved Changes Column" in the Income and Expenditure Review Statement of the QBRS document.
- b) A review of the last three months has been carried out by staff and the changes are included in the "Variations for this Quarter" column of the QBRS document.

The net result of all changes for the year to the end of September 2023 is **Nil** as all adjustments have been funded from Reserves or Carryover Works approved by Council at the August 2023 meeting.

The financial position of Narromine Shire Council as at 30 September 2023 is considered to be satisfactory and is confirmed by the Report from the Responsible Accounting Officer.

Summary

The Office of Local Government released guidelines on the preparation of Quarterly Budget Review Statements (QBRS) to Councils in December 2010 with mandatory reporting in line with the guideline which commenced in July 2011.

The QBRS must show, by reference to the estimated income and expenditure that is set out in the operational plan adopted by Council for the relevant year, a revised estimate of income and expenditure for that year.

It also requires the Budget Review Statement to include a report by the Responsible Accounting Officer as to whether or not they consider the Statement indicates Council to be in a satisfactory financial position (with regard to its original budget) and if not, to include recommendations for remedial action.

Financial Implications

Council's original budget was adopted on 21 June 2023 and reflected a balanced overall cash-based budget.

Legal and Regulatory Compliance

Local Government (General) Regulation 2021 (the Regulations) clause 203 requires a Council's Responsible Accounting Officer to prepare and submit a quarterly budget review statement to the governing body of Council within two months of the end of the quarter.

Office of Local Government – Quarterly Budget Review Guidelines issued December 2010.

2. QUARTERLY BUDGET REVIEW STATEMENT – 30 SEPTEMBER 2023 (Cont'd)

Risk Management Issues

Nil

Internal/External Consultation

Nil

Attachments

- 2 Quarterly Budget Review Statement

RECOMMENDATION

1. That the document entitled “Quarterly Budget Review Statement – 30 September 2023”, as attached to the report, be noted;
2. That the variations of income, operating expenditure, capital expenditure and reserves as identified in the “Quarterly Budget Review Statement – 30 September 2023” be approved and voted.
3. That Council note the amount of \$109,545 is being allocated from Council's Unrestricted Cash Reserves.

Barry Bonthuys
Director Finance & Corporate Strategy
Responsible Accounting Officer

Narromine Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023

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



Narromine Shire Council

General Purpose Financial Statements

for the year ended 30 June 2023

| Contents | Page |
|--|----------|
| Statement by Councillors and Management | 3 |
| Primary Financial Statements: | |
| Income Statement | 4 |
| Statement of Comprehensive Income | 5 |
| Statement of Financial Position | 6 |
| Statement of Changes in Equity | 7 |
| Statement of Cash Flows | 8 |
| Notes to the Financial Statements | 9 |
| Independent Auditor's Reports: | |
| On the Financial Statements (Sect 417 [2]) | 63 |
| On the Financial Statements (Sect 417 [3]) | 66 |

Overview

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

124 Dandaloo Street
Narromine NSW 2821

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

Narromine Shire Council

General Purpose Financial Statements

for the year ended 30 June 2023

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 13 September 2023.



Cr Craig Davies
Mayor
13 September 2023



Cr Dawn Collins
Councillor
13 September 2023



Jane Redden
General Manager
13 September 2023



Barry Bonthuys
Responsible Accounting Officer
13 September 2023

Narromine Shire Council

Income Statement

for the year ended 30 June 2023

| Original unaudited budget 2023 | \$ '000 | Notes | Actual 2023 | Actual 2022 |
|--|--|-------|----------------|----------------|
| Income from continuing operations | | | | |
| 9,984 | Rates and annual charges | B2-1 | 9,876 | 9,648 |
| 5,090 | User charges and fees | B2-2 | 4,243 | 4,995 |
| 592 | Other revenues | | 446 | 438 |
| 7,998 | Grants and contributions provided for operating purposes | B2-3 | 9,999 | 7,388 |
| 10,651 | Grants and contributions provided for capital purposes | B2-3 | 6,762 | 10,624 |
| 1,760 | Interest and investment income | B2-4 | 1,380 | 58 |
| – | Other income | | 299 | 271 |
| 1,275 | Net gain from the disposal of assets | | 210 | 481 |
| 37,350 | Total income from continuing operations | | 33,215 | 33,903 |
| Expenses from continuing operations | | | | |
| 8,961 | Employee benefits and on-costs | B3-1 | 7,318 | 7,097 |
| 9,202 | Materials and services | B3-2 | 9,352 | 9,616 |
| 175 | Borrowing costs | | 129 | 103 |
| 6,066 | Depreciation, amortisation and impairment of non-financial assets | B3-3 | 7,727 | 6,514 |
| 938 | Other expenses | | 1,194 | 868 |
| – | Fair value decrement on investments | | – | 1,591 |
| 25,342 | Total expenses from continuing operations | | 25,720 | 25,789 |
| 12,008 | Operating result from continuing operations | | 7,495 | 8,114 |
| 12,008 | Net operating result for the year attributable to Council | | 7,495 | 8,114 |
| 1,357 | Net operating result for the year before grants and contributions provided for capital purposes | | 733 | (2,510) |

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

Narromine Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2023

| \$ '000 | Notes | 2023 | 2022 |
|--|-------|---------------|--------|
| Net operating result for the year – from Income Statement | | 7,495 | 8,114 |
| Other comprehensive income: | | | |
| Amounts which will not be reclassified subsequently to the operating result | | | |
| Gain / (loss) on revaluation of IPP&E | C1-7 | 31,748 | 39,567 |
| Other comprehensive income – joint ventures and associates | | – | 1 |
| Total items which will not be reclassified subsequently to the operating result | | 31,748 | 39,568 |
| Total other comprehensive income for the year | | 31,748 | 39,568 |
| Total comprehensive income for the year attributable to Council | | 39,243 | 47,682 |

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

Narromine Shire Council

Statement of Financial Position

as at 30 June 2023

| \$ '000 | Notes | 2023 | 2022 |
|--|-------|----------------|----------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | C1-1 | 28,467 | 4,543 |
| Investments | C1-2 | – | 19,598 |
| Receivables | C1-4 | 2,232 | 3,919 |
| Inventories | C1-5 | 2,382 | 2,127 |
| Contract assets | C1-6 | 5,550 | 4,621 |
| Other | | 41 | 50 |
| Total current assets | | 38,672 | 34,858 |
| Non-current assets | | | |
| Receivables | C1-4 | 397 | 357 |
| Inventories | C1-5 | 4,194 | 4,194 |
| Infrastructure, property, plant and equipment (IPPE) | C1-7 | 401,061 | 360,025 |
| Investment property | | 48 | 48 |
| Investments accounted for using the equity method | | 374 | 361 |
| Total non-current assets | | 406,074 | 364,985 |
| Total assets | | 444,746 | 399,843 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Payables | C2-1 | 2,057 | 2,354 |
| Contract liabilities | C2-2 | 7,385 | 1,225 |
| Borrowings | C2-3 | 1,270 | 1,134 |
| Employee benefit provisions | C2-4 | 1,411 | 1,759 |
| Total current liabilities | | 12,123 | 6,472 |
| Non-current liabilities | | | |
| Borrowings | C2-3 | 3,683 | 3,714 |
| Employee benefit provisions | C2-4 | 46 | 55 |
| Provisions | C2-5 | 2,018 | 1,969 |
| Total non-current liabilities | | 5,747 | 5,738 |
| Total liabilities | | 17,870 | 12,210 |
| Net assets | | 426,876 | 387,633 |
| EQUITY | | | |
| Accumulated surplus | | 166,632 | 159,137 |
| IPPE revaluation reserve | C3-1 | 260,244 | 228,496 |
| Council equity interest | | 426,876 | 387,633 |
| Total equity | | 426,876 | 387,633 |

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

Narromine Shire Council

Statement of Changes in Equity

for the year ended 30 June 2023

| \$ '000 | Notes | 2023 | | | 2022 | | |
|--|-------|---------------------|--------------------------|----------------|---------------------|--------------------------|----------------|
| | | Accumulated surplus | IPPE revaluation reserve | Total equity | Accumulated surplus | IPPE revaluation reserve | Total equity |
| Opening balance at 1 July | | 159,137 | 228,496 | 387,633 | 151,022 | 188,929 | 339,951 |
| Restated opening balance | | 159,137 | 228,496 | 387,633 | 151,022 | 188,929 | 339,951 |
| Net operating result for the year | | 7,495 | – | 7,495 | 8,114 | – | 8,114 |
| Net operating result for the period | | 7,495 | – | 7,495 | 8,114 | – | 8,114 |
| Other comprehensive income | | | | | | | |
| – Gain / (loss) on revaluation of IPP&E | C1-7 | – | 31,748 | 31,748 | – | 39,567 | 39,567 |
| Joint ventures and associates | | – | – | – | 1 | – | 1 |
| Other comprehensive income | | – | 31,748 | 31,748 | 1 | 39,567 | 39,568 |
| Total comprehensive income | | 7,495 | 31,748 | 39,243 | 8,115 | 39,567 | 47,682 |
| Closing balance at 30 June | | 166,632 | 260,244 | 426,876 | 159,137 | 228,496 | 387,633 |

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

Narromine Shire Council

Statement of Cash Flows

for the year ended 30 June 2023

| Original unaudited budget 2023 | \$ '000 | Notes | Actual 2023 | Actual 2022 |
|---|---|-------|----------------|-----------------|
| Cash flows from operating activities | | | | |
| <i>Receipts:</i> | | | | |
| 11,170 | Rates and annual charges | | 9,763 | 10,062 |
| 1,432 | User charges and fees | | 6,347 | 2,835 |
| 1,760 | Interest received | | 1,029 | 6 |
| 18,649 | Grants and contributions | | 21,992 | 14,581 |
| 2,280 | Other | | 690 | 733 |
| <i>Payments:</i> | | | | |
| (8,782) | Payments to employees | | (7,868) | (6,963) |
| (9,900) | Payments for materials and services | | (9,581) | (10,031) |
| (175) | Borrowing costs | | (131) | (99) |
| (37) | Other | | (1,215) | (824) |
| 16,397 | Net cash flows from operating activities | G1-1 | 21,026 | 10,300 |
| Cash flows from investing activities | | | | |
| <i>Receipts:</i> | | | | |
| 2,705 | Sale of real estate assets | | 219 | 2,728 |
| 367 | Proceeds from sale of IPPE | | 16 | 72 |
| <i>Payments:</i> | | | | |
| – | Redemption of investments | | 19,598 | – |
| (16,848) | Payments for IPPE | | (16,986) | (11,688) |
| (2,021) | Purchase of real estate assets | | – | (2,051) |
| – | Purchase of intangible assets | | (54) | (17) |
| (15,797) | Net cash flows from investing activities | | 2,793 | (10,956) |
| Cash flows from financing activities | | | | |
| <i>Receipts:</i> | | | | |
| 1,270 | Proceeds from borrowings | | 1,270 | 1,100 |
| <i>Payments:</i> | | | | |
| (1,346) | Repayment of borrowings | | (1,165) | (1,026) |
| (76) | Net cash flows from financing activities | | 105 | 74 |
| 524 | Net change in cash and cash equivalents | | 23,924 | (582) |
| 22,241 | Cash and cash equivalents at beginning of year | | 4,543 | 5,125 |
| 22,765 | Cash and cash equivalents at end of year | | 28,467 | 4,543 |
| – | plus: Investments on hand at end of year | | – | 19,598 |
| 22,765 | Total cash, cash equivalents and investments | C1-1 | 28,467 | 24,141 |

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

Narromine Shire Council

Contents for the notes to the Financial Statements for the year ended 30 June 2023

| | |
|--|-----------|
| A About Council and these financial statements | 11 |
| A1-1 Basis of preparation | 11 |
| B Financial Performance | 13 |
| B1 Functions or activities | 13 |
| B1-1 Functions or activities – income, expenses and assets | 13 |
| B1-2 Components of functions or activities | 14 |
| B2 Sources of income | 16 |
| B2-1 Rates and annual charges | 16 |
| B2-2 User charges and fees | 17 |
| B2-3 Grants and contributions | 18 |
| B2-4 Interest and investment income | 21 |
| B3 Costs of providing services | 22 |
| B3-1 Employee benefits and on-costs | 22 |
| B3-2 Materials and services | 22 |
| B3-3 Depreciation, amortisation and impairment of non-financial assets | 24 |
| B3-4 Other expenses | 25 |
| B4 Performance against budget | 25 |
| B4-1 Material budget variations | 25 |
| C Financial position | 27 |
| C1 Assets we manage | 27 |
| C1-1 Cash and cash equivalents | 27 |
| C1-2 Financial investments | 27 |
| C1-3 Restricted and allocated cash, cash equivalents and investments | 29 |
| C1-4 Receivables | 30 |
| C1-5 Inventories | 31 |
| C1-6 Contract assets and Contract cost assets | 32 |
| C1-7 Infrastructure, property, plant and equipment | 33 |
| C2 Liabilities of Council | 37 |
| C2-1 Payables | 37 |
| C2-2 Contract Liabilities | 38 |
| C2-3 Borrowings | 38 |
| C2-4 Employee benefit provisions | 40 |
| C2-5 Provisions | 40 |
| C3 Reserves | 42 |
| C3-1 Nature and purpose of reserves | 42 |
| D Council structure | 43 |
| D1 Results by fund | 43 |
| D1-1 Income Statement by fund | 43 |
| D1-2 Statement of Financial Position by fund | 43 |
| E Risks and accounting uncertainties | 45 |
| E-1-1 Risks relating to financial instruments held | 45 |

Narromine Shire Council

Contents for the notes to the Financial Statements for the year ended 30 June 2023

| | |
|---|-----------|
| E2-1 E2-1 Fair value measurement | 47 |
| E3-1 Contingencies | 51 |
| F People and relationships | 54 |
| F1 Related party disclosures | 54 |
| F1-1 Key management personnel (KMP) | 54 |
| F1-2 Councillor and Mayoral fees and associated expenses | 54 |
| F1-3 Other related parties | 55 |
| F2 Other relationships | 56 |
| F2-1 Audit fees | 56 |
| G Other matters | 57 |
| G1-1 Statement of Cash Flows information | 57 |
| G2-1 Commitments | 58 |
| G3-1 Events occurring after the reporting date | 59 |
| G4 Statement of developer contributions as at 30 June 2023 | 60 |
| G4-1 Summary of developer contributions | 60 |
| G5 Statement of performance measures | 61 |
| G5-1 Statement of performance measures – consolidated results | 61 |
| G5-2 Statement of performance measures by fund | 62 |

A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 13 September 2023. 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 principal accounting policies adopted in the preparation of these financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

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

Council is a not for-profit entity.

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

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) contract assets and contract cost assets - refer Note C1-6
- (ii) contract liabilities - Refer Note C2-2
- (iii) estimated fair values of infrastructure, property, plant and equipment – refer Note CI-7.
- (iv) employee benefit provisions - refer Note C2-4
- (v) estimated tip remediation provisions – refer Note C2-5.

Monies and other assets received by Council

The Consolidated Fund

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

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

- General purpose operations
- Water service
- Sewerage service

A1-1 Basis of preparation (continued)

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities that are recoverable from, or payable to, the taxation authority are presented as operating cash flows.

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 (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2023 reporting period.

Council has elected not to apply any of these pronouncements in these financial statements before their operative dates.

As at the date of authorisation of these financial statements Council does not consider that any of these new (and still to be applied) standards and interpretations are likely to have a material impact on the Council's future financial statements, financial position, financial performance or cash flows.

New accounting standards adopted during the year

No new accounting standards are applicable to the 2022-23 financial year.

