



INVERELL
SHIRE COUNCIL

2023-2024

General Purpose Financial Statements
Special Purpose Financial Statements
And Special Schedules



Grove Homestead - Inverell Pioneer Village

Inverell Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2024

Inverell Shire Council

General Purpose Financial Statements

for the year ended 30 June 2024

Contents	Page
Understanding Council's Financial Statements	3
Statement by Councillors and Management	4
Primary Financial Statements:	
Income Statement	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Contents for the notes to the Financial Statements	10
Independent Auditor's Reports:	
On the Financial Statements (Sect 417 [2])	87
On the Financial Statements (Sect 417 [3])	90

Overview

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

Administration Centre
144 Otho Street
Inverell NSW 2360

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

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

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

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

Inverell Shire Council

General Purpose Financial Statements

for the year ended 30 June 2024

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

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

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

Inverell Shire Council

General Purpose Financial Statements

for the year ended 30 June 2024

Statement by Councillors and Management

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

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

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

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

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

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

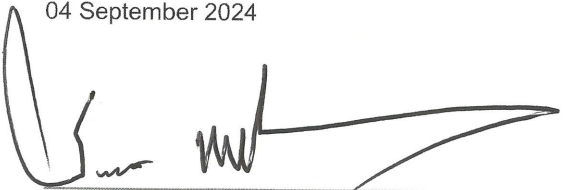
Signed in accordance with a resolution of Council made on 04 September 2024.



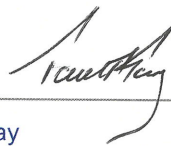
Paul Harmon
Mayor
04 September 2024



Catherine Dight
Councillor
04 September 2024



Brett McInnes
General Manager
04 September 2024



Paul Pay
Responsible Accounting Officer
04 September 2024

Inverell Shire Council

Income Statement

for the year ended 30 June 2024

Original unaudited budget 2024 \$ '000		Notes	Actual 2024 \$ '000	Actual 2023 \$ '000
	Income from continuing operations			
25,318	Rates and annual charges	B2-1	24,846	23,770
5,870	User charges and fees	B2-2	7,511	6,043
585	Other revenues	B2-3	1,160	933
12,382	Grants and contributions provided for operating purposes	B2-4	15,555	19,420
6,764	Grants and contributions provided for capital purposes	B2-4	10,805	9,022
1,224	Interest and investment income	B2-5	4,409	2,488
125	Other income	B2-6	274	572
137	Net gain from the disposal of assets	B4-1	-	-
52,405	Total income from continuing operations		64,560	62,248
	Expenses from continuing operations			
16,735	Employee benefits and on-costs	B3-1	14,745	14,835
13,465	Materials and services	B3-2	17,388	21,504
572	Borrowing costs	B3-3	728	344
13,605	Depreciation, amortisation and impairment of non-financial assets	B3-4	14,523	13,448
979	Other expenses	B3-5	1,007	980
-	Net loss from the disposal of assets	B4-1	724	2,014
45,356	Total expenses from continuing operations		49,115	53,125
7,049	Net operating result for the year attributable to Council		15,445	9,123
7,049	Net result for the year		15,445	9,123
285	Net operating result for the year before grants and contributions provided for capital purposes		4,640	101

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

Inverell Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2024

	Notes	2024 \$ '000	2023 \$ '000
Net operating result for the year – from Income Statement		15,445	9,123
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	45,634	43,316
Impairment (loss) relating to IPP&E		(86)	–
Total items which will not be reclassified subsequently to the operating result		45,548	43,316
Total other comprehensive income for the year		45,548	43,316
Total comprehensive income for the year attributable to Council		60,993	52,439

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

Inverell Shire Council

Statement of Financial Position

as at 30 June 2024

	Notes	2024 \$ '000	2023 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	24,393	16,087
Investments	C1-2	67,500	75,000
Receivables	C1-4	5,058	5,151
Inventories	C1-5	685	672
Contract assets and contract cost assets	C1-6	2,879	3,307
Other	C1-9	169	112
Total current assets		100,684	100,329
Non-current assets			
Investments	C1-2	11,500	11,000
Receivables	C1-4	330	61
Infrastructure, property, plant and equipment (IPPE)	C1-7	955,064	895,994
Investment property	C1-8	3,424	3,424
Total non-current assets		970,318	910,479
Total assets		1,071,002	1,010,808
LIABILITIES			
Current liabilities			
Payables	C3-1	7,122	6,982
Contract liabilities	C3-2	7,865	8,620
Borrowings	C3-3	713	741
Employee benefit provisions	C3-4	5,348	5,075
Provisions	C3-5	5	205
Total current liabilities		21,053	21,623
Non-current liabilities			
Borrowings	C3-3	9,615	10,327
Employee benefit provisions	C3-4	193	200
Provisions	C3-5	5,106	4,616
Total non-current liabilities		14,914	15,143
Total liabilities		35,967	36,766
Net assets		1,035,035	974,042
EQUITY			
Accumulated surplus		629,884	614,439
IPPE revaluation reserve	C4-1	405,151	359,603
Council equity interest		1,035,035	974,042
Total equity		1,035,035	974,042

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

Inverell Shire Council

Statement of Changes in Equity

for the year ended 30 June 2024

	Notes	2024			2023		
		Accumulated surplus \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000	Accumulated surplus \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000
Opening balance at 1 July		614,439	359,603	974,042	605,316	316,287	921,603
Net operating result for the year		15,445	–	15,445	9,123	–	9,123
Net operating result for the Year		15,445	–	15,445	9,123	–	9,123
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	45,634	45,634	–	43,316	43,316
Impairment (loss) relating to IPP&E		–	(86)	(86)	–	–	–
Other comprehensive income		–	45,548	45,548	–	43,316	43,316
Total comprehensive income		15,445	45,548	60,993	9,123	43,316	52,439
Closing balance at 30 June ¹		629,884	405,151	1,035,035	614,439	359,603	974,042

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

Inverell Shire Council

Statement of Cash Flows

for the year ended 30 June 2024

Original unaudited budget 2024 \$ '000		Notes	Actual 2024 \$ '000	Actual 2023 \$ '000
Cash flows from operating activities				
<i>Receipts:</i>				
25,006	Rates and annual charges		24,681	23,882
5,870	User charges and fees		8,402	8,214
1,224	Investment revenue and interest		3,613	1,708
19,458	Grants and contributions		25,640	36,168
–	Bonds, deposits and retentions received		352	260
710	Other		5,709	3,250
<i>Payments:</i>				
(16,735)	Payments to employees		(14,520)	(14,428)
(13,465)	Payments for materials and services		(22,688)	(22,673)
(572)	Borrowing costs		(728)	(344)
(979)	Other		(126)	(3,108)
20,517	Net cash flows from operating activities	G1-1	30,335	32,929
Cash flows from investing activities				
<i>Receipts:</i>				
–	Sale of investments		60,355	28,450
–	Sale of real estate assets		254	340
715	Proceeds from sale of IPPE		1,215	450
<i>Payments:</i>				
–	Purchase of investments		(53,355)	(53,482)
(37,274)	Payments for IPPE		(29,758)	(15,776)
–	Purchase of real estate assets		–	(2)
(36,559)	Net cash flows from investing activities		(21,289)	(40,020)
Cash flows from financing activities				
<i>Receipts:</i>				
–	Borrowings and advances		–	10,000
<i>Payments:</i>				
(729)	Borrowings and advances		(740)	(617)
(729)	Net cash flows from financing activities		(740)	9,383
(16,771)	Net change in cash and cash equivalents		8,306	2,292
–	Cash and cash equivalents – beginning of year		16,087	13,795
–	Cash resulting from boundary adjustment		–	–
(16,771)	Cash and cash equivalents at end of year	C1-1	24,393	16,087
–	plus: Investments on hand at end of year	C1-2	79,000	86,000
(16,771)	Total cash, cash equivalents and investments		103,393	102,087

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

Inverell Shire Council

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

A About Council and these financial statements	12
A1-1 Basis of preparation	12
B Financial Performance	14
B1 Functions or activities	14
B1-1 Functions or activities – income, expenses and assets	14
B1-2 Components of functions or activities	15
B2 Sources of income	16
B2-1 Rates and annual charges	16
B2-2 User charges and fees	17
B2-3 Other revenues	18
B2-4 Grants and contributions	19
B2-5 Interest and investment income	24
B2-6 Other income	24
B3 Costs of providing services	25
B3-1 Employee benefits and on-costs	25
B3-2 Materials and services	26
B3-3 Borrowing costs	26
B3-4 Depreciation, amortisation and impairment of non-financial assets	27
B3-5 Other expenses	28
B4 Gains or losses	29
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	29
B5 Performance against budget	30
B5-1 Material budget variations	30
C Financial position	32
C1 Assets we manage	32
C1-1 Cash and cash equivalents	32
C1-2 Financial investments	32
C1-3 Restricted and allocated cash, cash equivalents and investments	34
C1-4 Receivables	36
C1-5 Inventories	38
C1-6 Contract assets and Contract cost assets	40
C1-7 Infrastructure, property, plant and equipment	41
C1-8 Investment properties	46
C1-9 Other	46
C2 Leasing activities	47
C2-1 Council as a lessor	47
C3 Liabilities of Council	49
C3-1 Payables	49
C3-2 Contract Liabilities	50
C3-3 Borrowings	51
C3-4 Employee benefit provisions	53
C3-5 Provisions	55
C4 Reserves	56

Inverell Shire Council

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

C4-1 Nature and purpose of reserves	56
D Council structure	57
D1 Results by fund	57
D1-1 Income Statement by fund	57
D1-2 Statement of Financial Position by fund	58
D2 Interests in other entities	59
D2-1 Subsidiaries, joint arrangements and associates not recognised	59
E Risks and accounting uncertainties	60
E1-1 Risks relating to financial instruments held	60
E2-1 Fair value measurement	64
E3-1 Contingencies	71
F People and relationships	74
F1 Related party disclosures	74
F1-1 Key management personnel (KMP)	74
F1-2 Councillor and Mayoral fees and associated expenses	76
F2 Other relationships	77
F2-1 Audit fees	77
G Other matters	78
G1-1 Statement of Cash Flows information	78
G2-1 Commitments	79
G3-1 Events occurring after the reporting date	79
G4 Statement of developer contributions	80
G4-1 Summary of developer contributions	80
G4-2 Developer contributions by plan	80
G5 Statement of performance measures	81
G5-1 Statement of performance measures – consolidated results	81
G5-2 Statement of performance measures by fund	82
H Additional Council disclosures (unaudited)	84
H1-1 Statement of performance measures – consolidated results (graphs)	84
H1-2 Council information and contact details	86

A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 04 September 2024. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

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

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

Historical cost convention

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

Significant accounting estimates and judgements

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

Critical accounting estimates and assumptions

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

- i. fair values of investment property – refer Note C1-8
- ii. fair values of infrastructure, property, plant and equipment – refer Note C1-7
- iii. tip remediation provisions – refer Note C3-5
- iv. employee benefit provisions – refer Note C3-4.