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 | |
|---------------------------------------|---------------|---------------|---------------|---------------|------------------|--------------|--------------------------|---------------|---------------------------|----------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Functions or activities | | | | | | | | | | |
| Governance | 45 | 56 | 1,660 | 1,783 | (1,615) | (1,727) | – | – | 2,765 | 2,486 |
| Administration | 12,634 | 12,312 | 3,963 | 3,570 | 8,671 | 8,742 | 4,818 | 4,621 | 34,257 | 30,798 |
| Public Order & Safety | 228 | 239 | 51 | 14 | 177 | 225 | 118 | 239 | 25,629 | 23,040 |
| Environment & Health | 302 | 221 | 732 | 653 | (430) | (432) | 104 | 102 | 1,280 | 1,151 |
| Community & Cultural Services | 268 | 402 | 1,344 | 1,513 | (1,076) | (1,111) | 153 | 232 | 6,144 | 5,523 |
| Planning & Development | 40 | 44 | 382 | 317 | (342) | (273) | 138 | 305 | 93 | 84 |
| Waste Management | 2,028 | 1,903 | 1,499 | 1,494 | 529 | 409 | – | – | 1,804 | 1,622 |
| Infrastructure | 10,291 | 10,044 | 7,900 | 7,920 | 2,391 | 2,124 | 8,976 | 10,101 | 281,622 | 253,189 |
| Recreational Facilities | 988 | 862 | 2,654 | 2,857 | (1,666) | (1,995) | 721 | 753 | 19,402 | 17,443 |
| Economic Development | 1,919 | 3,432 | 1,891 | 1,940 | 28 | 1,492 | 501 | 498 | 4,718 | 4,242 |
| Water Supplies | 2,520 | 2,775 | 2,275 | 2,257 | 245 | 518 | 1,232 | 1,161 | 30,063 | 27,028 |
| Sewerage Services | 1,952 | 1,613 | 1,369 | 1,471 | 583 | 142 | – | – | 36,969 | 33,237 |
| Total functions and activities | 33,215 | 33,903 | 25,720 | 25,789 | 7,495 | 8,114 | 16,761 | 18,012 | 444,746 | 399,843 |

B1-2 Components of functions or activities

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

Governance

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

Administration

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

Public Order & Safety

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

Environment & Health

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

Community & Cultural Services

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

Planning & Development

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

Waste Management

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

Infrastructure

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

Recreational Facilities

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

B1-2 Components of functions or activities (continued)

- Swimming Pools.

Economic Development

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

Water Supplies

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

Sewerage Services

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

B2 Sources of income

B2-1 Rates and annual charges

| \$ '000 | 2023 | 2022 |
|---|--------------|--------------|
| Ordinary rates | | |
| Residential | 1,792 | 1,772 |
| Farmland | 3,497 | 3,473 |
| Mining | 308 | 306 |
| Business | 647 | 633 |
| Other | (5) | (7) |
| Less: pensioner rebates (mandatory) | (112) | (113) |
| Rates levied to ratepayers | 6,127 | 6,064 |
| Pensioner rate subsidies received | 36 | 37 |
| Total ordinary rates | 6,163 | 6,101 |
| Annual charges (pursuant to s496, 496A, 496B, 501 & 611) | | |
| Domestic waste management services | 1,322 | 1,282 |
| Stormwater management services | 53 | 52 |
| Water supply services | 829 | 735 |
| Sewerage services | 1,253 | 1,221 |
| Waste management services (non-domestic) | 263 | 263 |
| Less: pensioner rebates (mandatory) | (69) | (70) |
| Annual charges levied | 3,651 | 3,483 |
| Pensioner annual charges subsidies received: | | |
| – Water | 19 | 20 |
| – Sewerage | 18 | 19 |
| – Domestic waste management | 25 | 25 |
| Total annual charges | 3,713 | 3,547 |
| Total rates and annual charges | 9,876 | 9,648 |

Council has used 2019 year valuations provided by the NSW Valuer General in calculating its rates.

Accounting policy

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 | 2023 | 2022 |
|--|--------------|--------------|
| Specific user charges | | |
| Water supply services | 1,467 | 1,247 |
| Sewerage services | 399 | 350 |
| Waste management services (non-domestic) | 157 | 149 |
| Total specific user charges | 2,023 | 1,746 |
| Other user charges and fees | | |
| (i) Fees and charges – statutory and regulatory functions (per s608) | | |
| Building services – other | 3 | – |
| Planning and building regulation | 110 | 153 |
| Private works – section 67 | 73 | 1,114 |
| Other | 62 | 66 |
| Total fees and charges – statutory/regulatory | 248 | 1,333 |
| (ii) Fees and charges – other (incl. general user charges (per s608)) | | |
| Cemeteries | 90 | 85 |
| Community centres | 3 | 1 |
| Gravel pits | 1,393 | 1,483 |
| Lease rentals | 12 | 61 |
| Recycling income (non-domestic) | 198 | 92 |
| Water connection fees | 25 | – |
| Other | 251 | 194 |
| Total fees and charges – other | 1,972 | 1,916 |
| Total other user charges and fees | 2,220 | 3,249 |
| Total user charges and fees | 4,243 | 4,995 |
| Timing of revenue recognition for user charges and fees | | |
| User charges and fees recognised at a point in time | 4,243 | 4,995 |
| Total user charges and fees | 4,243 | 4,995 |

Accounting policy

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

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service. There is no material obligation for Council in relation to refunds or returns.

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

B2-3 Grants and contributions

| \$ '000 | Operating 2023 | Operating 2022 | Capital 2023 | Capital 2022 |
|--|-------------------|-------------------|-----------------|-----------------|
| General purpose grants and non-developer contributions (untied) | | | | |
| General purpose (untied) | | | | |
| Current year allocation | | | | |
| Financial assistance – general component | 997 | 1,645 | – | – |
| Financial assistance – local roads component | 459 | 800 | – | – |
| Payment in advance - future year allocation | | | | |
| Financial assistance – general component | 3,766 | 2,526 | – | – |
| Financial assistance – local roads component | 1,812 | 1,234 | – | – |
| Other | | | | |
| Other grants | – | – | 1,210 | 78 |
| Amount recognised as income during current year | 7,034 | 6,205 | 1,210 | 78 |
| Special purpose grants and non-developer contributions (tied) | | | | |
| Cash contributions | | | | |
| Water supplies | 94 | – | 1,054 | 1,161 |
| Bushfire and emergency services | 118 | 116 | – | – |
| Community care and centres | 45 | – | 119 | 212 |
| Economic development | 45 | 305 | 375 | 262 |
| Library | 81 | 80 | – | – |
| LIRS subsidy | – | – | 25 | 35 |
| Noxious weeds | 124 | 102 | – | – |
| Recreation and culture | 141 | 25 | 721 | 675 |
| Community infrastructure grant | – | – | – | 155 |
| Transport (roads to recovery) | – | – | 872 | 593 |
| Transport (other roads and bridges funding) | 1,798 | 54 | 2,326 | 5,121 |
| Other specific grants | 69 | 231 | 29 | 2,332 |
| Other contributions: | | | | |
| Other contributions | 187 | 163 | 31 | – |
| Total special purpose grants and non-developer contributions – cash | 2,702 | 1,076 | 5,552 | 10,546 |
| Total special purpose grants and non-developer contributions (tied) | 2,702 | 1,076 | 5,552 | 10,546 |
| Total grants and non-developer contributions | 9,736 | 7,281 | 6,762 | 10,624 |
| Comprising: | | | | |
| – Commonwealth funding | 7,039 | 6,267 | 2,257 | 1,715 |
| – State funding | 2,512 | 874 | 4,449 | 8,189 |
| – Other funding | 185 | 140 | 56 | 720 |
| | 9,736 | 7,281 | 6,762 | 10,624 |

B2-3 Grants and contributions (continued)

Developer contributions

| \$ '000 | Notes | Operating 2023 | Operating 2022 | Capital 2023 | Capital 2022 |
|---|-------|-------------------|-------------------|-----------------|-----------------|
| Developer contributions: | | | | | |
| (s7.4 & s7.11 - EP&A Act, s64 of the LGA): | | | | | |
| Cash contributions | | | | | |
| S 7.12 – fixed development consent levies | G4 | 75 | 107 | – | – |
| S 64 – sewerage service contributions | | 188 | – | – | – |
| Total developer contributions – cash | | 263 | 107 | – | – |
| Total developer contributions | | 263 | 107 | – | – |
| Total contributions | | 263 | 107 | – | – |
| Total grants and contributions | | 9,999 | 7,388 | 6,762 | 10,624 |
| Timing of revenue recognition for grants and contributions | | | | | |
| Grants and contributions recognised over time (1) | | – | – | – | – |
| Grants and contributions recognised at a point in time (2) | | 9,999 | 7,388 | 6,762 | 10,624 |
| Total grants and contributions | | 9,999 | 7,388 | 6,762 | 10,624 |

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 2023 | Operating 2022 | Capital 2023 | Capital 2022 |
|---|-------------------|-------------------|-----------------|-----------------|
| Unspent grants and contributions | | | | |
| Operating grants recognised as income in a previous reporting period | 3,831 | 4,758 | – | – |
| Unspent grants and contributions | | | | |
| Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions | 1,935 | 3,831 | 752 | – |
| Less: Funds received in prior year but revenue recognised and funds spent in current year | – | – | – | – |
| Less: Funds recognised as revenue in previous years that have been spent during the reporting year | (3,831) | (4,758) | – | – |
| Unspent funds at 30 June | 1,935 | 3,831 | 752 | – |

B2-3 Grants and contributions (continued)

Accounting policy

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

Grant and contribution revenue from an agreement which is enforceable and contains sufficiently specific performance obligations is recognised as or when control of each performance obligations is transferred.

The performance obligations vary according to the agreement but include milestones such as executing the agreement to acquire or construct roads, stormwater drainage and airport runway. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

Capital grants

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

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

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

Developer contributions

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

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

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

Other grants and contributions

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

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

B2-4 Interest and investment income

| \$ '000 | 2023 | 2022 |
|--|--------------|-------------|
| Interest on financial assets measured at amortised cost | | |
| – Overdue rates and annual charges (incl. special purpose rates) | 62 | 52 |
| – Cash and investments | 1,318 | 6 |
| Total interest and investment income (losses) | 1,380 | 58 |

Accounting policy

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 | 2023 | 2022 |
|--------------------------------------|--------------|--------------|
| Salaries and wages | 5,723 | 6,427 |
| Employee leave entitlements (ELE) | 618 | 984 |
| Superannuation | 762 | 663 |
| Other | 604 | 526 |
| Total employee costs | 7,707 | 8,600 |
| Less: capitalised costs | (389) | (1,503) |
| Total employee costs expensed | 7,318 | 7,097 |

Accounting policy

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

Retirement benefit obligations

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.

Superannuation plans

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.

B3-2 Materials and services

| \$ '000 | Notes | 2023 | 2022 |
|---|-------|--------------|--------------|
| Raw materials and consumables | | 3,984 | 4,595 |
| Contractor costs | | 3,299 | 2,880 |
| Audit Fees | F2-1 | 70 | 66 |
| Councillor and Mayoral fees and associated expenses | F1-2 | 173 | 159 |
| Advertising | | 92 | 92 |
| Computer software charges | | 204 | 251 |
| Election expenses | | – | 21 |
| Electricity and heating | | 355 | 360 |
| Insurance | | 586 | 497 |
| Office expenses (including computer expenses) | | 91 | 85 |
| Postage | | 19 | 18 |
| Street lighting | | 86 | 131 |
| Subscriptions and publications | | 101 | 90 |
| Telephone and communications | | 53 | 77 |
| Training costs (other than salaries and wages) | | 2 | – |
| Other expenses | | 91 | 41 |
| Legal expenses: | | | |
| Expenses from leases of low value assets | | 26 | 24 |
| – Legal expenses: planning and development | | – | 1 |
| – Legal expenses: debt recovery | | 6 | 4 |
| – Legal expenses: other | | 32 | 122 |
| Other | | 71 | 98 |
| Total materials and services | | 9,352 | 9,616 |
| Total materials and services | | 9,352 | 9,616 |

B3-2 Materials and services (continued)

Accounting policy

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

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

| \$ '000 | Notes | 2023 | 2022 |
|---|-------|--------------|--------------|
| Depreciation and amortisation | | | |
| Plant and equipment | | 902 | 903 |
| Office equipment | | 65 | 62 |
| Furniture and fittings | | 2 | 7 |
| Infrastructure: | C1-7 | | |
| – Buildings – non-specialised | | 200 | 183 |
| – Buildings – specialised | | 1,067 | 871 |
| – Other structures | | 210 | 181 |
| – Roads | | 3,672 | 1,970 |
| – Bridges | | 217 | 199 |
| – Footpaths | | 98 | 93 |
| – Stormwater drainage | | 254 | 390 |
| – Water supply network | | 181 | 569 |
| – Sewerage network | | 246 | 478 |
| – Swimming pools | | 134 | 160 |
| – Other open space/recreational assets | | 249 | 206 |
| – Other infrastructure | | – | 12 |
| Other assets: | | | |
| – Aerodrome | | 176 | 153 |
| Intangible assets | C1-7 | 54 | 77 |
| Total depreciation and amortisation costs | | 7,727 | 6,514 |
| Total depreciation, amortisation and impairment for non-financial assets | | 7,727 | 6,514 |

Accounting policy

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 C1-7 for IPPE 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 which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

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

B3-4 Other expenses

| \$ '000 | 2023 | 2022 |
|--|--------------|------------|
| Other | 29 | 27 |
| Donations, contributions and assistance to other organisations (Section 356) | 221 | 89 |
| – Emergency services levy (includes FRNSW, SES, and RFS levies) | 17 | 10 |
| – Macquarie regional library | 495 | 414 |
| – NSW fire brigade levy | 42 | 36 |
| – NSW rural fire service levy | 390 | 292 |
| Total other expenses | 1,194 | 868 |

Accounting policy

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

B4 Performance against budget

B4-1 Material budget variations

Council's original budget was adopted by the Council on 22/06/2022 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 | 2023 Budget | 2023 Actual | 2023 ----- Variance ----- | |
|---|----------------|----------------|------------------------------|----------------|
| Revenues | | | | |
| User charges and fees | 5,090 | 4,243 | (847) | (17)% U |
| Revenue relating to User Charges and fees due to decrease in Private Works income. | | | | |
| Other revenues | 592 | 446 | (146) | (25)% U |
| Other revenues are under budget due to lesser income relating to apprenticeship incentives, lease/rent fees, planning and development application fees. | | | | |
| Operating grants and contributions | 7,998 | 9,999 | 2,001 | 25% F |
| Operating grants in excess of budget due to additional funding received from the State Government for the maintenance of roads. | | | | |
| Capital grants and contributions | 10,651 | 6,762 | (3,889) | (37)% U |
| Capital grants reduced due to the recognition of contract liabilities - unspent grant funding. | | | | |
| Interest and investment revenue | 1,760 | 1,380 | (380) | (22)% U |
| Interest revenue decreased due to transfer of funds from Managed Funds to Term Deposit accounts. | | | | |
| Net gains from disposal of assets | 1,275 | 210 | (1,065) | (84)% U |
| Net gains on disposal of assets decreased due to properties not sold during the financial year. | | | | |

B4-1 Material budget variations (continued)

| \$ '000 | 2023 Budget | 2023 Actual | 2023 ----- Variance ----- | |
|--|----------------|----------------|------------------------------|-----------------|
| Expenses | | | | |
| Employee benefits and on-costs | 8,961 | 7,318 | 1,643 | 18% F |
| Salaries and wages are under budget due to higher vacancy rate and lesser oncost expenses for the year. | | | | |
| Borrowing costs | 175 | 129 | 46 | 26% F |
| Borrowing costs less than original budget due to lesser amount of interest paid on new loan. | | | | |
| Depreciation, amortisation and impairment of non-financial assets | 6,066 | 7,727 | (1,661) | (27)% U |
| Depreciation expenses are in excess of budget due to new asset additions, revaluation and indexation of all asset classes. | | | | |
| Other expenses | 938 | 1,194 | (256) | (27)% U |
| Expenses in excess of budget due to additional contributions to projects, library and fire services. | | | | |
| Statement of cash flows | | | | |
| Cash flows from operating activities | 16,397 | 21,026 | 4,629 | 28% F |
| Cash flows from operating activities increased due additional grant funding received and increase in interest earnings. | | | | |
| Cash flows from investing activities | (15,797) | 2,793 | 18,590 | (118)% F |
| Cash flows from investing activities increased due to the transfer of Managed Funds to Term Deposit accounts. | | | | |
| Cash flows from financing activities | (76) | 105 | 181 | (238)% F |
| Net cash flow from financing activities increased due to decrease in repayment of borrowings. | | | | |

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

| \$ '000 | 2023 | 2022 |
|--|---------------|--------------|
| Cash assets | | |
| Cash on hand and at bank | 8,467 | 4,543 |
| Cash equivalent assets | | |
| – Short-term deposits | 20,000 | – |
| Total cash and cash equivalents | 28,467 | 4,543 |

Accounting policy

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

C1-2 Financial investments

| \$ '000 | 2023 Current | 2023 Non-current | 2022 Current | 2022 Non-current |
|---|-----------------|---------------------|-----------------|---------------------|
| Financial assets at fair value through the profit and loss | | | | |
| Managed funds | – | – | 19,598 | – |
| Total | – | – | 19,598 | – |
| Total financial investments | – | – | 19,598 | – |
| Total cash assets, cash equivalents and investments | 28,467 | – | 24,141 | – |

C1-2 Financial investments (continued)

Accounting policy

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

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

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

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

Financial assets through profit or loss

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

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

Council's financial assets measured at fair value through profit or loss comprise investments in New South Wales Treasury Corporation (TCorp) Managed Funds in the Statement of Financial Position.