Significant judgements in applying the Council's accounting policies

- i. Impairment of receivables – refer Note C1-4.
- ii. Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-2 – B2-4.
- iii. Determination of the lease term, discount rate (when not implicit in the lease) and whether an arrangement contains a lease – refer to Note C2-1.

Monies and other assets received by Council

The Consolidated Fund

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

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

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

- General purpose operations
- Water service
- Sewerage service

A1-1 Basis of preparation (continued)

The Trust Fund

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

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

The following Trust monies and other assets are held by Council but not considered to be under the control of Council and therefore are excluded from these financial statements:

- Proceeds from sale of land for unpaid rates
- Inverell Investment Fund monies

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

Goods and Services Tax (GST)

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.

Volunteer services

Council has no volunteer services within the organisation.

New accounting standards and interpretations issued but not yet effective

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2024 reporting period. Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2023.

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

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

None of these newly adopted standards had a material impact on Council's reported financial position or financial performance.

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.

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2024 \$ '000	2023 \$ '000	2024 \$ '000	2023 \$ '000	2024 \$ '000	2023 \$ '000	2024 \$ '000	2023 \$ '000	2024 \$ '000	2023 \$ '000
Functions or activities										
Leadership	26,314	26,325	4,580	3,617	21,734	22,708	7,613	9,865	110,175	112,492
Community	3,282	3,553	5,703	6,022	(2,421)	(2,469)	2,544	2,840	27,954	26,068
Environment	5,246	5,112	5,477	5,706	(231)	(594)	119	325	46,386	43,171
Economy	609	799	1,309	913	(700)	(114)	8	91	16,446	13,963
Services / Infrastructure	29,109	26,459	32,046	36,867	(2,937)	(10,408)	16,076	15,321	870,041	815,114
Total functions and activities	64,560	62,248	49,115	53,125	15,445	9,123	26,360	28,442	1,071,002	1,010,808

B1-2 Components of functions or activities

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

Leadership

Includes costs relating to Council's role as a component of democratic government including elections, member fees and expenses, subscription to local authorities, meeting of Council, policy making committees, area representation, public disclosure and compliance together with related administration cost, other support services, engineering works, public disclosure (eg GIPA) and any Council legislative policy compliance.

Community

Includes Council's fire and emergency services levy, fire protection, emergency services, enforcement of local government regulations, health matters, administration, education, social protection (welfare), migrant, aboriginal and other community services administration, youth services, aged and disabled persons services, children services, childcare and other family and children services, public cemeteries, public conveniences, street lighting, town planning, other community amenities, public libraries, museums, art galleries, public halls, other cultural services and building control.

Environment

Includes costs relating to noxious plants and vermin control, environmental protection matters, solid waste management, street cleaning, drainage and stormwater management.

Economy

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

Services / Infrastructure

Includes water supply, sewerage services, sporting grounds and venues, swimming pools, parks, gardens, lakes, other sporting recreational services, quarries and pits, sealed and unsealed roads, bridges on urban, local, and regional roads, footpaths, parking areas, aerodromes, other transport and communications.

B2 Sources of income

B2-1 Rates and annual charges

	Timing	2024 \$ '000	2023 \$ '000
Ordinary rates			
Residential	2	7,379	7,112
Farmland	2	4,962	4,794
Business	2	2,835	2,744
Less: pensioner rebates (mandatory)	2	(312)	(319)
Rates levied to ratepayers		14,864	14,331
Pensioner rate subsidies received	2	168	176
Total ordinary rates		15,032	14,507
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)			
Domestic waste management services	2	2,895	2,622
Stormwater management services	2	147	146
Water supply services	2	2,792	2,689
Sewerage services	2	3,301	3,123
Waste management services (non-domestic)	2	833	827
Less: pensioner rebates (mandatory)	2	(334)	(334)
Annual charges levied		9,634	9,073
Pensioner annual charges subsidies received:			
– Water	2	66	70
– Sewerage	2	54	57
– Domestic waste management	2	60	63
Total annual charges		9,814	9,263
Total rates and annual charges		24,846	23,770

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

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

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

Material accounting policy information

Rates and annual charges are recognised as revenue at the beginning of the rating period to which they relate.

Prepaid rates are recognised as a financial liability until the beginning of the rating period.

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

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

B2-2 User charges and fees

	Timing	2024 \$ '000	2023 \$ '000
Specific user charges (per s502 - specific 'actual use' charges)			
Domestic waste management services	1	12	9
Water supply services	1	3,254	2,721
Waste management services (non-domestic)	2	902	698
Other	1	1	13
Total specific user charges		4,169	3,441
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s608)			
Building services – other	2	125	162
Inspection services	2	1	9
Planning and building regulation	2	229	192
Private works – section 67	1	122	199
Registration fees	2	34	56
Section 10.7 certificates (EP&A Act)	2	34	36
Section 603 certificates	2	36	40
Total fees and charges – statutory/regulatory		581	694
(ii) Fees and charges – other (incl. general user charges (per s608))			
Aerodrome	2	–	3
Caravan park	2	72	60
Quarry revenues	2	105	23
Transport for NSW works (state roads not controlled by Council)	1	2,518	1,766
Sportsgrounds	2	53	44
Town hall	2	13	12
Total fees and charges – other		2,761	1,908
Total other user charges and fees		3,342	2,602
Total user charges and fees		7,511	6,043
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		5,907	4,708
User charges and fees recognised at a point in time (2)		1,604	1,335
Total user charges and fees		7,511	6,043

Material accounting policy information

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

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

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

B2-3 Other revenues

	Timing	2024 \$ '000	2023 \$ '000
Fines	2	5	6
Legal fees recovery – rates and charges (extra charges)	2	52	28
Commissions and agency fees	2	1	2
Insurance claims recoveries	2	252	40
Aged disabled and youth and other community services	1	3	3
Bushfire / SES sundry income	2	11	14
Cemetery	2	243	206
Chemical waste clean up	2	4	–
Insurance / workers compensation premium adjustment	2	103	119
Library	2	17	14
Parental leave reimbursement	2	–	26
Sale of dogs / microchipping	2	2	2
Sale of old materials	2	296	325
Other	2	66	37
Sulo bin sales	2	11	17
Sundry health services	2	9	10
Tourism	2	73	73
Rural Addressing	2	2	1
Administration Reimbursement - Northern Inland Regional Waste	2	10	10
Total other revenue		1,160	933

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	3	3
Other revenue recognised at a point in time (2)	1,157	930
Total other revenue	1,160	933

Material accounting policy information for other revenue

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

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

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

B2-4 Grants and contributions

		Operating 2024 \$ '000	Operating 2023 \$ '000	Capital 2024 \$ '000	Capital 2023 \$ '000
	Timing				
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	359	1,311	–	–
Financial assistance – local roads component	2	88	577	–	–
Payment in advance - future year allocation					
Financial assistance – general component	2	4,632	5,059	–	–
Financial assistance – local roads component	2	2,471	2,776	–	–
Amount recognised as income during current year		7,550	9,723	–	–
Special purpose grants and non-developer contributions (tied)					
Ashford Business Council	2	–	–	282	2
Black Summer Bushfire Recovery Program	1	12	110	226	107
Bushfire and emergency services	2	138	135	–	–
Bushfire Local Economic Recovery Fund - Program 3	1	–	–	–	399
Bushfire Local Economic Recovery Fund - Program 5	1	–	–	–	367
Community Local Infrastructure Recovery Program	2	–	21	9	155
Crown Land	2	–	–	–	28
Crown Reserves Improvements Fund	1	–	–	76	–
Drought Emergency Funding - Safe & Secure Water	2	32	–	–	–
Employment schemes / apprentice subsidy	2	3	51	–	–
Environmental programs	1	–	188	–	–
Health System Support Subsidy - Water	2	–	51	–	–
Heritage and cultural	2	8	43	–	–
Library	2	51	52	52	45
LIRS subsidy	2	11	17	–	–
Local Roads & Community Infrastructure Program - 3	1	36	169	1,072	1,520
Long Service Leave Contribution from Other councils	2	16	21	–	–
National Australia Day Council	2	10	12	–	–
Natural Disaster	1	465	–	–	–
National Bushfire Recovery Agency	2	–	–	511	–
Noxious weeds	1	119	200	–	–
NSW Department Planning & Environment - Cadetship Program	2	6	–	–	–
NSW Government Stimulus Package-Recovery from COVID 19	2	–	–	5	92
NSW Planning Portal	1	41	–	–	–
NSW Office of Sport	1	–	–	1,750	750
NSW Small Business Month	2	3	–	–	–
Office of Local Government - Crown Lands Management	2	45	–	–	–
Other contributions	1	–	1	–	20
Other Contributions - Roads	2	16	15	–	–
Other Contributions - Roads - Hunter New England Health	2	–	–	337	–
Other Contributions - Roads - Tingha Common Trustees	2	–	–	50	–
Primary Health Network - GP Bush Incentive Grant	2	15	–	–	–
Reconnecting Regional NSW	1	49	221	–	–
Regional & local Roads Repair Program - RLRRP	1	2,279	2,890	–	–
Regional Airports Program	1	–	–	–	252
RESTART NSW - Road Grants	1	–	–	304	1,558
Sport and recreation	2	137	129	–	–

continued on next page ...

B2-4 Grants and contributions (continued)

	Timing	Operating 2024 \$ '000	Operating 2023 \$ '000	Capital 2024 \$ '000	Capital 2023 \$ '000
Street lighting	2	64	63	–	–
Stronger Country Community Funding	1	1	85	–	485
Transport - Children Bike Safety Path	1	–	–	65	–
Transport - 3x3 program	2	160	160	–	–
Transport - CPTI Grant Scheme	1	–	–	21	29
Transport - Fixing Country Bridges Program	1	–	–	3,856	83
Transport - Fixing Local Roads Program	1	–	794	753	999
Transport - Remote Roads Upgrade Pilot Program (RRUPP)	1	–	–	533	–
Transport - Road Safety Program	1	–	–	4	64
Transport - Roads to Recovery Program		1,255	1,297	–	–
Transport for NSW contributions (regional roads, block grant)	2	3,033	2,972	–	545
Total special purpose grants and non-developer contributions – cash		8,005	9,697	9,906	7,500
Non-cash contributions					
Bushfire services	2	–	–	389	395
Roads and bridges	2	–	–	–	855
Total other contributions – non-cash		–	–	389	1,250
Total special purpose grants and non-developer contributions (tied)		8,005	9,697	10,295	8,750
Total grants and non-developer contributions		15,555	19,420	10,295	8,750
Comprising:					
– Commonwealth funding		8,867	11,375	2,341	1,878
– State funding		6,518	7,879	7,622	5,994
– Other funding		170	166	332	878
		15,555	19,420	10,295	8,750

B2-4 Grants and contributions (continued)

Developer contributions

	Notes	Timing	Operating 2024 \$ '000	Operating 2023 \$ '000	Capital 2024 \$ '000	Capital 2023 \$ '000
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
	G4					
Cash contributions						
S 7.11 – contributions towards amenities/services		2	–	–	77	46
S 64 – water supply contributions		2	–	–	373	171
S 64 – sewerage service contributions		2	–	–	60	55
Total developer contributions – cash			–	–	510	272
Total developer contributions			–	–	510	272
Total contributions			–	–	510	272
Total grants and contributions			15,555	19,420	10,805	9,022
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			2,961	1,768	8,660	6,633
Grants and contributions recognised at a point in time (2)			12,594	17,652	2,145	2,389
Total grants and contributions			15,555	19,420	10,805	9,022

B2-4 Grants and contributions (continued)

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:

	Operating 2024 \$ '000	Operating 2023 \$ '000	Capital 2024 \$ '000	Capital 2023 \$ '000
Unspent grants and contributions				
Unspent funds at 1 July	2,614	829	6,006	4,686
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	–	–
Add: Funds received and not recognised as revenue in the current year	6,128	2,614	1,737	6,006
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	–	–	–	–
Less: Funds received in prior year but revenue recognised and funds spent in current year	(2,614)	(829)	(6,006)	(4,686)
Unspent funds at 30 June	6,128	2,614	1,737	6,006
Contributions				
Unspent funds at 1 July	428	454	–	–
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	98	42	–	–
Add: contributions received and not recognised as revenue in the current year	–	–	–	–
Add: contributions recognised as income in the current period obtained in respect of a future rating identified by Council for the purpose of establishing a rate	–	–	–	–
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	(113)	(68)	–	–
Unspent contributions at 30 June	413	428	–	–

Contribution under Section 7.11 (Contributions towards provisions or improvement of amenities or services) under the Environmental Planning and Assessment Act 1979 .

Material accounting policy information

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

The performance obligations vary according to the agreement but could include the provision of a service or goods, construction of assets, and other various items as defined in the agreement. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

B2-4 Grants and contributions (continued)

Capital grants

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

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

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

Developer contributions

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

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

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

Other grants and contributions

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

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

B2-5 Interest and investment income

	2024 \$ '000	2023 \$ '000
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	77	47
– Cash and investments	4,306	2,427
– Other	26	14
Total interest and investment income (losses)	4,409	2,488
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	77	47
General Council cash and investments	3,355	1,724
Restricted investments/funds – external:		
Developer contributions		
– Section 7.11	18	19
Water fund operations	640	363
Sewerage fund operations	319	335
Total interest and investment income	4,409	2,488

Material accounting policy information

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

Dividends are recognised as income in profit or loss when the shareholder's right to receive payment is established unless the dividend clearly represents a recovery of part of the cost of the investment.

B2-6 Other income

	Notes	2024 \$ '000	2023 \$ '000
Fair value increment on investment properties			
Fair value increment on investment properties		–	334
Total fair value increment on investment properties	C1-8	–	334
Rental income			
Investment properties			
Lease income relating to variable lease payments not dependent on an index or a rate		10	9
Total Rental Income		10	9
Other lease income			
Aged Care Units		30	27
Residential Dwellings		26	27
Radio Communication Sites		14	19
Shops and Offices		35	21
Swimming Pool		12	12
Tourism Restaurant		36	39
Other Land		111	84
Total other lease income		264	229
Total rental income	C2-1	274	238
Total other income		274	572

B3 Costs of providing services

B3-1 Employee benefits and on-costs

	2024 \$ '000	2023 \$ '000
Salaries and wages	13,111	12,745
Employee leave entitlements (ELE)	2,210	2,323
Superannuation	1,598	1,467
Workers' compensation insurance	327	325
Fringe benefit tax (FBT)	101	95
Payroll tax	95	94
Protective clothing	13	21
Employment costs	23	19
Total employee costs	17,478	17,089
Less: capitalised costs	(2,733)	(2,254)
Total employee costs expensed	14,745	14,835
Number of 'full-time equivalent' employees (FTE) at year end	193	194

Material accounting policy information

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

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

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

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

B3-2 Materials and services

	Notes	2024 \$ '000	2023 \$ '000
Raw materials and consumables		11,362	16,110
Contractor costs		1,468	1,259
Audit Fees	F2-1	83	63
Audit & Risk Costs		42	18
Councillor and Mayoral fees and associated expenses	F1-2	250	199
Advertising		103	158
Bank charges		66	65
Electricity and heating		1,732	1,509
Insurance		1,180	1,107
Postage		52	54
Printing and stationery		96	99
Street lighting		171	155
Subscriptions and publications		82	31
Telephone and communications		188	149
Valuation fees		81	123
Travel expenses		207	238
Training costs (other than salaries and wages)		141	105
Legal expenses:			
– Legal expenses: debt recovery		50	26
– Legal expenses: other		34	36
Total materials and services		17,388	21,504
Total materials and services		17,388	21,504

Material accounting policy information

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

B3-3 Borrowing costs

	Notes	2024 \$ '000	2023 \$ '000
(i) Interest bearing liability costs			
Interest on loans		524	136
Total interest bearing liability costs		524	136
Total interest bearing liability costs expensed		524	136
(ii) Other borrowing costs			
Amortisation of discounts			
– Remediation liabilities	C3-5	204	208
Total other borrowing costs		204	208
Total borrowing costs expensed		728	344

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

	Notes	2024 \$ '000	2023 \$ '000
Depreciation and amortisation			
Plant and equipment		2,279	2,152
Office equipment		172	201
Furniture and fittings		5	11
Infrastructure:			
	C1-7		
– Buildings – non-specialised		514	468
– Buildings – specialised		299	212
– Other structures		497	354
– Roads		4,676	4,426
– Bridges		1,661	1,608
– Footpaths		132	122
– Stormwater drainage		452	415
– Water supply network		1,929	1,704
– Sewerage network		1,351	1,144
– Swimming pools		64	33
– Other open space/recreational assets		738	663
Other assets:			
– Library books		131	121
– Other		–	4
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C3-5	169	221
– Quarry assets	C3-5	83	84
Total gross depreciation and amortisation costs		15,152	13,943
Less: capitalised costs		(629)	(495)
Total depreciation and amortisation costs		14,523	13,448
Total depreciation, amortisation and impairment for non-financial assets		14,523	13,448

Material accounting policy information

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives.

Impairment of non-financial assets

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

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

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

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

B3-5 Other expenses

	Notes	2024 \$ '000	2023 \$ '000
Impairment of receivables			
Other		72	31
Total impairment of receivables	C1-4	72	31
Other			
Contributions/levies to other levels of government			
– Emergency services levy (includes FRNSW, SES, and RFS levies)		574	541
– Other contributions/levies		202	216
Donations, contributions and assistance to other organisations (Section 356)		159	192
Total other		935	949
Total other expenses		1,007	980

Material accounting policy information

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

B4 Gains or losses

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

	Notes	2024 \$ '000	2023 \$ '000
Gain (or loss) on disposal of property (excl. investment property)			
Proceeds from disposal – property		282	–
Less: carrying amount of property assets sold/written off		(425)	–
Gain (or loss) on disposal		(143)	–
Gain (or loss) on disposal of plant and equipment			
	C1-7		
Proceeds from disposal – plant and equipment		933	450
Less: carrying amount of plant and equipment assets sold/written off		(917)	(477)
Gain (or loss) on disposal		16	(27)
Gain (or loss) on disposal of infrastructure			
	C1-7		
Less: carrying amount of infrastructure assets sold/written off		(846)	(2,319)
Gain (or loss) on disposal		(846)	(2,319)
Gain (or loss) on disposal of real estate assets held for sale			
	C1-5		
Proceeds from disposal – real estate assets		254	340
Less: carrying amount of real estate assets sold/written off		(5)	(8)
Gain (or loss) on disposal		249	332
Gain (or loss) on disposal of investments			
	C1-2		
Proceeds from disposal/redemptions/maturities – investments		60,355	28,450
Less: carrying amount of investments sold/redeemed/matured		(60,355)	(28,450)
Gain (or loss) on disposal		–	–
Net gain (or loss) from disposal of assets		(724)	(2,014)