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

| \$ '000 | 2023 | 2022 |
|--|-----------------|-----------------|
| (a) Externally restricted cash, cash equivalents and investments | | |
| Total cash, cash equivalents and investments | 28,467 | 24,141 |
| Less: Externally restricted cash, cash equivalents and investments | <u>(17,047)</u> | <u>(13,209)</u> |
| Cash, cash equivalents and investments not subject to external restrictions | 11,420 | 10,932 |
| External restrictions | | |
| External restrictions – included in liabilities | | |
| External restrictions included in cash, cash equivalents and investments above comprise: | | |
| Specific purpose unexpended grants – general fund | <u>6,984</u> | 1,225 |
| External restrictions – included in liabilities | 6,984 | 1,225 |
| External restrictions – other | | |
| External restrictions included in cash, cash equivalents and investments above comprise: | | |
| Developer contributions – general | 330 | 246 |
| Developer contributions – water fund | 215 | 215 |
| Developer contributions – sewer fund | 366 | 178 |
| Specific purpose unexpended grants (recognised as revenue) – general fund | 813 | 2,100 |
| Water fund | 348 | 1,155 |
| Sewer fund | 6,723 | 7,007 |
| Board of control - NSRAC and TSRAC | 153 | 148 |
| Other | 35 | 35 |
| Domestic waste management | <u>1,080</u> | 900 |
| External restrictions – other | 10,063 | 11,984 |
| Total external restrictions | 17,047 | 13,209 |

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 | 2023 | 2022 |
|--|--------------|-------|
| Internal allocations | | |
| At 30 June, Council has internally allocated funds to the following: | | |
| Alkane community contributions | 156 | 205 |
| Alkane environmental monitoring | 186 | 162 |
| Carry over works | 3,069 | 2,824 |
| Election expenses | 45 | 45 |
| Employees leave entitlement | 437 | 544 |
| FAGS advance grant | 5,579 | 3,760 |
| Other | <u>334</u> | 289 |
| Total internal allocations | 9,806 | 7,829 |

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

C1-4 Receivables

| \$ '000 | 2023 | 2023 | 2022 | 2022 |
|---|--------------|-------------|--------------|-------------|
| | Current | Non-current | Current | Non-current |
| Rates and annual charges | 425 | 155 | 311 | 176 |
| Interest and extra charges | 162 | 65 | 224 | – |
| User charges and fees | 1,182 | 177 | 3,285 | 181 |
| Accrued revenues | | | | |
| – Interest on investments | 349 | – | 2 | – |
| Net GST receivable | 139 | – | 126 | – |
| Other debtors | 57 | – | 57 | – |
| Total | 2,314 | 397 | 4,005 | 357 |
| Less: provision for impairment | | | | |
| Interest and extra charges | (34) | – | (35) | – |
| User charges and fees | (48) | – | (51) | – |
| Total provision for impairment – receivables | (82) | – | (86) | – |
| Total net receivables | 2,232 | 397 | 3,919 | 357 |

Accounting policy

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

Impairment

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

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

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

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

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

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

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

C1-5 Inventories

| \$ '000 | 2023 | 2023 | 2022 | 2022 |
|----------------------------------|--------------|--------------|--------------|--------------|
| | Current | Non-current | Current | Non-current |
| (i) Inventories at cost | | | | |
| Real estate for resale | 1,748 | 4,194 | 1,748 | 4,194 |
| Stores and materials | 634 | – | 379 | – |
| Total inventories at cost | 2,382 | 4,194 | 2,127 | 4,194 |
| Total inventories | 2,382 | 4,194 | 2,127 | 4,194 |

(i) Real estate assets for resale

| \$ '000 | 2023 | 2023 | 2022 | 2022 |
|--|--------------|--------------|--------------|--------------|
| | Current | Non-current | Current | Non-current |
| (a) Details for real estate development | | | | |
| Residential | 887 | 1,237 | 887 | 1,237 |
| Industrial/commercial | 861 | 2,957 | 861 | 2,957 |
| Total real estate for resale | 1,748 | 4,194 | 1,748 | 4,194 |

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

Represented by:

| | | | | |
|-------------------------------------|--------------|--------------|--------------|--------------|
| Development costs | 1,748 | 4,194 | 1,748 | 4,194 |
| Total costs | 1,748 | 4,194 | 1,748 | 4,194 |
| Total real estate for resale | 1,748 | 4,194 | 1,748 | 4,194 |

Movements:

| | | | | |
|---|--------------|--------------|--------------|--------------|
| Real estate assets at beginning of the year | 1,748 | 4,194 | 2,268 | 3,700 |
| – Purchases and other costs | – | – | 3,749 | 327 |
| – Transfer between current/non-current | – | – | (376) | 376 |
| – WDV of sales (expense) | – | – | (2,051) | – |
| – Other | – | – | (1,842) | (209) |
| Total real estate for resale | 1,748 | 4,194 | 1,748 | 4,194 |

Accounting policy

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.

Land held for resale

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

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

C1-6 Contract assets and Contract cost assets

| \$ '000 | 2023 | 2023 | 2022 | 2022 |
|---|--------------|-------------|--------------|-------------|
| | Current | Non-current | Current | Non-current |
| Contract assets | 5,550 | – | 4,621 | – |
| Total contract assets and contract cost assets | 5,550 | – | 4,621 | – |

Contract assets

Work relating to the upgrade and construction of roads.

| | | | | |
|------------------------------|--------------|----------|--------------|----------|
| | 5,550 | – | 4,621 | – |
| Total contract assets | 5,550 | – | 4,621 | – |

Significant changes in contract assets

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

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

Accounting policy

Contract assets

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

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

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

C1-7 Infrastructure, property, plant and equipment

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

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

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

| By aggregated asset class | At 1 July 2021 | | | Asset movements during the reporting period | | | | | At 30 June 2022 | | |
|--|-----------------------|---|---------------------|---|-----------------------------|----------------------|---------------------------|--|-----------------------|---|---------------------|
| | Gross carrying amount | Accumulated depreciation and impairment | Net carrying amount | Additions renewals ¹ | 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 | | | | | | | | | | | |
| Capital work in progress | 5,880 | – | 5,880 | 4,043 | – | – | – | – | 9,923 | – | 9,923 |
| Plant and equipment | 16,557 | (8,982) | 7,575 | 668 | (270) | (903) | – | – | 16,694 | (9,624) | 7,070 |
| Office equipment | 1,282 | (947) | 335 | 13 | – | (62) | – | – | 1,295 | (1,009) | 286 |
| Furniture and fittings | 329 | (284) | 45 | – | – | (7) | – | – | 329 | (291) | 38 |
| Land: | | | | | | | | | | | |
| – Operational land | 4,569 | – | 4,569 | – | – | – | 233 | – | 4,802 | – | 4,802 |
| – Community land | 2,246 | – | 2,246 | – | – | – | – | – | 2,246 | – | 2,246 |
| Infrastructure: | | | | | | | | | | | |
| – Buildings – non-specialised | 5,642 | (3,104) | 2,538 | 22 | – | (183) | – | 410 | 6,642 | (3,855) | 2,787 |
| – Buildings – specialised | 34,076 | (18,554) | 15,522 | 46 | (87) | (871) | – | 2,509 | 40,580 | (23,461) | 17,119 |
| – Other structures | 5,328 | (1,731) | 3,597 | 28 | (1) | (181) | 47 | 398 | 6,045 | (2,157) | 3,888 |
| – Roads | 233,667 | (39,654) | 194,013 | 4,611 | – | (1,970) | – | 20,017 | 263,135 | (46,463) | 216,672 |
| – Bridges | 20,454 | (7,424) | 13,030 | – | – | (199) | – | 1,387 | 22,665 | (8,447) | 14,218 |
| – Footpaths | 3,880 | (1,883) | 1,997 | 18 | – | (93) | – | 208 | 4,320 | (2,190) | 2,130 |
| – Stormwater drainage | 23,268 | (8,333) | 14,935 | 156 | – | (390) | – | 1,589 | 25,783 | (9,493) | 16,290 |
| – Water supply network | 32,097 | (14,518) | 17,579 | 373 | – | (569) | – | 5,628 | 29,812 | (6,801) | 23,011 |
| – Sewerage network | 29,756 | (10,250) | 19,506 | 151 | – | (478) | (233) | 6,205 | 32,222 | (7,071) | 25,151 |
| – Swimming pools | 5,035 | (1,418) | 3,617 | 742 | (14) | (160) | – | 416 | 6,275 | (1,674) | 4,601 |
| – Other open space/recreational assets | 5,767 | (2,354) | 3,413 | 353 | – | (206) | 206 | 434 | 7,060 | (2,860) | 4,200 |
| – Other infrastructure | 414 | (149) | 265 | – | – | (12) | (253) | – | – | – | – |
| Other assets: | | | | | | | | | | | |
| – Aerodrome | 16,236 | (13,276) | 2,960 | 706 | – | (153) | – | 366 | 17,988 | (14,109) | 3,879 |
| – Intangibles | 1,062 | (766) | 296 | 17 | (144) | (77) | – | – | 815 | (723) | 92 |
| – Remediation Assets | 1,726 | (170) | 1,556 | 66 | – | – | – | – | 1,792 | (170) | 1,622 |
| Total infrastructure, property, plant and equipment | 449,271 | (133,797) | 315,474 | 12,013 | (516) | (6,514) | – | 39,567 | 500,423 | (140,398) | 360,025 |

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

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

Accounting policy

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

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

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

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

Useful lives of IPPE

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

| | | | |
|-----------------------------------|-----------|--------------------------------------|-----------|
| Plant and equipment | Years | Other equipment | Years |
| Office equipment | 5 to 10 | Playground equipment | 5 to 15 |
| Office furniture | 10 to 20 | Benches, seats etc. | 10 to 20 |
| Computer equipment | 1 to 4 | | |
| Vehicles | 5 to 20 | Buildings | |
| Heavy plant/road making equipment | 5 to 20 | Buildings: masonry | 50 to 100 |
| Other plant and equipment | 5 to 50 | 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 100 |
| Reticulation pipes: PVC | 70 to 80 | Flood control structures | 80 to 100 |
| Reticulation pipes: other | 25 to 100 | | |
| Pumps and telemetry | 15 to 75 | | |
| Transportation assets | | Other infrastructure assets | |
| Sealed roads: surface | 15 to 100 | Bulk earthworks | infinite |
| Sealed roads: structure | 20 to 100 | Swimming pools | 50 to 70 |
| Unsealed roads | 10 to 30 | Other open space/recreational assets | 10 to 100 |
| Bridge: concrete | 80 to 300 | Other infrastructure | 50 to 100 |
| Bridge: other | 50 to 80 | | |
| Road pavements | 60 to 100 | | |
| Kerb, gutter and footpaths | 40 to 100 | | |

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

Revaluation model

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

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

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

Land under roads

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

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

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

C2 Liabilities of Council

C2-1 Payables

| \$ '000 | 2023 | 2023 | 2022 | 2022 |
|--|--------------|-------------|--------------|-------------|
| | Current | Non-current | Current | Non-current |
| Goods and services – operating expenditure | 1,590 | – | 1,564 | – |
| Accrued expenses: | | | | |
| – Borrowings | 2 | – | 4 | – |
| – Salaries and wages | – | – | 193 | – |
| – Other expenditure accruals | 2 | – | – | – |
| Other | 80 | – | 190 | – |
| Prepaid rates | 383 | – | 403 | – |
| Total payables | 2,057 | – | 2,354 | – |

Accounting policy

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 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 | 2023 | 2023 | 2022 | 2022 |
|--|--------------|-------------|--------------|-------------|
| | Current | Non-current | Current | Non-current |
| Grants and contributions received in advance: | | | | |
| Unexpended capital grants (to construct Council controlled assets) | 7,385 | – | 1,225 | – |
| Total grants received in advance | 7,385 | – | 1,225 | – |
| Total contract liabilities | 7,385 | – | 1,225 | – |

Significant changes in contract liabilities

Deposits were received in advance from the Federal Government for the upgrade and construction of roads and footpaths and construction and reseal of aerodrome taxiway. Construction works to these assets will be completed within the next 12 months.

Accounting policy

Contract liabilities are recorded when consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

C2-3 Borrowings

| \$ '000 | 2023 | 2023 | 2022 | 2022 |
|------------------------------|--------------|--------------|--------------|--------------|
| | Current | Non-current | Current | Non-current |
| Loans – secured ¹ | 1,270 | 3,683 | 1,134 | 3,714 |
| Total borrowings | 1,270 | 3,683 | 1,134 | 3,714 |

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

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

(a) Changes in liabilities arising from financing activities

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

| \$ '000 | 2021 | | Non-cash movements | | | | 2022 |
|--|-----------------|------------|--------------------|--------------------|--|-------------------------|-----------------|
| | Opening Balance | Cash flows | Acquisition | Fair value changes | Acquisition due to change in accounting policy | Other non-cash movement | Closing balance |
| Loans – secured | 4,774 | 74 | – | – | – | – | 4,848 |
| Lease liability (Note C2-1b) | 28 | (28) | – | – | – | – | – |
| Total liabilities from financing activities | 4,802 | 46 | – | – | – | – | 4,848 |

C2-3 Borrowings (continued)

(b) Financing arrangements

| \$ '000 | 2023 | 2022 |
|---|-----------|-----------|
| Total facilities | | |
| Credit cards/purchase cards | 60 | 60 |
| Total financing arrangements | 60 | 60 |
| Undrawn facilities | | |
| – Credit cards/purchase cards | 60 | 60 |
| Total undrawn financing arrangements | 60 | 60 |

Additional financing arrangements information

Breaches and defaults

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

Accounting policy

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.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or borrowing costs.