Material accounting policy information

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

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 28 June 2023 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
Revenues				
Rates and annual charges	25,318	24,846	(472)	(2)% U
User charges and fees	5,870	7,511	1,641	28% F
This variance is due to a number of favourable items including - Clerks Certificates (\$7k); SH 12 Maintenance (\$2,089k); Companion Animal Registration (\$30k); Section 68 Approvals (\$12k); Development Applications (\$104k); Sporting Ground Fees (\$52k); Construction Certificates (\$11k); Building Inspection Fees (\$8k); Sewerage Private Works (\$9k). Unfavourable variances are Private Works (\$77k); Water Sales (\$93k); Waste Management (\$527k) together with other minor increases and decreases across Council functions.				
Other revenues	585	1,160	575	98% F
This favourable variance is due to the following; Legal/Debt Recovery Fees (\$39k); Administration Income (\$40k); Waste income-Sale of Old Materials (\$146k); On Site sewer Management Fees (\$9k); Cemeteries Fees (\$85k); Insurance Proceeds (\$184k); Workers Compensation Reimbursement (\$80k); Sewer Application Fees (\$7k) and other minor increases and decreases across Council functions.				
Operating grants and contributions	12,382	15,555	3,173	26% F
This favourable variance is due to higher income in a range of areas including Financial Assistance Grants (\$263k); Office of Local Government (\$45k); Local Roads & Community Infrastructure Program (\$36k); Block Grant Funding (\$61k); Regional & Local Repair Program (RERRF) (\$2,279k); ACRD Program (\$4k); Leave Contributions from other Councils (\$16k); Copeton Northern Foreshores (\$37k); National Australia Day Council (\$10k); Disaster Funding (\$465k); GP Bush Incentive Grant (\$15k); Department of Planning & Environment - Cadetship Grant (\$6k); Department of Planning & Environment - Planning Portal (\$41k); Road Maintenance Contributions (\$7k); Noxious Weeds Funding (\$6k); Black Summer Bushfire Recovery Grant (\$12k); Reconnecting Regional NSW (\$49k); NSW Small Business Month (\$3k); Drought Emergency Funding (\$32k) and unfavourable variances in Bushfire Protection (\$61k); Roads to Recovery (\$147k); NSW Heritage grants (\$2k); Sport council contribution (\$10k) and other small grants & contributions.				
Capital grants and contributions	6,764	10,805	4,041	60% F
This variance is due to a number of favourable items including Rural Fire Services Grant (\$189k); National Bushfire Recovery Agency Grant (\$510k); Restart NSW (\$304k); Fixing Country Bridges (\$3,856k); Fixing Local Roads (\$754k); Road Contributions (\$386k); Remote Roads Upgrade Pilot Program (RRUPP)(\$533k); Section 94 Contributions (\$77k); Library funding (\$25k); Crown Reserve Improvement Fund (\$76k); Black Summer Bushfire Recovery Grant (\$226k); Children Bicycle Safety Course (\$65k); Community Local Infrastructure Recovery Program (\$9k); Ashford Business Council Contribution (\$282k); Country Passenger Transport Infrastructure Grant Scheme (CPTIGS)(\$21k); Section 64 Water & Sewer Contributions (\$303k); Department Planning & Environment - Tingha Caravan Park (\$5k); Road Safety Program (\$4k) and unfavourable variances in Stronger Country Communities Funding (\$212k); Local Roads & community Infrastructure (\$328k); Repair program (\$545k); NSW Office of Sport (\$2,500k) and other small grants and contributions.				
Interest and investment revenue	1,224	4,409	3,185	260% F
The actual amount of interest received on an accrual basis was over budget by \$3,185k. This favourable increase was the result of the reassessment of the original budget to reflect the anticipated downward movement in investment return which did not eventuate. With the assistance of Council's advisor, Council was able to generate a higher average investment return than anticipate during 2023-2024.				
Net gains from disposal of assets	137	-	(137)	(100)% U

B5-1 Material budget variations (continued)

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
Other income	125	274	149	119% F
Increased income from rental on Council property leases				
Expenses				
Employee benefits and on-costs	16,735	14,745	1,990	12% F
This favourable variance was a result from Council's workforce being undermanned due to unfilled vacant positions during the year.				
Materials and services	13,465	17,388	(3,923)	(29)% U
This unfavourable variance is primary a result of additional costs associated with the expenditure of additional grant income received for community grants and extra funds for maintenance, repairs and construction work on Council assets.				
Borrowing costs	572	728	(156)	(27)% U
This variation is mainly a result of Council underestimating its borrowing cost in relation to the amortisation of discounts for remediation liabilities for Garbage Tips and Gravel Pits for 2024				
Depreciation, amortisation and impairment of non-financial assets	13,605	14,523	(918)	(7)% U
Other expenses	979	1,007	(28)	(3)% U
Net losses from disposal of assets	-	724	(724)	∞ U
This variation is a result of the replacement and demolition of Mathers Bridge Nullamanna, Walkers Bridge Tingha, Southside Path Bridge Inverell, Lake Inverell Toilet block; as well as Ashford and Delungra Playground Equipment. The Bonshaw Depot; Bonshaw SES Building; Bonshaw Fire Shed were also written off as a result of a fire in 2023/2024. Council also incurred a loss on the sale of the Taylor Avenue land to an adjoining owner.				

Statement of cash flows

Cash flows from operating activities	20,517	30,335	9,818	48% F
This variation relates to the following favourable (F) and unfavourable (U) variations in income and expenditure across Rates & Annual charges (\$325k) (U); User charges and Fees (\$2,532k) (F); Investment Revenue and Interest (\$2,389k) (F); Grants and Contributions (\$6,182k) (F); Bonds and Deposits (\$352) (F); Other Revenue (\$4,999k) (F); Employees Costs (\$2,215) (F); Material and Services (\$9,223) (U); Borrowing Costs (\$156k) (U); Other Payments (\$853k) (F).				
Cash flows from investing activities	(36,559)	(21,289)	15,270	(42)% F
This variation relates to the following favourable (F) and unfavourable (U) variations in investing activities, Real Estate (\$254k) (F); Sale of IPPE (\$500k) (F); Investment purchases (\$7,000k) (F); Purchase of IPPE (\$7,516) (F).				
Cash flows from financing activities	(729)	(740)	(11)	2% U

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

	2024 \$ '000	2023 \$ '000
Cash assets		
Cash on hand and at bank	24,393	16,087
Total cash and cash equivalents	24,393	16,087

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	24,393	16,087
Balance as per the Statement of Cash Flows	24,393	16,087

Material accounting policy information

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

C1-2 Financial investments

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Debt securities at amortised cost				
Term deposits	67,500	11,500	75,000	11,000
Total	67,500	11,500	75,000	11,000
Total financial investments	67,500	11,500	75,000	11,000
Total cash assets, cash equivalents and investments	91,893	11,500	91,087	11,000

Material accounting policy information

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

C1-2 Financial investments (continued)

Amortised cost

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

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

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

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost 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 of \$79M in the Statement of Financial Position.

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

	2024 \$ '000	2023 \$ '000
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	103,393	102,087
Less: Externally restricted cash, cash equivalents and investments	<u>(41,589)</u>	<u>(44,399)</u>
Cash, cash equivalents and investments not subject to external restrictions	61,804	57,688

External restrictions

External restrictions – included in liabilities

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

Specific purpose unexpended loans – general	4,079	10,000
Bonds and deposits	1,104	752
Specific purpose unexpended grants – general fund	7,865	8,620
External restrictions – included in liabilities	13,048	19,372

External restrictions – other

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

Developer contributions – general	413	428
Water fund	16,759	14,532
Sewer fund	9,922	9,072
Waste Management	1,447	995
External restrictions – other	28,541	25,027
Total external restrictions	41,589	44,399

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.

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

(b) Internal allocations

Cash, cash equivalents and investments not subject to external restrictions	61,804	57,688
Less: Internally restricted cash, cash equivalents and investments	<u>(43,190)</u>	<u>(41,826)</u>
Unrestricted and unallocated cash, cash equivalents and investments	18,614	15,862

Internal allocations

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

Financial Assistance Grants	8,128	10,331
Emergency Services Reserve	379	379
Building Infrastructure Reserve	1,174	999
Community Infrastructure Reserve	12,822	11,772
Waste Management Reserve	5,163	4,575
Economic Development Reserve	2,597	1,656
Transport Infrastructure Reserve	2,073	1,973
Employee Provisions Reserve	2,379	2,062
Information Technology Reserve	2,189	1,989
Fleet Replacement Reserve	4,174	4,069
Financial Risk Reserve	2,112	2,021

continued on next page ...

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

	2024 \$ '000	2023 \$ '000
Total internal allocations	43,190	41,826

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

	2024 \$ '000	2023 \$ '000
(c) Unrestricted and unallocated		
Unrestricted and unallocated cash, cash equivalents and investments	18,614	15,862

C1-4 Receivables

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Rates and annual charges	1,303	–	1,113	–
Interest and extra charges	118	–	90	–
User charges and fees	394	330	1,173	61
Accrued revenues				
– Interest on investments	1,799	–	1,031	–
– Other income accruals	898	–	1,006	–
Government grants and subsidies	150	–	17	–
Net GST receivable	607	–	860	–
Total	5,269	330	5,290	61
Less: provision for impairment				
Rates and annual charges	(169)	–	(99)	–
User charges and fees	(42)	–	(40)	–
Total provision for impairment – receivables	(211)	–	(139)	–
Total net receivables	5,058	330	5,151	61
Externally restricted receivables				
Water supply				
– Rates and availability charges	138	–	127	–
– Other	799	–	681	–
Sewerage services				
– Rates and availability charges	161	–	151	–
– Other	126	–	91	–
Total external restrictions	1,224	–	1,050	–
Unrestricted receivables	3,834	330	4,101	61
Total net receivables	5,058	330	5,151	61

	2024 \$ '000	2023 \$ '000
Movement in provision for impairment of receivables		
Balance at the beginning of the year	139	109
+ new provisions recognised during the year	72	30
Balance at the end of the year	211	139

Material accounting policy information

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

Impairment

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

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

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

C1-4 Receivables (continued)

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

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

Council writes off a receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over 2 years past due, whichever occurs first.