C2-4 Employee benefit provisions

| \$ '000 | 2023 | 2023 | 2022 | 2022 |
|--|--------------|-------------|--------------|-------------|
| | Current | Non-current | Current | Non-current |
| Annual leave | 511 | – | 585 | – |
| Long service leave | 866 | 46 | 967 | 51 |
| Other leave | 28 | – | 54 | – |
| ELE on-costs | 6 | – | 153 | 4 |
| Total employee benefit provisions | 1,411 | 46 | 1,759 | 55 |

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

| \$ '000 | 2023 | 2022 |
|--|------------|------------|
| The following provisions, even though classified as current, are not expected to be settled in the next 12 months. | | |
| Provisions – employees benefits | 567 | 652 |
| | 567 | 652 |

Description of and movements in provisions

Accounting policy

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.

Short-term obligations

Liabilities for wages and salaries (including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service) are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

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.

On-costs

The employee benefit provisions include the aggregate on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include superannuation, payroll tax and workers compensation expenses which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

C2-5 Provisions

| \$ '000 | 2023 | 2023 | 2022 | 2022 |
|--|----------|--------------|----------|--------------|
| | Current | Non-Current | Current | Non-Current |
| Asset remediation/restoration: | | | | |
| Asset remediation/restoration (future works) | – | 2,018 | – | 1,969 |
| Sub-total – asset remediation/restoration | – | 2,018 | – | 1,969 |
| Total provisions | – | 2,018 | – | 1,969 |

C2-5 Provisions (continued)

Description of and movements in provisions

| \$ '000 | Asset remediation | Total |
|---------------------------------------|----------------------|--------------|
| 2023 | | |
| At beginning of year | 1,969 | 1,969 |
| Unwinding of discount | 49 | 49 |
| Total other provisions at end of year | 2,018 | 2,018 |
| 2022 | | |
| At beginning of year | 1,921 | 1,921 |
| Unwinding of discount | 48 | 48 |
| Total other provisions at end of year | 1,969 | 1,969 |

Nature and purpose of provisions

Landfill and tip assets.

Asset remediation

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

Self-insurance

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

Accounting policy

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

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

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

Asset remediation – tips and quarries

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

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

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

C3 Reserves

C3-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

D Council structure

D1 Results by fund

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

D1-1 Income Statement by fund

| \$ '000 | General 2023 | Water 2023 | Sewer 2023 |
|--|-----------------|---------------|---------------|
| Income from continuing operations | | | |
| Rates and annual charges | 7,791 | 849 | 1,236 |
| User charges and fees | 2,149 | 1,519 | 575 |
| Interest and investment revenue | 1,205 | 92 | 83 |
| Other revenues | 445 | – | 1 |
| Grants and contributions provided for operating purposes | 9,905 | 94 | – |
| Grants and contributions provided for capital purposes | 6,542 | 220 | – |
| Net gains from disposal of assets | 210 | – | – |
| Other income | 299 | – | – |
| Total income from continuing operations | 28,546 | 2,774 | 1,895 |
| Expenses from continuing operations | | | |
| Employee benefits and on-costs | 6,695 | 439 | 184 |
| Materials and services | 7,030 | 1,607 | 715 |
| Borrowing costs | 129 | – | – |
| Depreciation, amortisation and impairment of non-financial assets | 7,300 | 181 | 246 |
| Other expenses | 1,194 | – | – |
| Total expenses from continuing operations | 22,348 | 2,227 | 1,145 |
| Operating result from continuing operations | 6,198 | 547 | 750 |
| Net operating result for the year | 6,198 | 547 | 750 |
| Net operating result attributable to each council fund | 6,198 | 547 | 750 |
| Net operating result for the year before grants and contributions provided for capital purposes | (344) | 327 | 750 |

D1-2 Statement of Financial Position by fund

ASSETS

Current assets

| | | | |
|--|---------------|--------------|--------------|
| Cash and cash equivalents | 20,815 | 563 | 7,089 |
| Receivables | 1,278 | 576 | 378 |
| Inventories | 2,382 | – | – |
| Contract assets and contract cost assets | 5,550 | – | – |
| Other | 41 | – | – |
| Total current assets | 30,066 | 1,139 | 7,467 |

Non-current assets

| | | | |
|---|----------------|---------------|---------------|
| Receivables | 397 | – | – |
| Inventories | 4,194 | – | – |
| Infrastructure, property, plant and equipment | 343,256 | 29,048 | 28,757 |
| Investments accounted for using the equity method | 374 | – | – |
| Investment property | 48 | – | – |
| Total non-current assets | 348,269 | 29,048 | 28,757 |

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

| \$ '000 | General 2023 | Water 2023 | Sewer 2023 |
|--------------------------------------|-----------------|---------------|---------------|
| Total assets | 378,335 | 30,187 | 36,224 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Payables | 2,057 | - | - |
| Contract liabilities | 7,385 | - | - |
| Borrowings | 1,270 | - | - |
| Employee benefit provision | 1,411 | - | - |
| Total current liabilities | 12,123 | - | - |
| Non-current liabilities | | | |
| Borrowings | 3,683 | - | - |
| Employee benefit provision | 46 | - | - |
| Provisions | 2,018 | - | - |
| Total non-current liabilities | 5,747 | - | - |
| Total liabilities | 17,870 | - | - |
| Net assets | 360,465 | 30,187 | 36,224 |
| EQUITY | | | |
| Accumulated surplus | 142,779 | 11,977 | 11,876 |
| Revaluation reserves | 217,686 | 18,210 | 24,348 |
| Council equity interest | 360,465 | 30,187 | 36,224 |
| Total equity | 360,465 | 30,187 | 36,224 |

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

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

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

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

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

The risks associated with the investments held are:

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

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

(a) Market risk – interest rate and price risk

| \$ '000 | 2023 | 2022 |
|--|------|-------|
| The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date. | | |
| Impact of a 2% movement in interest rates | | |
| – Equity / Income Statement | 569 | 45 |
| Impact of a 10% movement in price of investments | | |
| – Equity / Income Statement | – | 1,960 |

(b) Credit risk

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

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

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

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

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

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

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

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

Credit risk profile

Receivables – rates and annual charges

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

| \$ '000 | Not yet overdue rates and annual charges | | | Total |
|-----------------------|--|-----------|-----------|-------|
| | Not yet overdue | < 5 years | ≥ 5 years | |
| 2023 | | | | |
| Gross carrying amount | 376 | 178 | 26 | 580 |
| 2022 | | | | |
| Gross carrying amount | 292 | 173 | 22 | 487 |

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 | |
| 2023 | | | | | | |
| Gross carrying amount | 7,018 | 12 | 19 | 116 | 699 | 7,864 |
| Expected loss rate (%) | 0.00% | 0.00% | 0.00% | 0.00% | 2.70% | 0.24% |
| ECL provision | – | – | – | – | 82 | 82 |
| 2022 | | | | | | |
| Gross carrying amount | 7,664 | 217 | 35 | 287 | 293 | 8,496 |
| Expected loss rate (%) | 0.00% | 0.00% | 0.00% | 0.00% | 2.70% | 0.09% |
| ECL provision | – | – | – | – | 86 | 86 |

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

(c) Liquidity risk

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

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

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

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

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

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

| \$ '000 | Weighted average interest rate | Subject to no maturity | payable in: | | | Total cash outflows | Actual carrying values |
|------------------------------------|--------------------------------|------------------------|--------------|--------------|--------------|---------------------|------------------------|
| | | | ≤ 1 Year | 1 - 5 Years | > 5 Years | | |
| 2023 | | | | | | | |
| Payables | 0.00% | – | 2,057 | – | – | 2,057 | 2,057 |
| Borrowings | 3.10% | – | 1,270 | 2,512 | 1,171 | 4,953 | 4,953 |
| Total financial liabilities | | – | 3,327 | 2,512 | 1,171 | 7,010 | 7,010 |
| 2022 | | | | | | | |
| Payables | 0.00% | – | 2,354 | – | – | 2,354 | 2,354 |
| Borrowings | 2.96% | – | 1,134 | 3,056 | 658 | 4,848 | 4,848 |
| Total financial liabilities | | – | 3,488 | 3,056 | 658 | 7,202 | 7,202 |

Loan agreement breaches

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

E2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Investment property

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability

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

E2-1 E2-1 Fair value measurement (continued)

Recurring fair value measurements

| \$ '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 | |
| | | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Infrastructure, property, plant and equipment | C1-7 | | | | | | | | | | |
| Operational land | | 30/06/23 | 30/06/18 | - | - | 5,843 | 4,802 | - | - | 5,843 | 4,802 |
| Community land | | 30/06/23 | 30/06/18 | - | - | 3,429 | 2,246 | - | - | 3,429 | 2,246 |
| Buildings – non-specialised | | 30/06/23 | 30/06/18 | - | - | - | - | 3,043 | 2,787 | 3,043 | 2,787 |
| Buildings – specialised | | 30/06/23 | 30/06/18 | - | - | - | - | 27,312 | 17,119 | 27,312 | 17,119 |
| Other structures | | 30/06/23 | 30/06/19 | - | - | - | - | 4,266 | 3,888 | 4,266 | 3,888 |
| Roads | | 30/06/20 | 30/06/20 | - | - | - | - | 229,528 | 216,672 | 229,528 | 216,672 |
| Bridges | | 30/06/20 | 30/06/20 | - | - | - | - | 14,875 | 14,218 | 14,875 | 14,218 |
| Footpaths | | 30/06/20 | 30/06/20 | - | - | - | - | 2,167 | 2,130 | 2,167 | 2,130 |
| Stormwater drainage | | 30/06/20 | 30/06/20 | - | - | - | - | 17,061 | 16,290 | 17,061 | 16,290 |
| Water supply network | | 30/06/22 | 30/06/22 | - | - | - | - | 26,022 | 23,011 | 26,022 | 23,011 |
| Sewerage network | | 30/06/22 | 30/06/22 | - | - | - | - | 27,786 | 25,151 | 27,786 | 25,151 |
| Swimming pools | | 30/06/23 | 30/06/19 | - | - | - | - | 4,453 | 4,601 | 4,453 | 4,601 |
| Other open space/recreational assets | | 30/06/23 | 30/06/19 | - | - | - | - | 4,272 | 4,200 | 4,272 | 4,200 |
| Other infrastructure | | 30/06/23 | 30/06/20 | - | - | - | - | - | - | - | - |
| Aerodrome | | 30/06/19 | 30/06/19 | - | - | - | - | 5,139 | 3,879 | 5,139 | 3,879 |
| Total infrastructure, property, plant and equipment | | | | - | - | 9,272 | 7,048 | 365,924 | 333,946 | 375,196 | 340,994 |

E2-1 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:

The valuation process for level 3 fair value measurements

Fair Value - Valuation techniques

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

E2-1 E2-1 Fair value measurement (continued)

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

| \$ '000 | IPPE | |
|---|----------------|----------------|
| | 2023 | 2022 |
| Opening balance | 348,387 | 309,969 |
| Total gains or losses for the period | | |
| Other movements | | |
| Purchases (GBV) | 9,344 | 7,887 |
| Disposals (WDV) | – | (372) |
| Depreciation and impairment | (6,704) | (6,437) |
| Revaluation | 14,897 | 37,340 |
| Closing balance | 365,924 | 348,387 |

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.

(i) Defined benefit superannuation contribution plans

Council participates in an employer-sponsored defined benefit superannuation scheme, and makes contributions as determined by the superannuation scheme's trustees.

Member councils bear responsibility of ensuring there are sufficient funds available to pay out the required benefits as they fall due.

The scheme's most recent full actuarial review indicated that the net assets of the scheme were not sufficient to meet the accrued benefits of the schemes defined benefit member category with member councils required to make significantly higher contributions in future years.

The Local Government Superannuation Scheme is a defined benefit plan that has been deemed to be a "multi-employer fund" for the purposes of AASB 119 Employee Benefits and accordingly Council has not recorded any net liability from its defined benefit scheme obligations in accordance with AASB 119.

Future contributions made to the defined benefit scheme to rectify the net deficit position will be recognised as an expense when they become payable – similar to the accounting for defined contributions plans.

Member councils are treated as Pooled Employers for the purpose of AASB119. 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 |

(*) For 180 Point Members, employers are required to contribute 8.0% of salaries for the year ended 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 member's defined benefits.

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

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

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 additional 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.

E3-1 Contingencies (continued)

The plan is a defined benefit plan. However, 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). As such, there is not sufficient reliable information to allow each sponsoring employer to account for its proportionate share of the defined benefit obligation, sub-group assets and costs associated with the sub-group in the same way as it would for a single employer sponsored defined benefit plan.

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of superannuation expenses at Note B3-1 for the year ending 30 June 2022 was \$ 90,377.92.

The last valuation of the scheme was performed by Mr Richard Boyfield FIAA (AFS Licence # 411770) as at 30 June 2022.

Council's expected contribution to the Fund for the next annual reporting period is \$77,787.00.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2022 is:

| Employer reserves only * | \$millions | Asset Coverage |
|-----------------------------|------------|----------------|
| Assets | 2,290.9 | |
| Past Service Liabilities | 2,236.1 | 102.4% |
| Vested Benefits | 2,253.6 | 101.7% |

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

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

| | |
|-------------------|--|
| Investment return | 6.0% per annum |
| Salary inflation | 3.5% per annum |
| Increase in CPI | 6.0% per annum for FY 22/23 2.5% per annum thereafter |

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 by December 2023.

Council's additional lump sum contribution per annum of 0.10% of the total additional lump sum contributions for all Pooled Employers (of \$40m each year from 1 July 2019 to 31 December 2021 and \$20m for each year from 1 January 2022 to 31 December 2024) provides an indication of the level of participation of that employer compared with other employers in the Pooled Employer sub group.

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

E3-1 Contingencies (continued)

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

2. Other liabilities

(iv) 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 | 2023 | 2022 |
|--------------------------|--------------|--------------|
| Compensation: | | |
| Short-term benefits | 1,086 | 880 |
| Post-employment benefits | 262 | 182 |
| Total | 1,348 | 1,062 |

Other transactions with KMP and their related parties

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

| Nature of the transaction | Transactions during the year | Outstanding balances including commitments | Terms and conditions |
|---------------------------|------------------------------|--|----------------------|
| \$ '000 | | | |
| 2023 | | | |
| Office Supplies | - | - | - |
| 2022 | | | |
| Office Supplies | 9 | - | 30 days |

F1-2 Councillor and Mayoral fees and associated expenses

| \$ '000 | 2023 | 2022 |
|---------|------|------|
|---------|------|------|

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 | 27 |
| Councillors' fees | 109 | 104 |
| Other Councillors' expenses (including Mayor) | 36 | 28 |
| Total | 173 | 159 |

F1-3 Other related parties

| \$ '000 | Ref | Transactions during the year | Outstanding balances including commitments | Terms and conditions |
|-------------------------|-----|---------------------------------|---|----------------------|
| 2023 | | | | |
| Library Services | 3 | 354 | – | 30 days |
| 2022 | | | | |
| Library Services | 3 | 334 | – | 30 days |

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

F2 Other relationships

F2-1 Audit fees

| \$ '000 | 2023 | 2022 |
|---------|------|------|
|---------|------|------|

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

Auditors of the Council - NSW Auditor-General:

| | | |
|---|-----------|-----------|
| Audit and review of financial statements | 70 | 66 |
| Total Auditor-General remuneration | 70 | 66 |

G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

| \$ '000 | 2023 | 2022 |
|--|---------------|---------|
| Net operating result from Income Statement | 7,495 | 8,114 |
| Add / (less) non-cash items: | | |
| Depreciation and amortisation | 7,727 | 6,514 |
| (Gain) / loss on disposal of assets | (210) | (481) |
| Non-cash capital grants and contributions | – | (35) |
| Losses/(gains) recognised on fair value re-measurements through the P&L: | | |
| – Investments classified as 'at fair value' or 'held for trading' | – | 1,591 |
| Share of net (profits)/losses of associates/joint ventures using the equity method | (13) | (30) |
| Movements in operating assets and liabilities and other cash items: | | |
| (Increase) / decrease of receivables | 1,651 | (1,821) |
| Increase / (decrease) in provision for impairment of receivables | (4) | 27 |
| (Increase) / decrease of inventories | (255) | (61) |
| (Increase) / decrease of other current assets | 9 | 34 |
| (Increase) / decrease of contract asset | (929) | (4,621) |
| Increase / (decrease) in payables | 26 | (354) |
| Increase / (decrease) in accrued interest payable | (2) | 4 |
| Increase / (decrease) in other accrued expenses payable | (191) | – |
| Increase / (decrease) in other liabilities | (130) | 12 |
| Increase / (decrease) in contract liabilities | 6,160 | 1,225 |
| Increase / (decrease) in employee benefit provision | (357) | 134 |
| Increase / (decrease) in other provisions | 49 | 48 |
| Net cash flows from operating activities | 21,026 | 10,300 |