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

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

C1-5 Inventories

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
(i) Inventories at cost				
Real estate for resale	43	-	48	-
Stores and materials	642	-	624	-
Total inventories at cost	685	-	672	-
Total inventories	685	-	672	-

Externally restricted assets

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Water				
Stores and materials	178	-	182	-
Total water	178	-	182	-
Sewerage				
Stores and materials	15	-	17	-
Total sewerage	15	-	17	-
Total externally restricted assets	193	-	199	-
Total internally restricted assets	-	-	-	-
Total unrestricted assets	492	-	473	-
Total inventories	685	-	672	-

C1-5 Inventories (continued)

(i) Other disclosures

Notes	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
(a) Details for real estate development				
Residential	43	–	48	–
Total real estate for resale	43	–	48	–
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition costs	43	–	48	–
Total costs	43	–	48	–
Total real estate for resale	43	–	48	–
Movements:				
Real estate assets at beginning of the year	48	–	54	–
– Purchases and other costs	–	–	2	–
– WDV of sales (expense)	(5)	–	(8)	–
Total real estate for resale	43	–	48	–

(b) Current inventories not anticipated to be settled within the next 12 months

The following inventories and other assets, even though classified as current are not expected to be recovered in the next 12 months;

	2024 \$ '000	2023 \$ '000
Real estate for resale	43	48
	43	48

Material accounting policy information

Raw materials and stores, work in progress and finished goods

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

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

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Contract assets	2,879	–	3,307	–
Total contract assets and contract cost assets	2,879	–	3,307	–

Contract assets

Road / Transport Infrastructure	1,505	–	2,423	–
Sporting and Recreational Infrastructure	633	–	565	–
Economic Affairs	631	–	–	–
Public Order and Safety Infrastructure	110	–	252	–
Water Supply Infrastructure	–	–	67	–
Total contract assets	2,879	–	3,307	–

Significant changes in contract assets

The major portion of Contract Assets relates to Road Infrastructure Grants as follows:

- State Highway maintenance & construction (\$778K)
- Country Passenger Transport infrastructure Grants Scheme (CPTIGS) (\$16K)
- Disaster Recovery Funding (\$95K)
- Local Road & Community Infrastructure Grant - Round 3 (\$275k)
- Fixing Country Bridges (\$508K)
- Stronger Country Communities Funding (SCCF) - Round 4 (\$291K)
- Black Summer Bushfire Recovery Grants Program (\$285)
- Building Better Regions Fund (\$631k)

Material accounting policy information

Contract assets

Contract assets represent Councils 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.

Contract cost asset – costs to fulfil a contract

Where costs are incurred to fulfil a contract and these costs are outside the scope of another accounting standard, they are capitalised as contract cost assets if the following criteria are met:

- the costs relate directly to a contract
- the costs generate or enhance resources of Council that will be used to satisfy performance obligations in the future and
- the costs are expected to be recovered.

The capitalised costs are recognised in the Income statement on a systematic basis consistent with the timing of revenue recognition.

Refer to B3-4 for the accounting policy for impairment of contract cost assets.

C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2023			Asset movements during the reporting period						At 30 June 2024		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress	7,598	–	7,598	14,589	132	–	–	(4,338)	–	17,981	–	17,981
Plant and equipment	33,620	(17,223)	16,397	3,576	368	(911)	(2,279)	–	–	35,521	(18,370)	17,151
Office equipment	2,424	(1,724)	700	153	–	(6)	(172)	–	–	2,458	(1,783)	675
Furniture and fittings	703	(676)	27	–	–	–	(5)	–	–	703	(681)	22
Land:												
– Operational land	19,402	–	19,402	–	–	(426)	–	–	1,120	20,096	–	20,096
– Community land	13,511	–	13,511	–	–	–	–	–	797	14,308	–	14,308
Infrastructure:												
– Buildings – non-specialised	35,780	(10,164)	25,616	3	–	(212)	(514)	248	1,362	37,676	(11,173)	26,503
– Buildings – specialised	19,198	(8,506)	10,692	–	–	–	(299)	–	568	20,248	(9,287)	10,961
– Other structures	18,971	(4,009)	14,962	984	28	(23)	(497)	469	791	21,434	(4,720)	16,714
– Roads	389,904	(77,431)	312,473	7,524	55	(32)	(4,676)	906	16,527	419,279	(86,502)	332,777
– Bridges	183,070	(56,158)	126,912	1,055	–	(499)	(1,661)	2,018	6,699	194,710	(60,186)	134,524
– Footpaths	12,760	(3,270)	9,490	94	–	–	(132)	–	503	13,540	(3,585)	9,955
– Bulk earthworks (non-depreciable)	129,706	–	129,706	506	–	–	–	–	6,965	137,177	–	137,177
– Stormwater drainage	46,757	(12,319)	34,438	323	32	(5)	(452)	–	1,723	49,476	(13,417)	36,059
– Water supply network	143,734	(49,257)	94,477	94	119	–	(1,929)	158	4,692	151,392	(53,781)	97,611
– Sewerage network	89,350	(43,599)	45,751	94	37	–	(1,351)	–	2,251	94,011	(47,229)	46,782
– Swimming pools	2,766	(827)	1,939	9	–	–	(64)	–	102	2,926	(940)	1,986
– Other open space/recreational assets	34,343	(6,087)	28,256	323	495	(74)	(738)	539	1,502	37,448	(7,145)	30,303
Other assets:												
– Heritage collections	101	–	101	–	3	–	–	–	–	104	–	104
– Library books	1,238	(819)	419	180	–	–	(131)	–	–	1,283	(815)	468
– Other	86	(79)	7	–	–	–	–	–	–	86	(79)	7
– Quarry assets	575	(391)	184	–	–	–	(83)	–	32	133	–	133
– Tip assets	3,454	(518)	2,936	–	–	–	(169)	–	–	3,454	(687)	2,767
Total infrastructure, property, plant and equipment	1,189,051	(293,057)	895,994	29,507	1,269	(2,188)	(15,152)	–	45,634	1,275,444	(320,380)	955,064

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

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

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period								At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress	5,137	–	5,137	6,321	123	–	–	(3,983)	–	–	–	7,598	–	7,598
Plant and equipment	33,648	(16,389)	17,259	1,494	267	(471)	(2,152)	–	–	–	–	33,620	(17,223)	16,397
Office equipment	2,421	(1,623)	798	109	–	(6)	(201)	–	–	–	–	2,424	(1,724)	700
Furniture and fittings	740	(702)	38	–	–	–	(11)	–	–	–	–	703	(676)	27
Land:														
– Operational land	14,402	–	14,402	–	–	–	–	–	–	–	5,000	19,402	–	19,402
– Community land	10,076	–	10,076	–	–	–	–	–	–	–	3,435	13,511	–	13,511
Infrastructure:														
– Buildings – non-specialised	35,630	(7,090)	28,540	96	–	–	(468)	–	–	(2,552)	–	35,780	(10,164)	25,616
– Buildings – specialised	18,781	(7,243)	11,538	17	–	–	(212)	–	–	(651)	–	19,198	(8,506)	10,692
– Other structures	17,003	(3,324)	13,679	458	87	(317)	(354)	49	–	–	1,360	18,971	(4,009)	14,962
– Roads	362,532	(69,122)	293,410	5,257	1,445	–	(4,426)	1,528	–	–	15,259	389,904	(77,431)	312,473
– Bridges	173,747	(51,734)	122,013	149	–	–	(1,608)	–	–	–	6,358	183,070	(56,158)	126,912
– Footpaths	11,599	(2,984)	8,615	–	549	–	(122)	–	–	–	448	12,760	(3,270)	9,490
– Bulk earthworks (non-depreciable)	121,686	–	121,686	–	42	–	–	1,553	–	–	6,425	129,706	–	129,706
– Stormwater drainage	42,217	(11,079)	31,138	877	630	(150)	(415)	–	–	–	2,358	46,757	(12,319)	34,438
– Water supply network	133,552	(43,986)	89,566	559	–	(22)	(1,704)	326	–	–	5,752	143,734	(49,257)	94,477
– Sewerage network	85,326	(36,371)	48,955	92	2	(7)	(1,144)	–	–	(2,147)	–	89,350	(43,599)	45,751
– Swimming pools	5,342	(1,899)	3,443	–	–	(1,804)	(33)	–	–	–	333	2,766	(827)	1,939
– Other open space/recreational assets	30,399	(5,040)	25,359	612	501	(18)	(663)	527	–	–	1,938	34,343	(6,087)	28,256
Other assets:														
– Heritage collections	100	–	100	–	1	–	–	–	–	–	–	101	–	101
– Library books	1,166	(767)	399	141	–	–	(121)	–	–	–	–	1,238	(819)	419
– Other	86	(75)	11	–	–	–	(4)	–	–	–	–	86	(79)	7
– Tip assets	5,763	(297)	5,466	–	–	–	(221)	–	(2,309)	–	–	3,454	(518)	2,936
– Quarry assets	575	(307)	268	–	–	–	(84)	–	–	–	–	575	(391)	184
Total infrastructure, property, plant and equipment	1,111,928	(260,032)	851,896	16,182	3,647	(2,795)	(13,943)	–	(2,309)	(5,350)	48,666	1,189,051	(293,057)	895,994

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

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

Material accounting policy information

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	4 to 25	Playground equipment	5 to 40
Office furniture	5 to 25	Benches, seats etc.	10 to 20
Computer equipment	3 to 33		
Vehicles	5 to 6	Buildings	
Heavy plant/road making equipment	5 to 10	Buildings - masonry	50 to 100
Other plant and equipment	5 to 20	Other structures	10 to 100
Water Assets		Sewer assets	
Dams and reservoirs	100	Sewer pump wells	70
Bores	30	Motors & electrical equipment	30
Building / civil structures	70	Pumps & mechanical equipment	30
Reservoirs - walls	100	Effluent oxidation & maturation ponds	Infinite
Reservoirs - roof	55	Sewer sludge lagoons	100
Motor & electrical equipment	35 to 60	Treatment plant siteworks	50
Pumps & mechanical equipment	35 to 60	Aeration tanks structural	50
Water mains	50 to 100	Aeration tanks electrical	45
Water meters	10 to 15	Aeration tanks mechanical	45
		Sewer pipes - long life component	150
		Sewer pipes - short life component	100
Transportation assets		Other infrastructure assets	
Sealed roads - surface	10 to 100	Bulk earthworks	Infinite
Sealed roads - structure	120 to 170	Swimming pools	10 to 150
Unsealed roads	50 to 66	Other open space/recreational assets	5 to 125
Roundabouts	40	Other infrastructure	25 to 50
Kerb and gutter	70	Drainage assets	80 to 100
Bridge - concrete	100 to 125	Culverts/causeways	100
Bridge - Steel	100		
Bridge - timber	60 to 100		
Carparks - sealed	50 to 100		
Carparks - unsealed	100		
Footpaths	50 to 100		
Cycleways	50 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.