G2-1 Commitments

Capital commitments (exclusive of GST)

| \$ '000 | 2023 | 2022 |
|--|---------------|--------------|
| Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities: | | |
| Property, plant and equipment | | |
| Sewerage and water infrastructure | 640 | 342 |
| Buildings | 105 | 1,110 |
| Road infrastructure | 10,552 | 1,376 |
| Sports & Recreation | 765 | 233 |
| Other | 1,417 | 1,677 |
| Total commitments | 13,479 | 4,738 |
| These expenditures are payable as follows: | | |
| Within the next year | 13,479 | 4,738 |
| Total payable | 13,479 | 4,738 |

G3-1 Events occurring after the reporting date

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

G4 Statement of developer contributions as at 30 June 2023

G4-1 Summary of developer contributions

| \$ '000 | Opening balance at 1 July 2022 | Contributions received during the year | | | Interest and investment income earned | Amounts expended | Internal borrowings | Held as restricted asset at 30 June 2023 | Cumulative balance of internal borrowings (to)/from |
|--|--------------------------------|--|---------------|----------------|---------------------------------------|------------------|---------------------|--|---|
| | | Cash | Non-cash Land | Non-cash Other | | | | | |
| S7.12 levies – under a plan | 244 | 78 | – | – | – | – | 322 | – | |
| Total S7.11 and S7.12 revenue under plans | 244 | 78 | – | – | – | – | 322 | – | |
| S64 contributions | 393 | 188 | – | – | – | – | 581 | – | |
| Total contributions | 637 | 266 | – | – | – | – | 903 | – | |

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

S7.12 Levies – under a plan

| \$ '000 | Opening balance at 1 July 2022 | Contributions received during the year | | | Interest and investment income earned | Amounts expended | Internal borrowings | Held as restricted asset at 30 June 2023 | Cumulative balance of internal borrowings (to)/from |
|------------------------------------|--------------------------------|--|---------------|----------------|---------------------------------------|------------------|---------------------|--|---|
| | | Cash | Non-cash Land | Non-cash Other | | | | | |
| S7.12 LEVIES – UNDER A PLAN | | | | | | | | | |
| Drainage | 10 | – | – | – | – | – | 10 | – | |
| Roads | 8 | – | – | – | – | – | 8 | – | |
| Open space | 26 | – | – | – | – | – | 26 | – | |
| Community facilities | 200 | 78 | – | – | – | – | 278 | – | |
| Total | 244 | 78 | – | – | – | – | 322 | – | |

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

| \$ '000 | Amounts 2023 | Indicator 2023 | Indicator 2022 | Benchmark |
|--|-----------------|-------------------------|-------------------|------------------|
| 1. Operating performance ratio | | | | |
| Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2} | 469 | 1.79% | 0.58% | > 0.00% |
| Total continuing operating revenue excluding capital grants and contributions ¹ | 26,160 | | | |
| 2. Own source operating revenue ratio | | | | |
| Total continuing operating revenue excluding all grants and contributions ¹ | 16,161 | 49.09% | 45.97% | > 60.00% |
| Total continuing operating revenue ¹ | 32,922 | | | |
| 3. Unrestricted current ratio | | | | |
| Current assets less all external restrictions | 20,671 | 4.52x | 4.59x | > 1.50x |
| Current liabilities less specific purpose liabilities | 4,572 | | | |
| 4. Debt service cover ratio | | | | |
| Operating result before capital excluding interest and depreciation/impairment/amortisation ¹ | 8,325 | 6.43x | 4.57x | > 2.00x |
| Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement) | 1,294 | | | |
| 5. Rates and annual charges outstanding percentage | | | | |
| Rates and annual charges outstanding | 773 | 7.28% | 6.43% | < 10.00% |
| Rates and annual charges collectable | 10,614 | | | |
| 6. Cash expense cover ratio | | | | |
| Current year's cash and cash equivalents plus all term deposits | 28,467 | 17.11 months | 2.88 months | > 3.00 months |
| Monthly payments from cash flow of operating and financing activities | 1,663 | | | |

(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 |
|--|---------------------------------|-------------|--------------------|----------|---------------------|----------|---------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | |
| 1. Operating performance ratio | | | | | | | |
| Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2} | (2.80)% | 5.02% | 12.80% | (18.32)% | 39.58% | (28.98)% | > 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 | 41.79% | 40.23% | 88.68% | 79.62% | 100.00% | 98.80% | > 60.00% |
| Total continuing operating revenue ¹ | | | | | | | |
| 3. Unrestricted current ratio | | | | | | | |
| Current assets less all external restrictions | 4.52x | 4.59x | ∞ | 26.89x | ∞ | ∞ | > 1.50x |
| Current liabilities less specific purpose liabilities | | | | | | | |
| 4. Debt service cover ratio | | | | | | | |
| Operating result before capital excluding interest and depreciation/impairment/amortisation ¹ | 5.27x | 4.37x | ∞ | ∞ | ∞ | ∞ | > 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 | 9.06% | 7.89% | 0.00% | 0.00% | 0.00% | 0.00% | < 10.00% |
| Rates and annual charges collectable | | | | | | | |
| 6. Cash expense cover ratio | | | | | | | |
| Current year's cash and cash equivalents plus all term deposits | 14.68 months | 2.88 months | 3.30 months | ∞ | 94.63 months | ∞ | > 3.00 months |
| Monthly payments from cash flow of operating and financing activities | | | | | | | |

(1) - (2) Refer to Notes at Note 23a above.

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



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

To the Councillors of Narromine Shire Council

Opinion

I have audited the accompanying financial statements of Narromine Shire Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2023, the Statement of Financial Position as at 30 June 2023, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies 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 2023, 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 2023 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 B4-1 'Material budget variations'
- on the Special Schedules. A separate opinion has been provided on Special Schedule - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



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

17 November 2023
SYDNEY



Clr Craig Davies
Mayor
Narromine Shire Council
PO Box 115
Narromine NSW 2821

Contact: Unaib Jeffrey
Phone no: 02 9275 7450
Our ref: R008-16585809-48283

17 November 2023

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2023
Narromine Shire Council**

I have audited the general purpose financial statements (GPFS) of the Narromine Shire Council (the Council) for the year ended 30 June 2023 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 2023 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

| | 2023 \$m | 2022 \$m | Variance % |
|--|-------------|-------------|---------------|
| Rates and annual charges revenue | 9.9 | 9.6 | ↑ 3.1 |
| Grants and contributions revenue | 16.8 | 18.0 | ↓ 6.7 |
| Operating result from continuing operations | 7.5 | 8.1 | ↓ 7.4 |
| Net operating result before capital grants and contributions | 0.7 | (2.5) | ↑ 1.28 |

Rates and annual charges revenue (\$9.9 million) increased by \$0.3 million (3.1 per cent) in 2022–23, due to an increase in the general rate peg.

Grants and contributions revenue (\$16.8 million) decreased by \$1.2 million (6.7 per cent) in 2022–23, due to a decrease in capital grants for transport purposes. The Council’s operating result from continuing operations (\$7.5 million including depreciation and amortisation expense of \$7.7 million) was \$0.8 million lower than the 2021–22 result.

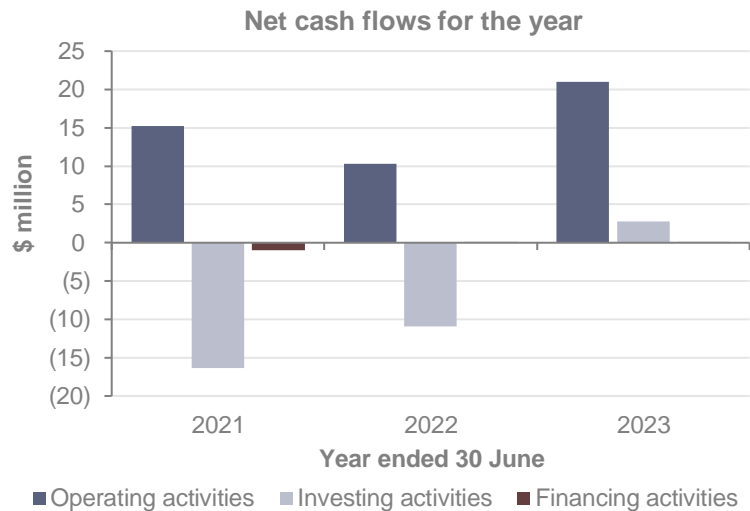
The net operating result before capital grants and contributions (\$0.7 million) was \$3.2 million higher than the 2021–22 result. The difference to the prior year was predominantly due to a reduction in capital grants and contributions.

STATEMENT OF CASH FLOWS

Cash inflows from operating activities increased due to an increase in user charges and fees as well as an increase in grants and contributions received during the year.

Cash outflows from investing activities increased due to the net proceeds from investments during the year which was partially offset by higher payments for infrastructure, property, plant and equipment.

Cashflows from financing activities consisted mainly of the net difference between the proceeds from borrowings and their repayment.



FINANCIAL POSITION

Cash and investments

| Cash and investments | 2023 | 2022 | Commentary |
|--|-------------|-------------|---|
| | \$m | \$m | |
| Total cash, cash equivalents and investments | 28.5 | 24.1 | External restrictions predominantly included specific purpose unexpended grants and water supply and sewerage service funds. |
| Restricted and allocated cash, cash equivalents and investments: | | | Internal restrictions increased during the year. These mostly include the financial assistance grants and carry over capital works. |
| • External restrictions | 17.0 | 13.2 | |
| • Internal allocations | 9.8 | 7.8 | |

PERFORMANCE

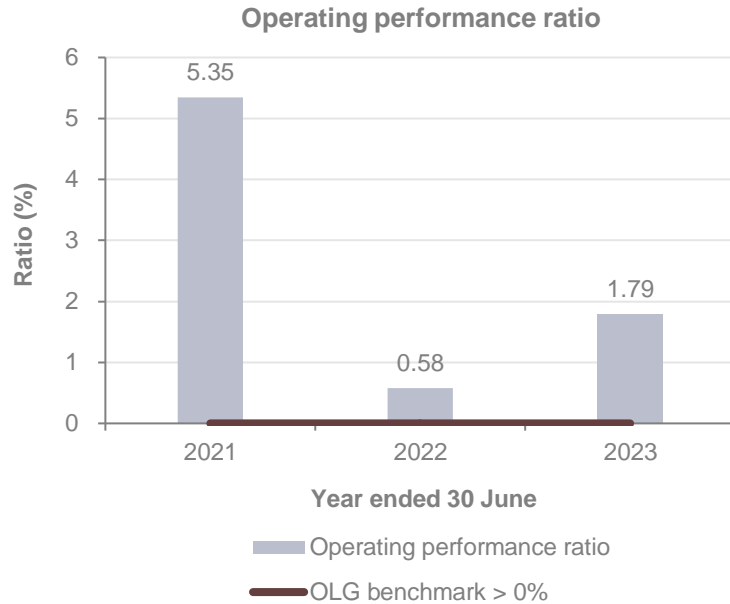
Performance measures

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 and Environment.

Operating performance ratio

The Council met the benchmark for the current reporting period.

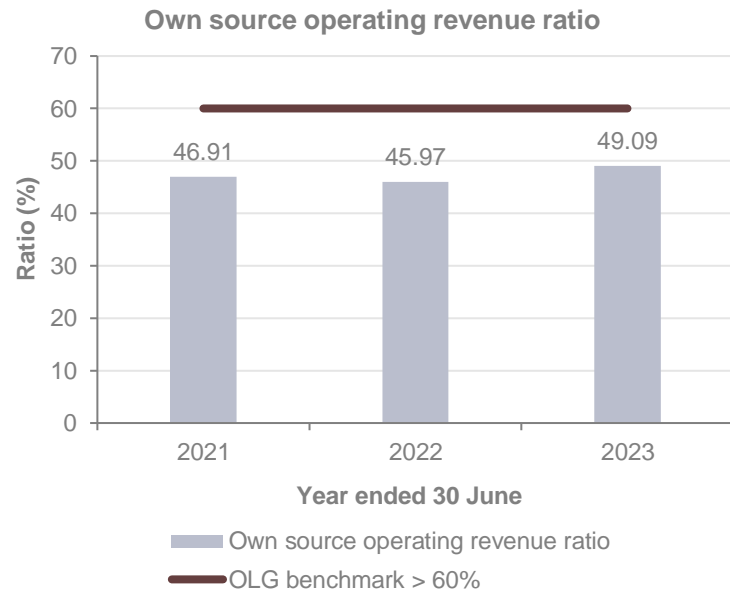
The ‘operating performance ratio’ measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

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

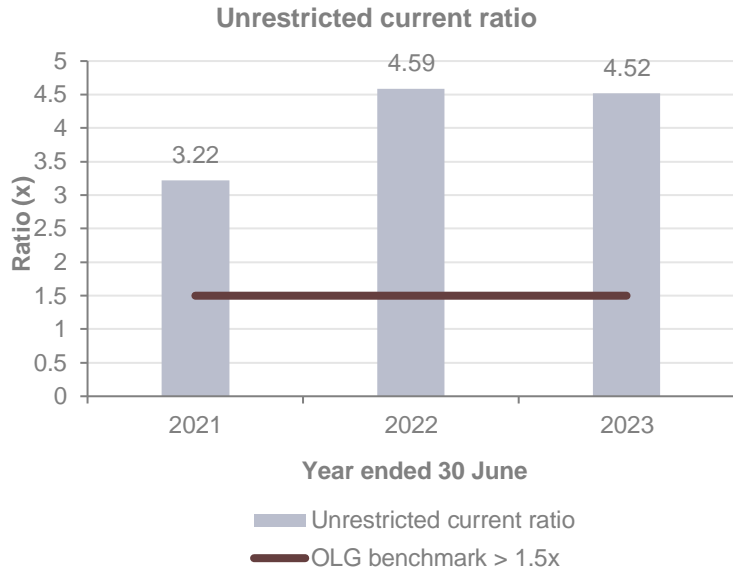
The ‘own source operating revenue ratio’ measures council’s fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

The Council exceeded the benchmark for the current reporting period.

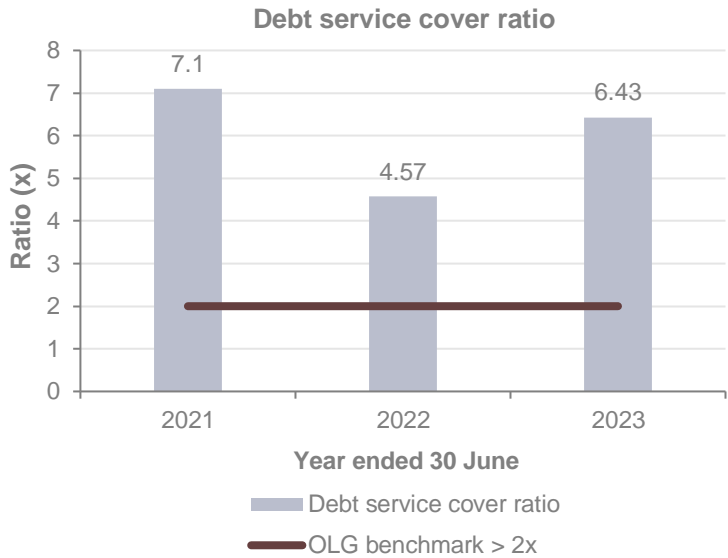
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

The Council exceeded the benchmark for the current reporting period.

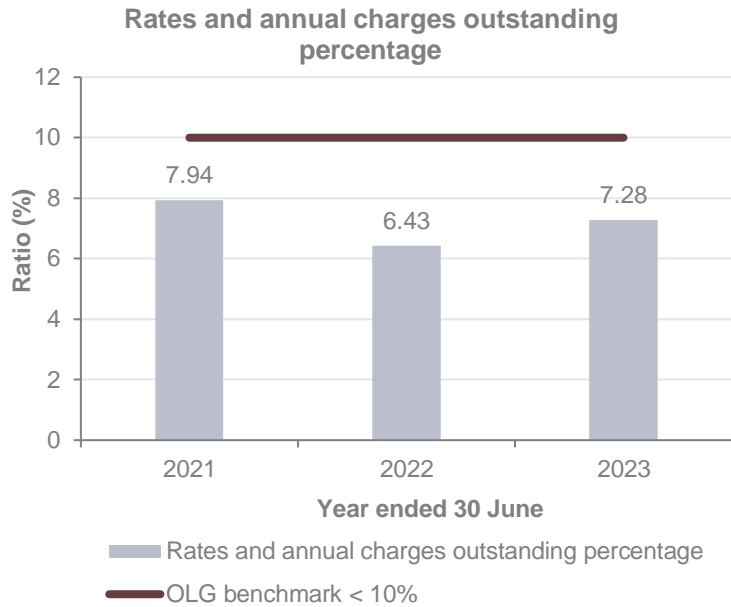
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

The Council exceeded the benchmark for the current reporting period.

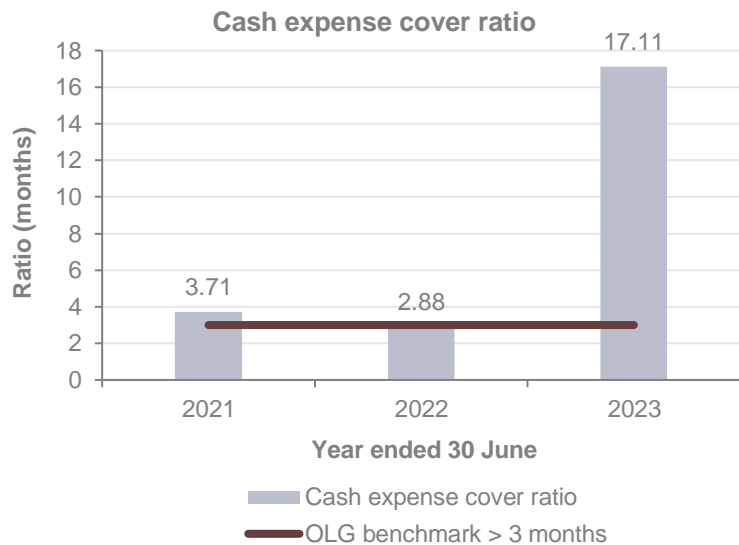
The ‘rates and annual charges outstanding percentage’ assesses the impact of uncollected rates and annual charges on council’s liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



Cash expense cover ratio

The 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 \$17.2 million of infrastructure, property, plant and equipment during the 2022-23 financial year. This was primarily spent on roads, water supply and buildings.

A short-term benchmark of Council’s strategic asset management is to assess the rate at which Council’s assets are being renewed against the rate at which they are depreciating. In 2022-23, asset renewals of \$17.2 million represented 223% of Council’s \$7.7 million depreciation expense. This result was 38% higher than the 2021-22 result of 185%.

Legislative compliance

My audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Council’s accounting records or financial statements. The Council’s:

The Council's:

- accounting records were maintained in a manner and form that facilitated the preparation and the effective audit of the GPFS
- staff provided all accounting records and information relevant to the audit.

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

Unaib Jeffrey
Audit Leader

Delegate of the Auditor-General for New South Wales

Narromine Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS for the year ended 30 June 2023

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



Narromine Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2023

| Contents | Page |
|---|-----------|
| Statement by Councillors and Management | 3 |
| Special Purpose Financial Statements: | |
| Income Statement of water supply business activity | 4 |
| Income Statement of sewerage business activity | 5 |
| Statement of Financial Position of water supply business activity | 6 |
| Statement of Financial Position of sewerage business activity | 7 |
| Note – Significant Accounting Policies | 8 |
| Auditor's Report on Special Purpose Financial Statements | 11 |

Narromine Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2023

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 13 September 2023.



Cr Craig Davies
Mayor
13 September 2023



Cr Dawn Collins
Councillor
13 September 2023



Jane Redden
General Manager
13 September 2023



Barry Bonthuys
Responsible Accounting Officer
13 September 2023

Narromine Shire Council

Income Statement of water supply business activity

for the year ended 30 June 2023

| \$ '000 | 2023 | 2022 |
|--|---------------|---------------|
| Income from continuing operations | | |
| Access charges | 849 | 732 |
| User charges | 1,465 | 1,231 |
| Fees | 54 | 19 |
| Interest and investment income | 92 | 18 |
| Grants and contributions provided for operating purposes | 94 | 20 |
| Total income from continuing operations | 2,554 | 2,020 |
| Expenses from continuing operations | | |
| Employee benefits and on-costs | 439 | 381 |
| Materials and services | 1,607 | 1,306 |
| Depreciation, amortisation and impairment | 181 | 570 |
| Share of loss from equity accounted investment | - | 133 |
| Total expenses from continuing operations | 2,227 | 2,390 |
| Surplus (deficit) from continuing operations before capital amounts | 327 | (370) |
| Grants and contributions provided for capital purposes | 220 | 492 |
| Surplus (deficit) from continuing operations after capital amounts | 547 | 122 |
| Surplus (deficit) from all operations before tax | 547 | 122 |
| Less: corporate taxation equivalent (25%) [based on result before capital] | (82) | - |
| Surplus (deficit) after tax | 465 | 122 |
| Plus accumulated surplus | 13,487 | 13,365 |
| Plus adjustments for amounts unpaid: | | |
| - Corporate taxation equivalent | 82 | - |
| Closing accumulated surplus | 14,034 | 13,487 |
| Return on capital % | 1.1% | (1.5)% |
| Subsidy from Council | 841 | 1,293 |
| Calculation of dividend payable: | | |
| Surplus (deficit) after tax | 465 | 122 |
| Less: capital grants and contributions (excluding developer contributions) | (220) | (492) |
| Surplus for dividend calculation purposes | 245 | - |
| Potential dividend calculated from surplus (50%) | 123 | - |

Narromine Shire Council

Income Statement of sewerage business activity

for the year ended 30 June 2023

| \$ '000 | 2023 | 2022 |
|--|---------------|---------------|
| Income from continuing operations | | |
| Access charges | 1,236 | 1,221 |
| User charges | 553 | 314 |
| Liquid trade waste charges | 22 | 13 |
| Interest and investment income | 83 | 10 |
| Grants and contributions provided for operating purposes | – | 19 |
| Other income | 1 | – |
| Total income from continuing operations | 1,895 | 1,577 |
| Expenses from continuing operations | | |
| Employee benefits and on-costs | 184 | 200 |
| Materials and services | 715 | 791 |
| Depreciation, amortisation and impairment | 246 | 479 |
| Share of loss from equity accounted investment | – | 567 |
| Other expenses | – | (3) |
| Total expenses from continuing operations | 1,145 | 2,034 |
| Surplus (deficit) from continuing operations before capital amounts | 750 | (457) |
| Surplus (deficit) from continuing operations after capital amounts | 750 | (457) |
| Surplus (deficit) from all operations before tax | 750 | (457) |
| Less: corporate taxation equivalent (25%) [based on result before capital] | (188) | – |
| Surplus (deficit) after tax | 562 | (457) |
| Plus accumulated surplus | 11,354 | 11,811 |
| Plus adjustments for amounts unpaid: | | |
| – Corporate taxation equivalent | 188 | – |
| Closing accumulated surplus | 12,104 | 11,354 |
| Return on capital % | 2.6% | (1.8)% |
| Subsidy from Council | 406 | 1,404 |
| Calculation of dividend payable: | | |
| Surplus (deficit) after tax | 563 | (457) |
| Surplus for dividend calculation purposes | 563 | – |
| Potential dividend calculated from surplus (50%) | 281 | – |

Narromine Shire Council

Statement of Financial Position of water supply business activity

as at 30 June 2023

| \$ '000 | 2023 | 2022 |
|---|---------------|---------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | 563 | – |
| Investments | – | 1,155 |
| Receivables | 576 | 539 |
| Total current assets | 1,139 | 1,694 |
| Non-current assets | | |
| Receivables | – | 104 |
| Infrastructure, property, plant and equipment | 29,048 | 25,230 |
| Total non-current assets | 29,048 | 25,334 |
| Total assets | 30,187 | 27,028 |
| LIABILITIES | | |
| Current liabilities | | |
| Payables | – | 63 |
| Total current liabilities | – | 63 |
| Total liabilities | – | 63 |
| Net assets | 30,187 | 26,965 |
| EQUITY | | |
| Accumulated surplus | 11,977 | 10,910 |
| Revaluation reserves | 18,210 | 16,055 |
| Total equity | 30,187 | 26,965 |

Narromine Shire Council

Statement of Financial Position of sewerage business activity

as at 30 June 2023

| \$ '000 | 2023 | 2022 |
|---|---------------|---------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | 7,089 | – |
| Investments | – | 7,007 |
| Receivables | 378 | 299 |
| Total current assets | 7,467 | 7,306 |
| Non-current assets | | |
| Receivables | – | 56 |
| Infrastructure, property, plant and equipment | 28,757 | 25,875 |
| Total non-current assets | 28,757 | 25,931 |
| Total assets | 36,224 | 33,237 |
| Net assets | 36,224 | 33,237 |
| EQUITY | | |
| Accumulated surplus | 11,876 | 11,024 |
| Revaluation reserves | 24,348 | 22,213 |
| Total equity | 36,224 | 33,237 |

Note – Significant Accounting Policies

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 SPFS 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 (NSW), the *Local Government (General) Regulation 2005*, 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, current values of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the NCP.

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 NCP 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, return on investments (rate of return), and dividends paid.

Declared business activities

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

Category 1

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

Narromine Shire Council Water Supply

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

Narromine Shire Council Sewerage Service

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

Category 2

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

none

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

continued on next page ...

Note – Significant Accounting Policies (continued)

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

Notional rate applied (%)

Corporate income tax rate – **25%** (21/22 25%)

Land tax – the first \$969,000 of combined land values attracts **0%**. For the combined land values in excess of \$969,000 up to \$5,925,000 the rate is **\$100 + 1.6%**. For the remaining combined land value that exceeds \$5,925,000 a premium marginal rate of **2.0%** applies.

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

In accordance with section 4 of Department of Planning and Environment (DPE) – Water's regulatory and assurance framework, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the regulatory and assurance framework as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the Act.

Achievement of substantial compliance to sections 3 and 4 of DPE – Water's regulatory and assurance framework is not a prerequisite for the payment of the tax equivalent charges; however the payment must not exceed \$3 per assessment.

Income tax

An income tax equivalent has been applied on the profits of the business activities. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level – gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate. For the 2022-23 income year companies that are base rate entities must apply the lower 25% company tax rate.

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

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

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

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

Note – Significant Accounting Policies (continued)

(iii) Dividends

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

A local government water supply and sewerage businesses are permitted to pay an annual dividend from its water supply or sewerage business surpluses. Each dividend must be calculated and approved in accordance with section 4 of DPE - Water's regulatory and assurance framework and must not exceed 50% of the relevant surplus in any one year, or the number of water supply or sewerage assessments at 30 June 2023 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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



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

To the Councillors of Narromine Shire Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Narromine Shire Council's (the Council) Declared Business Activities, which comprise the Statement by Councillors and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2023, the Statement of Financial Position of each Declared Business Activity as at 30 June 2023 and Significant accounting policies note.

The Declared Business Activities of the Council are:

- Water Supply Business Activity
- Sewerage Business Activity.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2023, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Significant accounting policies note and the Local Government Code of Accounting Practice and Financial Reporting 2022–23 (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 Significant accounting policies 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 2023 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 Significant accounting policies 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, sweeping flourish extending to the right.

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

17 November 2023
SYDNEY

Narromine Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2023

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



Narromine Shire Council

Special Schedules

for the year ended 30 June 2023

| Contents | Page |
|--|------|
| Special Schedules: | |
| Permissible income for general rates | 3 |
| Report on infrastructure assets as at 30 June 2023 | 6 |

Narromine Shire Council

Permissible income for general rates

| \$ '000 | Notes | Calculation 2022/23 | Calculation 2023/24 |
|---|-------------------------|------------------------|------------------------|
| Notional general income calculation ¹ | | | |
| Last year notional general income yield | a | 6,146 | 6,237 |
| Plus or minus adjustments ² | b | 64 | 10 |
| Notional general income | c = a + b | 6,210 | 6,247 |
| Permissible income calculation | | | |
| Or rate peg percentage | e | 0.70% | 3.70% |
| Or plus rate peg amount | i = e x (c + g) | 43 | 231 |
| Sub-total | k = (c + g + h + i + j) | 6,253 | 6,478 |
| Plus (or minus) last year's carry forward total | l | (2) | 16 |
| Sub-total | n = (l + m) | (2) | 16 |
| Total permissible income | o = k + n | 6,251 | 6,494 |
| Less notional general income yield | p | 6,237 | 6,498 |
| Catch-up or (excess) result | q = o - p | 16 | (4) |
| Carry forward to next year ⁶ | t = q + r + s | 16 | - |

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)*.
- (6) Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the Act. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Narromine Shire Council

To the Councillors of Narromine Shire Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Narromine Shire Council (the Council) for the year ending 30 June 2024.

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 2022–23 (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 2023 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 2023'.

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.