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

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 (DPIE) - 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 reserve to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

Land under roads

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

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

Crown reserves

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

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

Rural Fire Service assets

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

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

Externally restricted infrastructure, property, plant and equipment

	as at 30/06/24			as at 30/06/23		
	Gross carrying amount \$ '000	Accumulated depn. and impairment \$ '000	Net carrying amount \$ '000	Gross carrying amount \$ '000	Accumulated depn. and impairment \$ '000	Net carrying amount \$ '000
Water supply						
WIP	187	–	187	250	–	250
Plant and equipment	110	96	14	110	94	16
Land						
– Operational land	744	–	744	744	–	744
– Community land	62	–	62	62	–	62
Buildings	270	4	266	270	–	270
Infrastructure	144,105	51,186	92,919	143,734	49,257	94,477
Total water supply	145,478	51,286	94,192	145,170	49,351	95,819
Sewerage services						
WIP	563	–	563	221	–	221
Plant and equipment	227	143	84	227	133	94
Land						
– Operational land	764	–	764	764	–	764
Infrastructure	89,481	44,950	44,531	89,350	43,599	45,751
Total sewerage services	91,035	45,093	45,942	90,562	43,732	46,830
Total restricted infrastructure, property, plant and equipment	236,513	96,379	140,134	235,732	93,083	142,649

C1-8 Investment properties

	2024 \$ '000	2023 \$ '000
Owned investment property		
Investment property on hand at fair value	3,424	3,424
Total owned investment property	3,424	3,424

Owned investment property

At fair value

Opening balance at 1 July	3,424	3,090
Net gain/(loss) from fair value adjustments	-	334
Closing balance at 30 June	3,424	3,424

Material accounting policy information

Investment property, principally comprising freehold office buildings and vacant land, is held for long-term rental yields and is not occupied by the Council. Changes in fair values are recorded in the Income Statement as part of other income.

The valuation were based on independent assessment made by:
APV Valuers and Asset Management in their valuation undertaken in 2022/2023 Financial year.

C1-9 Other

Other assets

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Prepayments	169	-	112	-
Total other assets	169	-	112	-

C2 Leasing activities

C2-1 Council as a lessor

Operating leases

Council leases out a number of properties to individuals and community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included as either investment property - (Refer Note C1-8) and/or IPP&E. - (Refer Note C1-7).

	2024	2023
	\$ '000	\$ '000

(i) Assets held as investment property

Investment property operating leases relate to Land & Buildings as follows:

Vacant Land - Vineyards Estate Inverell
 Vacant Land - Rifle Range Road Inverell
 Vacant Land - Brissett Street Inverell
 Vacant Land - Wyndham Street Inverell
 Buildings - 41-45 Campbell Street Inverell

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

Lease income relating to variable lease payments not dependent on an index or a rate	10	9
Total income relating to operating leases for investment property assets	10	9

Operating lease expenses

Direct operating expenses that generated rental income	56	44
Total expenses relating to operating leases	56	44

(ii) Assets held as property, plant and equipment

Council provides operating leases on following Council assets.

Aged Care Units
 Residential Dwellings
 Radio Communication Sites
 Shops & Offices
 Swimming Pools - Inverell & Ashford
 Tourism Inverell Restaurant
 Inverell Transport Museum
 Ashford Medical Centre
 Other Land

Lease income (excluding variable lease payments not dependent on an index or rate)	264	229
Total income relating to operating leases for Council assets	264	229

Other leased assets expenses

Other	271	234
Total expenses relating to other leases assets	271	234

(iii) Maturity analysis of undiscounted lease payments to be received after reporting date for all operating leases:

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

< 1 year	140	249
1–2 years	128	240
2–3 years	66	195

C2-1 Council as a lessor (continued)

	2024 \$ '000	2023 \$ '000
3–4 years	45	114
4–5 years	35	103
> 5 years	311	376
Total undiscounted lease payments to be received	725	1,277

Material accounting policy information

When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

When Council has a sub-lease over an asset and is the intermediate lessor then the head lease and sub-lease are accounted for separately. The classification of the sub-lease is based on the right-of-use asset which arises from the head lease rather than the useful life of the underlying asset.

If the lease contains lease and non-lease components, the non-lease components are accounted for in accordance with AASB 15 *Revenue from Contracts with Customers*.

The lease income is recognised on a straight-line basis over the lease term for an operating lease and as finance income using amortised cost basis for finance leases.

C3 Liabilities of Council

C3-1 Payables

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Prepaid rates	1,046	–	1,091	–
Payments Received in Advance	19	–	61	–
Goods and services – operating expenditure	3,896	–	4,717	–
Accrued expenses:				
– Salaries and wages	81	–	89	–
– Other expenditure accruals	976	–	272	–
Security bonds, deposits and retentions	1,104	–	752	–
Total payables	7,122	–	6,982	–

Payables relating to restricted assets

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Externally restricted assets				
Water	11	–	22	–
Sewer	6	–	9	–
Other	1,104	–	752	–
Payables relating to externally restricted assets	1,121	–	783	–
Total payables relating to restricted assets	1,121	–	783	–
Total payables relating to unrestricted assets	6,001	–	6,199	–
Total payables	7,122	–	6,982	–

Material accounting policy information

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

Payables

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

C3-2 Contract Liabilities

		2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
	Notes				
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	1,737	-	6,006	-
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	6,128	-	2,614	-
Total grants received in advance		7,865	-	8,620	-
Total contract liabilities		7,865	-	8,620	-

Notes

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

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

Contract liabilities relating to restricted assets

		2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Externally restricted assets					
Unspent grants held as contract liabilities (excl. Water & Sewer)		7,865	-	8,620	-
Contract liabilities relating to externally restricted assets		7,865	-	8,620	-
Total contract liabilities relating to restricted assets		7,865	-	8,620	-
Total contract liabilities		7,865	-	8,620	-

Significant changes in contract liabilities

A major variation from the previous year was the expenditure of funds that was received in advance for Road Infrastructure Construction during the 2022/2023 year.

Material accounting policy information

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.

C3-3 Borrowings

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Loans – secured ¹	713	9,615	741	10,327
Total borrowings	713	9,615	741	10,327

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

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

Borrowings relating to restricted assets

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Externally restricted assets				
Sewer	177	–	227	177
Domestic waste management	221	227	215	449
Borrowings relating to externally restricted assets	398	227	442	626
Total borrowings relating to restricted assets	398	227	442	626
Total borrowings relating to unrestricted assets	315	9,388	299	9,701
Total borrowings	713	9,615	741	10,327

(a) Changes in liabilities arising from financing activities

	2023		Non-cash movements				2024
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	11,068	(740)	–	–	–	–	10,328
Total liabilities from financing activities	11,068	(740)	–	–	–	–	10,328

	2022		Non-cash movements				2023
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	1,685	(617)	10,000	–	–	–	11,068
Total liabilities from financing activities	1,685	(617)	10,000	–	–	–	11,068

C3-3 Borrowings (continued)

(b) Financing arrangements

	2024 \$ '000	2023 \$ '000
Total facilities		
Total financing facilities available to Council at the reporting date are:		
Bank overdraft facilities ¹	200	200
Credit cards/purchase cards	76	76
Total financing arrangements	276	276
Drawn facilities		
Financing facilities drawn down at the reporting date are:		
– Credit cards/purchase cards	20	32
Total drawn financing arrangements	20	32
Undrawn facilities		
Undrawn financing facilities available to Council at the reporting date are:		
– Bank overdraft facilities	200	200
– Credit cards/purchase cards	56	44
Total undrawn financing arrangements	256	244

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

Material accounting policy information

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

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.

Breaches and Defaults.

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

Security over loans;

Council loans are secured over future Council cash flows.

Bank Overdrafts

The bank overdraft of Inverell Shire Council is secured over future Council cash flows.

C3-4 Employee benefit provisions

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Annual leave	2,010	–	1,972	–
Sick leave	–	99	–	103
Long service leave	3,338	94	3,103	97
Total employee benefit provisions	5,348	193	5,075	200

Employee benefit provisions relating to restricted assets

Externally restricted assets

Water	334	3	326	3
Sewer	56	6	50	5
Employee benefit provisions relating to externally restricted assets	390	9	376	8
Total employee benefit provisions relating to restricted assets	390	9	376	8
Total employee benefit provisions relating to unrestricted assets	4,958	184	4,699	192
Total employee benefit provisions	5,348	193	5,075	200

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

	2024 \$ '000	2023 \$ '000
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employee benefits	1,722	1,653
	1,722	1,653

C3-4 Employee benefit provisions (continued)

Description of and movements in provisions

	ELE provisions			Total \$ '000
	Annual leave \$ '000	Sick leave \$ '000	Long service leave \$ '000	
2024				
At beginning of year	1,972	103	3,200	5,275
Additional provisions	1,098	(4)	559	1,653
Amounts used (payments)	(1,060)	–	(327)	(1,387)
Total ELE provisions at end of year	2,010	99	3,432	5,541
2023				
At beginning of year	1,894	91	2,867	4,852
Additional provisions	1,062	12	613	1,687
Amounts used (payments)	(984)	–	(280)	(1,264)
Total ELE provisions at end of year	1,972	103	3,200	5,275

Material accounting policy information

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

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.

C3-5 Provisions

	2024 Current \$ '000	2024 Non-Current \$ '000	2023 Current \$ '000	2023 Non-Current \$ '000
Asset remediation/restoration:				
Asset remediation/restoration (future works)	5	5,106	205	4,616
Sub-total – asset remediation/restoration	5	5,106	205	4,616
Total provisions	5	5,106	205	4,616

Provisions relating to restricted assets

Externally restricted assets

Other	5	747	20	627
Domestic waste management	–	4,359	185	3,989
Provisions relating to externally restricted assets	5	5,106	205	4,616
Total provisions relating to restricted assets	5	5,106	205	4,616
Total provisions	5	5,106	205	4,616

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

	2024 \$ '000	2023 \$ '000
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Other	5	205
	5	205

Description of and movements in provisions

	Other provisions		
	Asset Remediation Garbage Tips \$ '000	Quarry / Gravel Pits \$ '000	Total \$ '000
2024			
At beginning of year	4,174	647	4,821
Changes to provision:			
- Revised costs	–	86	86
Unwinding of discount	185	19	204
Total other provisions at end of year	4,359	752	5,111
2023			
At beginning of year	6,294	628	6,922
Changes to provision:			
– Revised discount rate	(2,309)	–	(2,309)
Unwinding of discount	189	19	208
Total other provisions at end of year	4,174	647	4,821

C3-5 Provisions (continued)

Nature and purpose of provisions

Asset remediation

Council has a legal/public obligation to make, restore, rehabilitate and reinstate the council tip and quarry.

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

Material accounting policy information

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

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

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

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.