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

17 November 2023
SYDNEY

Narromine Shire Council

Report on infrastructure assets as at 30 June 2023

| Asset Class | Asset Category | Estimated cost | | 2022/23 Required maintenance ^a | 2022/23 Actual maintenance | Net carrying amount | Gross replacement cost (GRC) | Assets in condition as a percentage of gross replacement cost | | | | |
|----------------------------------|--|--|---|---|----------------------------------|------------------------|------------------------------------|--|--------------|--------------|-------------|---------------|
| | | Estimated cost to bring assets to satisfactory standard | to bring to the agreed level of service set by Council | | | | | 1 | 2 | 3 | 4 | 5 |
| | | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | | | | | |
| Buildings | Buildings | 1,546 | 1,546 | 673 | 821 | 24,509 | 51,521 | 18.0% | 61.0% | 19.0% | 3.0% | (1.0%) |
| | Other | – | – | – | – | 5,846 | 6,710 | 56.0% | 27.0% | 13.0% | 4.0% | 0.0% |
| | Sub-total | 1,546 | 1,546 | 673 | 821 | 30,355 | 58,231 | 22.4% | 57.1% | 18.3% | 3.1% | (0.9%) |
| Other structures | Other structures | 268 | 268 | – | – | 4,266 | – | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| | Sub-total | 268 | 268 | – | – | 4,266 | – | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Roads | Roads | – | – | – | – | – | – | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| | Sealed roads | 3,086 | 3,086 | 1,887 | 1,238 | 134,873 | 154,290 | 24.0% | 12.0% | 62.0% | 2.0% | 0.0% |
| | Unsealed roads | – | – | 2,934 | 687 | 87,894 | 106,152 | 43.0% | 44.0% | 10.0% | 0.0% | 3.0% |
| | Bridges | 241 | 241 | – | – | 14,874 | 24,050 | 50.0% | 34.0% | 15.0% | 1.0% | 0.0% |
| | Footpaths | 92 | 92 | – | – | 2,166 | 4,589 | 15.0% | 39.0% | 44.0% | 2.0% | 0.0% |
| | Other road assets | – | – | – | – | 294 | 477 | 40.0% | 29.0% | 29.0% | 1.0% | 1.0% |
| | Other | – | – | – | – | 6,469 | – | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| | Other road assets (incl. bulk earth works) | 5 | 5 | 30 | 113 | – | – | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Sub-total | 3,424 | 3,424 | 4,851 | 2,038 | 246,570 | 289,558 | 33.0% | 26.0% | 38.7% | 1.2% | 1.1% | |
| Water supply network | Water supply network | – | – | 1,827 | 2,063 | 26,022 | 33,620 | 46.0% | 42.0% | 12.0% | 0.0% | 0.0% |
| | Other | – | – | – | – | – | – | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| | Sub-total | – | – | 1,827 | 2,063 | 26,022 | 33,620 | 46.0% | 42.0% | 12.0% | 0.0% | 0.0% |
| Sewerage network | Sewerage network | 357 | 357 | 947 | 879 | 27,786 | 35,744 | 74.0% | 9.0% | 15.0% | 1.0% | 1.0% |
| | Other | – | – | – | – | – | – | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| | Sub-total | 357 | 357 | 947 | 879 | 27,786 | 35,744 | 74.0% | 9.0% | 15.0% | 1.0% | 1.0% |
| Stormwater drainage | Stormwater drainage | 1,095 | 1,095 | 80 | 182 | 17,061 | 27,384 | 30.0% | 33.0% | 33.0% | 4.0% | 0.0% |
| | Other | – | – | – | – | – | – | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| | Sub-total | 1,095 | 1,095 | 80 | 182 | 17,061 | 27,384 | 30.0% | 33.0% | 33.0% | 4.0% | 0.0% |
| Open space / recreational assets | Swimming pools | – | – | 467 | 421 | 4,545 | 6,369 | 16.0% | 80.0% | 4.0% | 0.0% | 0.0% |
| | Other Open Space Recreational | 355 | 355 | 933 | 1,406 | 4,180 | 7,097 | 13.0% | 50.0% | 31.0% | 5.0% | 1.0% |
| | Sub-total | 355 | 355 | 1,400 | 1,827 | 8,725 | 13,466 | 14.4% | 64.2% | 18.2% | 2.6% | 0.6% |

Narromine Shire Council

Report on infrastructure assets as at 30 June 2023 (continued)

| Asset Class | Asset Category | Estimated cost | | 2022/23 Required maintenance ^a | 2022/23 Actual maintenance | Net carrying amount | Gross replacement cost (GRC) | Assets in condition as a percentage of gross replacement cost | | | | |
|-----------------------------------|---------------------------|--|---|---|----------------------------------|------------------------|------------------------------------|--|--------------|--------------|-------------|-------------|
| | | Estimated cost to bring assets to satisfactory standard | to bring to the agreed level of service set by Council | | | | | 1 | 2 | 3 | 4 | 5 |
| | | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | | | | | |
| Other infrastructure assets | Other | 425 | 425 | 2,254 | 2,384 | – | 21,228 | 14.0% | 16.0% | 67.0% | 2.0% | 1.0% |
| | Sub-total | 425 | 425 | 2,254 | 2,384 | – | 21,228 | 14.0% | 16.0% | 67.0% | 2.0% | 1.0% |
| | Total – all assets | 7,470 | 7,470 | 12,032 | 10,194 | 360,785 | 479,231 | 34.1% | 30.7% | 32.9% | 1.6% | 0.7% |

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

Infrastructure asset condition assessment 'key'

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

Narromine Shire Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (consolidated) *

| \$ '000 | Amounts 2023 | Indicator 2023 | Indicator 2022 | Benchmark |
|--|-----------------|-------------------|-------------------|-----------|
| Buildings and infrastructure renewals ratio ¹ | | | | |
| Asset renewals ¹ | 6,834 | 104.69% | 181.21% | > 100.00% |
| Depreciation, amortisation and impairment | 6,528 | | | |
| Infrastructure backlog ratio | | | | |
| Estimated cost to bring assets to a satisfactory standard | 7,470 | 1.98% | 1.80% | < 2.00% |
| Net carrying amount of infrastructure assets | 376,920 | | | |
| Asset maintenance ratio | | | | |
| Actual asset maintenance | 10,194 | 84.72% | 67.96% | > 100.00% |
| Required asset maintenance | 12,032 | | | |
| Cost to bring assets to agreed service level | | | | |
| Estimated cost to bring assets to an agreed service level set by Council | 7,470 | 1.56% | 1.44% | |
| Gross replacement cost | 479,231 | | | |

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

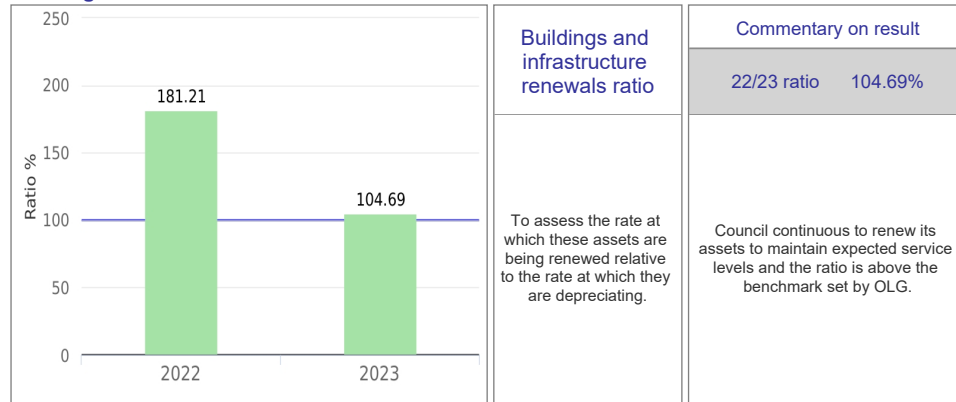
(1) Excludes WIP

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

Narromine Shire Council

Report on infrastructure assets as at 30 June 2023

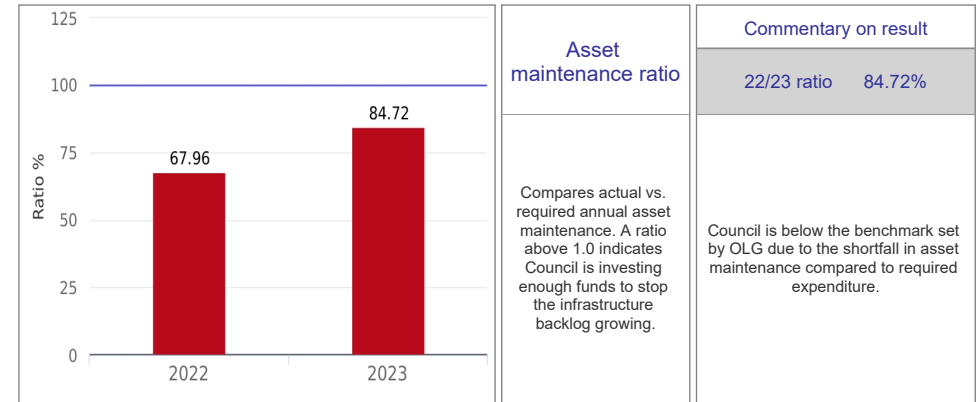
Buildings and infrastructure renewals ratio



| Buildings and infrastructure renewals ratio | |
|--|---|
| <p>Commentary on result</p> <p>22/23 ratio 104.69%</p> | |
| <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p> | <p>Council continues to renew its assets to maintain expected service levels and the ratio is above the benchmark set by OLG.</p> |

Benchmark: — > 100.00% ■ Ratio achieves benchmark
 Source of benchmark: Code of Accounting Practice and Financial Reporting ■ Ratio is outside benchmark

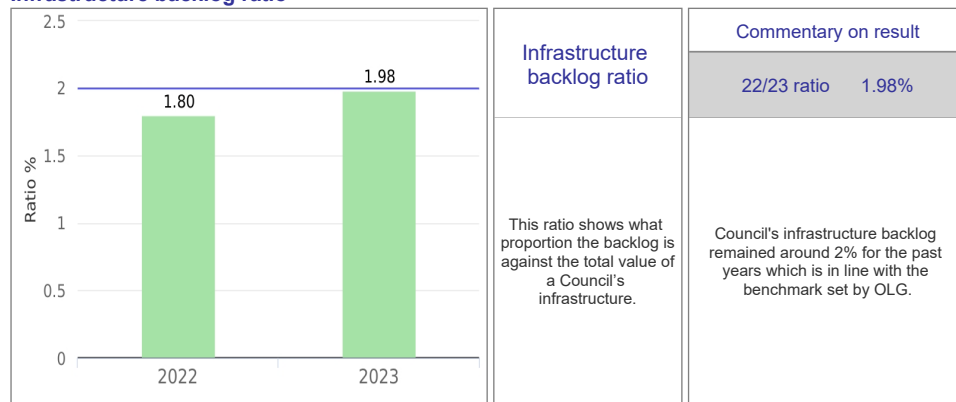
Asset maintenance ratio



| Asset maintenance ratio | |
|---|--|
| <p>Commentary on result</p> <p>22/23 ratio 84.72%</p> | |
| <p>Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.</p> | <p>Council is below the benchmark set by OLG due to the shortfall in asset maintenance compared to required expenditure.</p> |

Benchmark: — > 100.00% ■ Ratio achieves benchmark
 Source of benchmark: Code of Accounting Practice and Financial Reporting ■ Ratio is outside benchmark

Infrastructure backlog ratio



| Infrastructure backlog ratio | |
|---|---|
| <p>Commentary on result</p> <p>22/23 ratio 1.98%</p> | |
| <p>This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.</p> | <p>Council's infrastructure backlog remained around 2% for the past years which is in line with the benchmark set by OLG.</p> |

Benchmark: — < 2.00% ■ Ratio achieves benchmark
 Source of benchmark: Code of Accounting Practice and Financial Reporting ■ Ratio is outside benchmark

Cost to bring assets to agreed service level



| Cost to bring assets to agreed service level | |
|--|--|
| <p>Commentary on result</p> <p>22/23 ratio 1.56%</p> | |
| <p>This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.</p> | <p>Council has maintained the ratio at a consistent level at around 1.5% for the past 5 years.</p> |

Narromine Shire Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (by fund)

| \$ '000 | General fund | | Water fund | | Sewer fund | | Benchmark |
|--|----------------|---------|----------------|---------|---------------|--------|-----------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | |
| Buildings and infrastructure renewals ratio ¹ | | | | | | | |
| Asset renewals ¹ | | | | | | | |
| Depreciation, amortisation and impairment | 112.01% | 225.70% | 0.00% | 0.00% | 0.00% | 0.00% | > 100.00% |
| Infrastructure backlog ratio | | | | | | | |
| Estimated cost to bring assets to a satisfactory standard | | | | | | | |
| Net carrying amount of infrastructure assets | 2.20% | 1.98% | 0.00% | 0.00% | 1.28% | 1.29% | < 2.00% |
| Asset maintenance ratio | | | | | | | |
| Actual asset maintenance | | | | | | | |
| Required asset maintenance | 78.33% | 60.75% | 112.92% | 104.03% | 92.82% | 88.82% | > 100.00% |
| Cost to bring assets to agreed service level | | | | | | | |
| Estimated cost to bring assets to an agreed service level set by Council | | | | | | | |
| Gross replacement cost | 1.74% | 1.61% | 0.00% | 0.00% | 1.00% | 1.00% | |

(1) Excludes WIP

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

[Back to Report](#)



Narromine Shire Council

Quarterly Budget Review

2023-2024

**First Quarter (Q1)
30 September 2023**



| Table of contents | page |
|---|-------------|
| 1. Responsible accounting officer's statement | 2 |
| 2. Income & expenditure budget review statements | 3 - 5 |
| 3. Income & expenses budget review statements | 6 |
| 4. Capital budget review statement | 7 |
| 5. Capital expenditure budget review statement | 8 |
| 6. Cash & investments budget review statement | 9 - 10 |
| 7. Contracts & other expenses budget review statement | 11 |
| 8. Consultancy & Legal Costs | 12 |

Report by responsible accounting officer

The following statement is made in accordance with Clause 203(2) of the Local Government (General) Regulations 2021:

30 September 2023

It is my opinion that the Quarterly Budget Review Statement for Narromine Shire Council for the quarter ended 30/09/23 indicates that Council's projected financial position at 30/6/24 will be satisfactory at year end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

Signed:  _____

date: 27/11/2023

Barry Bonthuys
Responsible accounting officer

Income & expenditure budget review statement

Budget review for the quarter ended 30 September 2023

Income & expenses - Council Consolidated

| (\$000's) | Original budget 2023/24 | Approved changes | | | | | Revised budget 2023/24 | Variations for this Sep Qtr | Notes | Projected year end result |
|---|-------------------------------|-------------------|-----------------------|-------------|-------------|-------------|------------------------------|-----------------------------------|------------|---------------------------------|
| | | Carry forwards | Other than by QBRs | Sep QBRs | Dec QBRs | Mar QBRs | | | | |
| Income | | | | | | | | | | |
| Development and Environmental Services | | | | | | | | | | |
| Building | - | | | | | - | | | - | |
| Fire Prevention & Emergency Services Planning | 121 | | | | | 121 | | | 121 | |
| Regulatory Services | - | | | | | - | | | - | |
| Manager Development & Environmental Services | - | | | | | - | | | - | |
| Environment | - | | | | | - | | | - | |
| Engineering | 139 | | | | | 139 | | | 139 | |
| Water | - | | | | | - | | | - | |
| Roads Bridges Footpaths | 2,541 | | | | | 2,541 | | | 2,541 | |
| Engineering Management | 3,020 | | | | | 3,020 | | | 3,020 | |
| Parks & Reserves | 85 | | | | | 85 | | | 85 | |
| Sport & Recreation Facilities | - | | | | | - | | | - | |
| Mining | 172 | | | | | 172 | | | 172 | |
| Street Lighting | 147 | | | | | 147 | | | 147 | |
| Stormwater Drainage | - | | | | | - | | | - | |
| Aerodrome | 53 | | | | | 53 | | | 53 | |
| Quarry Operations | 92 | | | | | 92 | | | 92 | |
| Cemeteries | 1,002 | | | | | 1,002 | | | 1,002 | |
| Plant Operations | 77 | | | | | 77 | | | 77 | |
| Private Works | 1,266 | | | | | 1,266 | | | 1,266 | |
| Sewer | 207 | | | | | 207 | | | 207 | |
| Waste Management | 1,848 | | | | | 1,848 | | | 1,848 | |
| Buildings and Property | 2,102 | | | | | 2,102 | | | 2,102 | |
| CEO Office | 4 | | | | | 4 | | | 4 | |
| Governance | - | | | | | - | | | - | |
| Corporate Services | 116 | | | | | 116 | | | 116 | |
| IT Services | - | | | | | - | | | - | |
| Finance | 6 | | | | | 6 | | | 6 | |
| Human Resources | 4,499 | | | | | 4,499 | | | 4,499 | |
| Rates & Annual Charges | 98 | | | | | 98 | | | 98 | |
| Economic Development | 6,509 | | | | | 6,509 | | | 6,509 | |
| | 317 | | | | | 317 | | | 317 | |

This statement forms part of Council's Quarterly Budget Review Statement (QBRs) for the quarter ended 30/09/2023 and should be read in conjunction with the total QBRs report

| | | | | | | | | | | |
|--|---------------|---|---|---|---|---|---------------|----|---|---------------|
| Libraries | 62 | | | | | | 62 | | | 62 |
| Saleyards | - | | | | | | - | | | - |
| Health Services | 120 | | | | | | 120 | | | 120 |
| Children Youth and Family Services | 29 | | | | | | 29 | | | 29 |
| Tourism and Events | 8 | | | | | | 8 | | | 8 |
| Business and Economic Development | - | | | | | | - | | | - |
| Community Services | - | | | | | | - | | | - |
| Total income from continuing operations | 24,640 | - | - | - | - | - | 24,640 | - | | 24,640 |
| Expenses | | | | | | | | | | |
| Development and Environmental Services | | | | | | | - | | | - |
| Building | - | | | | | | - | | | - |
| Fire Prevention & Emergency Services | 413 | | | | | | 413 | | | 413 |
| Planning | - | | | | | | - | | | - |
| Regulatory Services | - | | | | | | - | | | - |
| Manager Development & Environmental Services | - | | | | | | - | | | - |
| Environment | 445 | | | | | | 445 | | | 445 |
| Engineering | - | | | | | | - | | | - |
| Depot Operations | 277 | | | | | | 277 | | | 277 |
| Water | 1,825 | | | | | | 1,825 | | | 1,825 |
| Roads Bridges Footpaths | 5,760 | | | | | | 5,760 | | | 5,760 |
| Engineering Management | 1,203 | | | | | | 1,203 | | | 1,203 |
| Parks & Reserves | 658 | | | | | | 658 | | | 658 |
| Sport & Recreation Facilities | 716 | | | | | | 716 | 7 | 1 | 723 |
| Mining | 43 | | | | | | 43 | | | 43 |
| Street Lighting | 142 | | | | | | 142 | | | 142 |
| Stormwater Drainage | 633 | | | | | | 633 | | | 633 |
| Aerodrome | 515 | | | | | | 515 | | | 515 |
| Quarry Operations | 648 | | | | | | 648 | | | 648 |
| Cemeteries | 107 | | | | | | 107 | | | 107 |
| Plant Operations | 1,196 | | | | | | 1,196 | | | 1,196 |
| Private Works | 197 | | | | | | 197 | | | 197 |
| Sewer | 808 | | | | | | 808 | | | 808 |
| Waste Management | 1,316 | | | | | | 1,316 | | | 1,316 |
| Buildings and Property | 1,574 | | | | | | 1,574 | | | 1,574 |
| Governance | 552 | | | | | | 552 | | | 552 |
| Records Management | 129 | | | | | | 129 | | | 129 |
| CEO Office | 1,644 | | | | | | 1,644 | | | 1,644 |
| Corporate Services | 217 | | | | | | 217 | | | 217 |
| IT Services | 607 | | | | | | 607 | 28 | 5 | 635 |
| Finance | (89) | | | | | | (89) | | | (89) |
| Human Resources | 881 | | | | | | 881 | | | 881 |
| Rates | - | | | | | | - | | | - |

This statement forms part of Council's Quarterly Budget Review Statement (QBRS) for the quarter ended 30/09/2023 and should be read in conjunction with the total QBRS report

| | | | | | | | | | |
|---|---------------|---|---|---|---|---|---------------|-------------|---------------|
| Economic Development | 324 | | | | | | 324 | | 324 |
| Libraries | 533 | | | | | | 533 | | 533 |
| Saleyards | 33 | | | | | | 33 | | 33 |
| Health Services | 136 | | | | | | 136 | 50 | 186 |
| Children Youth and Family Services | 24 | | | | | | 24 | 4 | 24 |
| Tourism and Events | 431 | | | | | | 431 | | 431 |
| Business and Economic Development | 128 | | | | | | 128 | | 128 |
| Community Services | 49 | | | | | | 49 | | 49 |
| Total expenses from continuing operations | 24,075 | - | - | - | - | - | 24,075 | 85 | 24,160 |
| Net operating result before Grants and Contributions provided for Capital Purposes | 565 | - | - | - | - | - | 565 | (85) | 480 |
| Grants & Contributions provided for Capital purposes | 8,899 | | | | | | 8,899 | | 8,899 |
| Net operating result from continuing operations | 9,464 | - | - | - | - | - | 9,464 | (85) | 9,379 |

This statement forms part of Council's Quarterly Budget Review Statement (QBRS) for the quarter ended 30/09/2023 and should be read in conjunction with the total QBRS report

Narromine Shire Council

Quarterly Budget Review Statement for the period 1 July 2023 to 30 September 2023

Income & expenses budget review statement Recommended changes to revised budget

Budget Variations being recommended include the following material items:

| note | WO Description | Comments | Total |
|-----------------------|--|------------------------------------|---------------|
| Expenses | | | |
| 1 | Sport Centre - Access Control Set-up Fees and Annual Subscriptions | Set-up Fees & Annual Subscriptions | 6,850 |
| 4 | Medical Centre Maintenance (Refurbishment and Painting) | Maintenance | 50,000 |
| 5 | IT Support Agreement | Consultants | 28,000 |
| Expenses Total | | | 84,850 |

Narromine Shire Council

Quarterly Budget Review Statement for the period 1 July 2023 to 30 September 2023

Capital budget review statement

Budget review for the quarter ended 30 September 2023

Capital budget - Council Consolidated

| (\$000's) | Original budget 2023/24 | Approved changes | | | | | Revised budget 2023/24 | Variations for this Sep Qtr | Notes | Projected year end result | Actual YTD figures |
|--|-------------------------------|-------------------|-----------------------|-------------|-------------|---------------|------------------------------|-----------------------------------|-------|---------------------------------|--------------------------|
| | | Carry forwards | Other than by QBRs | Sep QBRs | Dec QBRs | Mar QBRs | | | | | |
| Capital expenditure | | | | | | | | | | | |
| New assets | | | | | | | | | | | |
| - Land & buildings | 1,410 | 2,009 | | | | 3,419 | | | | 3,419 | |
| Renewal assets (replacement) | | | | | | | | | | | |
| - Plant & equipment | 1,064 | | | | | 1,064 | | | | 1,064 | |
| - Land & buildings | - | | | | | - | | | | - | |
| - Aerodrome | - | | | | | - | | | | - | |
| - Roads, bridges, footpaths | 11,683 | 73 | | | | 11,756 | | | | 11,756 | |
| - Parks & Reserves | - | 7 | | | | 7 | 28 | 6,7,16 | | 35 | |
| - Public Amenities | - | | | | | - | | | | - | |
| - Sporting and recreational facilities | 765 | 507 | | | | 1,272 | 246 | 2,8,9,10,11,12,1 3,14,15 | | 1,518 | |
| - Cemeteries | 22 | 6 | | | | 28 | | | | 28 | |
| - Stormwater Management | 1,817 | | | | | 1,817 | | | | 1,817 | |
| - Sewer | 624 | | | | | 624 | | | | 624 | |
| - Waste | 245 | 223 | | | | 468 | | | | 468 | |
| - Information Technology | 232 | 10 | | | | 242 | 13 | 3 | | 255 | |
| Water | 1,991 | 194 | | | | 2,185 | | | | 2,185 | |
| Other expenditure | 200 | | | | | 200 | | | | 200 | |
| Total capital expenditure | 20,053 | 3,029 | - | - | - | 23,082 | 287 | | | 23,369 | - |
| Capital funding | | | | | | | | | | | |
| Rates & other untied funding | 232 | 2,180 | | | | 2,412 | 25 | | | 2,437 | |
| Capital grants & contributions | 8,899 | 769 | | | | 9,668 | | | | 9,668 | |
| Reserves: | | | | | | | | | | | |
| - External restrictions/reserves | 8,425 | 80 | | | | 8,505 | 262 | | | 8,767 | |
| - Internal restrictions/reserves | - | | | | | - | | | | - | |
| New loans | - | | | | | - | | | | - | |
| Receipts from sale of assets | | | | | | | | | | | |
| - Plant & equipment | 285 | | | | | 285 | | | | 285 | |
| - Land & buildings | 2,212 | | | | | 2,212 | | | | 2,212 | |
| Total capital funding | 20,053 | 3,029 | - | - | - | 23,082 | 287 | | | 23,369 | - |
| Net capital funding - surplus/(deficit) | - | - | - | - | - | - | - | | | - | - |

This statement forms part of Council's Quarterly Budget Review Statement (QBRs) for the quarter ended 30/09/2023 and should be read in conjunction with the total QBRs report

Reports to Council - Finance & Corporate Strategy

Narromine Shire Council

Quarterly Budget Review Statement
for the period 1 July 2023 to 30 September 2023

Capital expenditure budget review statement
Recommended changes to revised budget

Budget variations being recommended include the following material items:

| Note | Description | Comments | Total |
|--------------------------------|---|----------------------------|----------------|
| | New | | |
| 2 | Sport Centre - Access Control System | Funded from Reserves | 11,925 |
| 3 | Optic Fibre Cable Installation | Funded from Reserves | 12,770 |
| 6 | Solar Lighting Bicentennial Park - Trangie | Section 7.12 Contributions | 9,000 |
| 7 | Solar Lighting McKinnon Park - Narromine | Section 7.12 Contributions | 9,000 |
| 8 | Cale Oval - Disability Access Path | Section 7.12 Contributions | 15,000 |
| 9 | Cale Oval - CCTC Installation | Section 7.12 Contributions | 30,000 |
| 10 | Cale Oval - Additional Gate and Gutter | Section 7.12 Contributions | 8,000 |
| 13 | Wetlands McGrane Way - Car Park and Fencing | Section 7.12 Contributions | 110,000 |
| 14 | Wetlands McGrane Way - Signage and Trees | Section 7.12 Contributions | 35,000 |
| 15 | Wetlands McGrane Way - Lighting | Section 7.12 Contributions | 10,000 |
| | Total - New Assets | | 250,695 |
| | Renew | | |
| 11 | Cale Oval - Media Room New Window Build-In | Section 7.12 Contributions | 20,000 |
| 12 | Cale Oval - Kitchen Upgrade and Zipping Boiler Media Room New Window Build-In | Section 7.12 Contributions | 6,000 |
| 16 | Screening and Landscaping - Dandaloo Street Trangie | Section 7.12 Contributions | 10,000 |
| | Total - Asset Renewals | | 36,000 |
| Total Asset Expenditure | | | 286,695 |

Narromine Shire Council

Quarterly Budget Review Statement for the period 1 July 2023 to 30 September 2023

Cash & investments budget review statement

Budget review for the quarter ended 30 September 2023

| (\$000's) | Original budget 2023/24 | Approved changes | | | | | Revised budget 2023/24 | Variations for this Sep Qtr | Notes | Projected year end result | Actual YTD figures |
|---|-------------------------------|-------------------|-----------------------|-------------|-------------|---------------|------------------------------|-----------------------------------|---------------|---------------------------------|--------------------------|
| | | Carry forwards | Other than by QBRs | Sep QBRs | Dec QBRs | Mar QBRs | | | | | |
| Externally restricted | | | | | | | | | | | |
| Developers Contributions - Section 7.12 [S94] | 376 | | | | | 376 | (262) | | 114 | | |
| Developers Contributions - Section 7.11 | 19 | | | | | 19 | | | 19 | | |
| Grants | 2,572 | | | | | 2,572 | | | 2,572 | | |
| Street Lighting (Unexpended loans) | 5 | | | | | 5 | | | 5 | | |
| Domestic Waste Management | 1,166 | | | | | 1,166 | | | 1,166 | | |
| Remediation Plan - Amortisation accumulated | 541 | | | | | 541 | | | 541 | | |
| OROC Surplus Operating Funds | 30 | | | | | 30 | | | 30 | | |
| NSRAC | 126 | | | | | 126 | | | 126 | | |
| NSRAC - Bonds | 2 | | | | | 2 | | | 2 | | |
| TSRAC | 18 | | | | | 18 | | | 18 | | |
| TSRAC - Bonds | 5 | | | | | 5 | | | 5 | | |
| Water Funds | 1,015 | | | | | 1,015 | | | 1,015 | | |
| Water Funds - s64 Contributions | 222 | | | | | 222 | | | 222 | | |
| Water Fund Capital Carryover | - | | | | | - | | | - | | |
| Sewerage Funds | 7,474 | | | | | 7,474 | | | 7,474 | | |
| Sewerage Funds - s64 Contributions | 181 | | | | | 181 | | | 181 | | |
| Total externally restricted | 13,752 | - | - | - | - | 13,752 | (262) | | 13,490 | - | |
| Funds that must be spent for a specific purpose | | | | | | | | | | | |
| Internally restricted | | | | | | | | | | | |
| Executive Services | | | | | | | | | | | |
| Election Expenses | 46 | | | | | 46 | | | 46 | | |
| Financial Management | | | | | | | | | | | |
| Employee Leave Entitlements | 553 | | | | | 553 | | | 553 | | |
| Capital Works Carried Forward | 1,011 | | | | | 1,011 | | | 1,011 | | |
| OHS Bonus | 133 | | | | | 133 | | | 133 | | |
| FAGS Adv | 3,912 | | | | | 3,912 | | | 3,912 | | |
| Environment | | | | | | | | | | | |
| Wetlands Development | 4 | | | | | 4 | | | 4 | | |
| Youth Services | | | | | | | | | | | |
| Youth Education Activities (Mac 2100 Grant) | 18 | | | | | 18 | | | 18 | | |
| Cultural Development | | | | | | | | | | | |
| Trangie Local History Group | 1 | | | | | 1 | | | 1 | | |
| Operational Support | | | | | | | | | | | |
| | | | | | | | | | | | |

This statement forms part of Council's Quarterly Budget Review Statement (QBRs) for the quarter ended 30/09/2023 and should be read in conjunction with the total QBRs report

Reports to Council - Finance & Corporate Strategy

| | | | | | | | | | |
|---|---------------|---|---|---|---|---------------|--------------|---------------|---|
| Quarries | 575 | | | | | 575 | | 575 | |
| Stormwater - Levee Bank | 2 | | | | | 2 | | 2 | |
| Aerodrome | | | | | | - | | - | |
| Aerodrome Development | 2 | | | | | 2 | | 2 | |
| Mining | | | | | | - | | - | |
| Alkane - Community Contributions | 335 | | | | | 335 | | 335 | |
| Alkane - Environmental Monitoring | 210 | | | | | 210 | | 210 | |
| Alkane - Roads Contribution | 166 | | | | | 166 | | 166 | |
| Parks, Playing Fields | | | | | | - | | - | |
| Street Tree Irrigation Program | - | | | | | - | | - | |
| Total internally restricted | 6,968 | - | - | - | - | 6,968 | - | 6,968 | - |
| Funds that Council has earmarked for a specific purpose | | | | | | | | | |
| Total restricted | 20,720 | | | | | 20,720 | (262) | 20,458 | - |
| Total Cash & Investments | 25,255 | | | | | 25,255 | (372) | 24,883 | |
| Total Unrestricted Cash | 4,535 | | | | | 4,535 | | 4,425 | |

This statement forms part of Council's Quarterly Budget Review Statement (QBRS) for the quarter ended 30/09/2023 and should be read in conjunction with the total QBRS report

Contracts budget review statement

Budget review for the quarter ended 30 September 2023

Part A - Contracts listing - contracts entered into during the quarter

| Contractor | Contract detail & purpose | Contract value | Start date | Duration of contract | Budgeted (Y/N) | Notes |
|------------|---------------------------|----------------|------------|----------------------|----------------|-------|
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Consultancy & legal expenses budget review statement

Consultancy & legal expenses overview

| Expense | YTD expenditure (actual dollars) | Budgeted (Y/N) |
|----------------|---|---------------------------|
| Consultancies | 335,172 | Y |
| Legal Fees | 19,204 | Y |

Definition of a consultant:

A consultant is a person or organisation engaged under contract on a temporary basis to provide recommendations or high level specialist or professional advice to assist decision making by management. Generally it is the advisory nature of the work that differentiates a consultant from other contractors.

Comments

Expenditure included in the above YTD figure but not budgeted includes:

Details