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

D Council structure

D1 Results by fund

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

D1-1 Income Statement by fund

	General 2024 \$ '000	Water 2024 \$ '000	Sewer 2024 \$ '000
Income from continuing operations			
Rates and annual charges	18,739	2,805	3,302
User charges and fees	4,036	3,448	27
Interest and investment revenue	3,453	640	316
Other revenues	1,127	13	20
Grants and contributions provided for operating purposes	15,512	32	11
Grants and contributions provided for capital purposes	10,372	373	60
Other income	274	–	–
Total income from continuing operations	53,513	7,311	3,736
Expenses from continuing operations			
Employee benefits and on-costs	12,782	1,317	646
Materials and services	12,517	3,383	1,488
Borrowing costs	715	–	13
Depreciation, amortisation and impairment of non-financial assets	11,226	1,936	1,361
Other expenses	993	14	–
Net losses from the disposal of assets	724	–	–
Total expenses from continuing operations	38,957	6,650	3,508
Operating result from continuing operations	14,556	661	228
Net result for the year	14,556	661	228
Net result attributable to each council fund	14,556	661	228
Net result for the year before grants and contributions provided for capital purposes	4,184	288	168

D1-2 Statement of Financial Position by fund

	General 2024 \$ '000	Water 2024 \$ '000	Sewer 2024 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	17,712	4,259	2,422
Investments	49,500	11,500	6,500
Receivables	3,834	937	287
Inventories	492	178	15
Contract assets and contract cost assets	2,879	–	–
Other	168	1	–
Total current assets	74,585	16,875	9,224
Non-current assets			
Investments	9,500	1,000	1,000
Receivables	330	–	–
Infrastructure, property, plant and equipment	807,880	98,946	48,238
Investment property	3,424	–	–
Total non-current assets	821,134	99,946	49,238
Total assets	895,719	116,821	58,462
LIABILITIES			
Current liabilities			
Payables	7,105	11	6
Contract liabilities	7,865	–	–
Borrowings	536	–	177
Employee benefit provision	4,958	334	56
Provisions	5	–	–
Total current liabilities	20,469	345	239
Non-current liabilities			
Borrowings	9,615	–	–
Employee benefit provision	184	3	6
Provisions	5,106	–	–
Total non-current liabilities	14,905	3	6
Total liabilities	35,374	348	245
Net assets	860,345	116,473	58,217
EQUITY			
Accumulated surplus	581,632	25,217	23,035
Revaluation reserves	278,713	91,256	35,182
Council equity interest	860,345	116,473	58,217
Total equity	860,345	116,473	58,217

D2 Interests in other entities

D2-1 Subsidiaries, joint arrangements and associates not recognised

Council has no interest in any controlled entities, joint arrangements or associates.

The following Council operations / Committees have not been recognised in this financial report.

Inverell Sports Council - Advisory committee on Inverell Sporting Fields and facilities (Section 355 Advisory Committee)
 Inverell Sapphire Floral Festival - Co-ordinate Annual Inverell Festival (Section 355 Specific Event Committee)
 Great Inland Fishing Festival - Co-ordinate Annual Fishing Festival (Section 355 Specific Event Committee)
 Equestrian Council - Management of Equestrian Centre (Section 355 Management Committee)
 Delungra District Development Council - Co-ordinate events in village of Delungra (Section 355 Specific Events Committee)
 Bonshaw Hall Management Committee - Management of Hall (Section 355 Management Committee)
 Delungra Hall Management Committee - Management of Hall (Section 355 Management Committee)
 Graman Hall Management Committee - Management of Hall (Section 355 Management Committee)
 Mt Russell Hall Management Committee - Management of Hall (Section 355 Management Committee)
 Yetman Hall Management Committee - Management of Hall (Section 355 Management Committee)
 Bukkulla Recreation Ground - Management of Sporting Facility (Section 355 Management Committee)
 Graman Recreation Reserve - Management of Sporting facility (Section 355 Management Committee)
 Oakwood Recreation Area - Management of Sporting Facility (Section 355 Management Committee)
 Sporting Area on Part Reserve 1571 - Management of Sporting Facility (Section 355 Management Committee)
 Tennis Courts on Section 19 - Management of Sporting Facility (Section 355 Management Committee)
 Yetman Tennis Club - Management of Sporting Facility (Section 355 Management Committee)

Reasons for non-recognition of the above.

The above Section 355 committees have minimal bank account balances and do not own or control any other assets. All other assets are held by Council and are included in these financial statements.

The above Section 355 committees have not been recognised because it is considered that there transactions are immaterial either by amount or nature.

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 s625 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.

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

	Carrying value 2024 \$ '000	Carrying value 2023 \$ '000	Fair value 2024 \$ '000	Fair value 2023 \$ '000
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	24,393	16,087	24,393	16,087
Receivables	5,388	5,212	5,388	5,212
Investments				
– Debt securities at amortised cost	79,000	86,000	79,000	86,000
Total financial assets	108,781	107,299	108,781	107,299
Financial liabilities				
Payables	7,122	6,982	7,122	6,982
Loans/advances	10,328	11,068	10,328	11,068
Total financial liabilities	17,450	18,050	17,450	18,050

Fair value is determined as follows:

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

The risks associated with the financial instruments held are:

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

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

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

(a) Market risk – interest rate and price risk

	2024	2023
	\$ '000	\$ '000
<p>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.</p>		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	919	922
Impact of a 10% movement in price of investments		
– Equity / Income Statement	–	–

(b) Credit risk

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

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures.

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

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

The level of outstanding receivables is reviewed on a monthly basis and debt recovery procedures are implemented to recover any outstanding debts. Council makes suitable provision for doubtful receivables as required.

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

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

Credit risk profile

Receivables – rates and annual charges

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

	Not yet overdue \$ '000	overdue rates and annual charges		Total \$ '000
		< 5 years \$ '000	≥ 5 years \$ '000	
2024				
Gross carrying amount	–	992	311	1,303
Expected loss rate (%)	0.00%	0.00%	54.34%	13%
ECL provision	–	–	169	169
2023				
Gross carrying amount	–	999	114	1,113
Expected loss rate (%)	0.00%	0.00%	86.84%	9%
ECL provision	–	–	99	99

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.

	Not yet overdue \$ '000	0 - 30 days \$ '000	Overdue debts			Total \$ '000
			31 - 60 days \$ '000	61 - 90 days \$ '000	> 91 days \$ '000	
2024						
Gross carrying amount	6,785	27	3	29	331	7,175
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	12.69%	0.59%
ECL provision	–	–	–	–	42	42
2023						
Gross carrying amount	6,289	274	711	3	268	7,545
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	14.93%	0.53%
ECL provision	–	–	–	–	40	40

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

(c) Liquidity risk

Payables 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 and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

	Weighted average interest rate %	Subject to no maturity \$ '000	payable in:			Total cash outflows \$ '000	Actual carrying values \$ '000
			≤ 1 Year \$ '000	1 - 5 Years \$ '000	> 5 Years \$ '000		
2024							
Payables	0.00%	1,104	6,018	–	–	7,122	7,122
Borrowings	4.40%	–	1,209	4,209	10,338	15,756	10,328
Total financial liabilities		1,104	7,227	4,209	10,338	22,878	17,450
2023							
Payables	0.00%	752	6,230	–	–	6,982	6,982
Borrowings	4.40%	–	1,269	4,622	11,133	17,024	11,068
Total financial liabilities		752	7,499	4,622	11,133	24,006	18,050

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

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

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

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

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

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

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

\$ '000	Notes	Fair value measurement hierarchy							
		Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2024	2023	2024	2023	2024	2023	2024	2023
Recurring fair value measurements									
Investment property C1-8									
Commercial offices and vacant land		30/06/23	30/06/23	–	–	3,424	3,424	3,424	3,424
Total investment property				–	–	3,424	3,424	3,424	3,424
Infrastructure, property, plant and equipment C1-7									
Plant and equipment		30/06/18	30/06/18	–	–	17,151	16,397	17,151	16,397
Office equipment		30/06/18	30/06/18	–	–	675	700	675	700
Furniture and fittings		30/06/18	30/06/18	–	–	22	27	22	27
Operational land		30/06/23	30/06/23	20,096	19,402	–	–	20,096	19,402
Community land		30/06/23	30/06/23	14,308	13,511	–	–	14,308	13,511
Buildings – non-specialised		30/06/23	30/06/23	–	–	26,503	25,616	26,503	25,616
Buildings – specialised		30/06/23	30/06/23	–	–	10,961	10,692	10,961	10,692
Other structures		30/06/23	30/06/23	–	–	16,714	14,962	16,714	14,962
Roads		30/06/20	30/06/20	–	–	332,777	312,473	332,777	312,473
Bridges		30/06/20	30/06/20	–	–	134,524	126,912	134,524	126,912
Footpaths		30/06/20	30/06/20	–	–	9,955	9,490	9,955	9,490
Bulk earthworks (non-depreciable)		30/06/20	30/06/20	–	–	137,177	129,706	137,177	129,706
Stormwater drainage		30/06/20	30/06/20	–	–	36,059	34,438	36,059	34,438
Water supply network		30/06/23	30/06/23	–	–	97,611	94,477	97,611	94,477
Sewerage network		30/06/23	30/06/23	–	–	46,782	45,751	46,782	45,751
Swimming pools		30/06/23	30/06/23	–	–	1,986	1,939	1,986	1,939
Other open space/recreational assets		30/06/23	30/06/23	–	–	30,303	28,256	30,303	28,256
Heritage collections		30/06/18	30/06/18	–	–	104	101	104	101
Library books		30/06/18	30/06/18	–	–	468	419	468	419
Other assets		30/06/18	30/06/18	–	–	7	7	7	7
Tip assets		30/06/23	30/06/23	–	–	2,767	2,936	2,767	2,936
Quarry assets		30/06/24	30/06/19	–	–	133	184	133	184
Total infrastructure, property, plant and equipment				34,404	32,913	902,679	855,483	937,083	888,396

E2-1 Fair value measurement (continued)

Transfers between level 1 and level 2 fair value hierarchies

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:

Investment property

Council's portfolio of investment properties includes two commercial buildings and a collection of vacant land held for commercial development. Both land and buildings were last valued by APV Valuers and Asset Management in June 2023.

Land has been valued using Level 2 inputs. Sales prices of comparable land sites in close proximity are adjusted for difference in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

Fair value of Commercial Building has been derived from sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

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

Infrastructure, property, plant and equipment (IPPE)

Plant and equipment, office equipment, furniture and fittings and other assets

Plant & Equipment, Office Equipment, Furniture & Fittings, Other Assets are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. Examples of assets with these classes are as follows:

Plant and equipment	Trucks, rollers, earthmoving equipment, motor vehicles, chainsaws, brush cutters, mowers
Office equipment	Computers, monitors, projectors
Furniture and fittings	Desk, chairs, display systems
Library books	Books, publications, reference materials, CD & DVD
Heritage collection	Paintings, sculptures

The key unobservable inputs to the valuation are the remaining useful life, and residual value. Council reviews the value of these assets against quoted prices for the gross current replacement cost of similar assets and by taking account of the asset condition, pattern of consumption, estimated remaining useful lives and the residual value.

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

Operational and community land

Council's "Operational" land by definition has no special restrictions other than those that may apply to any piece of land. In 2022/2023 a full revaluation of Operational Land was under taken by APV valuers .

Council's "Community" land (including owned by Council, the Crown and various other Government Agencies that is managed by Council) by definition is land intended for public access and use or where other restrictions applying to the land create some obligation to maintain public access (such as a trust deed, dedication under section 94 of the Environment Planning and Assessment Act 1979). This gives rise to the restrictions in the Act, intended to preserve the qualities of the land.

Level 2 valuation inputs were used to value land in freehold title (investment and non-investment) as well as land used for special purposes which is restricted in used under current zoning rules. Sale prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

E2-1 Fair value measurement (continued)

Previously Community Land was valued by APV valuers, however as of 2018 Council has elected to use valuations as supplied by NSW Valuer General in accordance with the Code of Accounting Practice.

In 2022/2023 a full revaluation of Community land was undertaken as at 30th June 2023 using the NSW Valuer General current valuations. During 2023/2024 Council applied an indexation of 5.9% to land assets to reflect an increase in the value of these assets.

Apart from this there has been no change to the valuation process during the reporting year.

Buildings (specialised and non-specialised)

Council buildings incorporate, administrative buildings, libraries, sporting club houses and canteens, public amenities, depot buildings and workshops, rural fire service sheds, community centres, community halls etc.

Buildings were revalued by APV Valuers in June 2023 using the cost approach. The approach estimated the replacement cost for each building by componentising the building into significant parts with different useful lives and taking into account a range of factors such as asset condition, pattern of consumption, estimated remaining useful lives and the residual value. While all buildings were physically inspected, inputs such as estimation of condition and pattern of consumption required extensive professional judgement and are therefore unobservable. As such, these assets were all classified as having been valued using Level 3 valuation inputs.

During 2023/2024 Council applied an indexation rate of 5.47% to Building Assets to reflect an increase in the fair value of these assets.

Apart from this there has been no change to the valuation process during the reporting period.

Other structures

This asset class comprises playgrounds, floodlighting systems, irrigation systems, shelters, picnic tables, fences, BBQs, aerodrome runway etc.

Council engaged APV Valuers to revalue all other structures in 2023. The cost approach has been utilised whereby the replacement cost was estimated for each asset by taking into account a range of factors. Inputs such as estimates of pattern of consumption, asset condition and useful life required extensive professional judgement and are therefore unobservable. As such these assets were all classified as having been valued using Level 3 valuation inputs.

During 2023/2024 Council applied an indexation of 5.47% to Other Structure Assets to reflect an increase in the fair value of these assets.

Apart from this there has been no change to the valuation process during the reporting period.

Roads (including bulk earthworks)

This asset class includes the road pavement and road seal, along with other road assets including kerb and guttering, guardrail and roadside furniture including signs and other traffic management devices. The full revaluation of road assets is undertaken every five years and the last valuation was performed in-house by Council's Financial and Engineering staff as at 30 June 2020 using the cost approach. No market based evidence (level 2) inputs are available therefore Level 3 valuation inputs were used for the asset class. Some of the significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, asset condition, and dimensions.

During 2021/2022 Council applied an indexation of 10.81% to Road assets to reflect an increase in the fair value of these assets and applied the same principals using an indexation rate of 5.28% for the 2022/2023 year and an indexation rate of 5.37% for the 2023/2024 year.

Apart from this there has been no change to the valuation process during the reporting period.

E2-1 Fair value measurement (continued)

Bridges

Bridges were valued in-house by Council's Financial and Engineering staff in June 2020. The approach estimated the replacement cost for each bridge by componentising the bridges into significant parts with different useful lives and taking into account a range of factors. Inputs such as estimates asset condition and pattern of consumption required extensive professional judgement and accordingly impact on the final determination of fair value.

During 2021/2022 Council applied an indexation of 10.81% to Bridge assets to reflect an increase in the fair value of these assets and applied the same principals using an indexation rate of 5.28% for the 2022/2023 year an 5.37% for the 2023/2024 year.

Apart from this there has been no change to the valuation process during the reporting period.

Footpaths

Footpaths were valued in-house by Council's Financial and Engineering staff in June 2020 using the cost approach. Footpaths are segmented to match the adjacent road segment and no further componentisation was undertaken. Condition information is updated as changes in the network are observed. Some of the significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, asset condition, and dimensions.

This asset class is categorised as Level 3 as some of the above mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable.

During 2021/2022 Council applied an indexation of 10.81% to Footpaths asset to reflect an increase in the fair value of these assets and applied the same principal using an indexation rate of 5.28% for the 2022/2023 year an indexation rate of 5.37% for 2023/2024 year.

Apart from this there has been no change to the valuation process during the reporting period.

Stormwater drainage

Stormwater drainage refers to the system for the collection, storage and removal of stormwater. These assets include pipelines, pits, headwalls and other drainage structures. The full revaluation of Stormwater drainage assets is undertaken every 5 years and the last valuation was completed in June 2020 by Council's Financial and Engineering staff using the cost approach.

The Cost Approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per unit or similar may be supported from market evidence (Level 2) such as the NSW Reference Rates Manual, Valuation of water supply, sewerage and stormwater assets, as published by the NSW Office of Water, other inputs (such as estimates of pattern of consumption, asset condition and useful life) require significant professional judgement and are therefore unobservable. As such these assets were all classified as having been valued using Level 3 valuation inputs.

During 2021/2022 Council applied an indexation of 10.81% to Stormwater assets to reflect an increase in the fair value of these assets and applied the same principal using an indexation rate of 7.71% for the 2022/2023 year an indexation rate of 5.07% for the 2023/2024 year.

Apart from this there has been no change to the valuation process during the reporting period.

Water supply network

Council's Water Supply Network assets include water meters, water mains & pipelines, pump stations, treatment plants, reservoirs and connections. The full revaluation of Water Supply assets is undertaken every 5 years and the last valuation was completed in June 2023 by APV valuers together with Council's Financial and Engineering staff using the cost approach.

The Cost Approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per unit or similar may be supported from market evidence (Level 2) such as the NSW Reference Rates Manual, valuation of water supply, sewerage and stormwater assets, as published by the NSW Office of Water, other inputs (such as estimates of pattern of consumption, residual values, asset condition and useful life) require significant professional judgement and are therefore unobservable. As such these assets were all classified as having been valued using Level 3 valuation inputs.

Council indexes Water Supply assets each year with the exception of the revaluation year in line with the NSW Water Supply & Sewerage Construction Cost Indices as published by NSW Office of Water.

E2-1 Fair value measurement (continued)

During 2023/2024 Council applied an indexation of 5.07% to Water Supply Assets to reflect an increase in the fair value of the assets

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

Sewerage network

Council's Sewerage Network assets include sewer mains, pump stations and treatment plants. The full revaluation of Sewerage Network assets is undertaken every 5 years and the last valuation was completed in June 2023 by APV valuers together with Council's Financial and Engineering staff using the cost approach.

The Cost Approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per unit or similar may be supported from market evidence (Level 2) such as the NSW Reference Rates Manual, valuation of water supply, sewerage and stormwater assets, as published by the NSW Office of Water, other inputs (such as estimates of pattern of consumption, residual values, asset condition and useful life) require significant professional judgement and are therefore unobservable. As such these assets were all classified as having been valued using Level 3 valuation inputs.

Council indexes Sewerage Network assets each year with the exception of the revaluation year in line with the NSW Water Supply & Sewerage Construction Cost Indices as published by NSW Office of Water.

During 2023/2024 Council applied an indexation of 5.07% to Sewerage Network assets to reflect an increase in the fair value of these assets.

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

Swimming pools

The swimming pool assets include all assets located within the swimming facilities at Inverell and Ashford. The major facility at Inverell was decommissioned in May 2023 with a new Inverell Aquatic Centre being built and should be completed and operational in the 2024/2025 financial year.

The remaining assets were revalued by APV Valuers in June 2023. The valuation methodology used by APV for these valuations are the same as that used by APV for Specialised buildings and Other Structures. Inputs such as estimates of the pattern of consumption, asset condition and useful life require significant professional judgement and are therefore unobservable. As such these assets were all classified as having been valued using Level 3 valuation inputs.

During 2023/2024 Council applied an indexation of 5.47% to Swimming Pool Asset to reflect an increase in the fair value of these assets.

Apart from this there has been no change to the valuation process during the reporting period.

Other open spaces and recreational assets

Council's Open Space & Recreational Assets include all assets within our sporting field and park locations. This includes but not limited to, ovals, playing courts, playgrounds, fences and shelters. These assets were revalued by APV Valuers in June 2023. The valuation methodology used by APV for these valuations are the same as that used by APV Valuers for Specialised Buildings and Other Structures. Inputs such as estimates of the pattern of consumption, residual values, asset condition and useful life require significant professional judgement and are therefore unobservable. As such these assets were all classified as having been valued using Level 3 valuation inputs.

During 2023/2024 Council applied an indexation of 5.47% to Open Space and Recreational Assets to reflect an increase in the fair value of these assets.

Apart from this there has been no change to the valuation process during the reporting period.

Tip and quarry assets

The Inverell Landfill and Materials Recovery Facility is located on Burtenshaw's Road Inverell. This facility encompasses a landfill operation as well as a wide range of waste disposal services, resource recovery services, recycled and reclaimed products.

Council also operates a rural landfill at Tingha, and waste transfer stations at Yetman, Ashford, Delungra and Bonshaw.

Council utilise and maintain approximately forty eight quarries (gravel pits) within the Shire.

E2-1 Fair value measurement (continued)

It has been recognised that there will be significant costs associated with the closure and post closure management of these landfills and quarries.

Closure of these landfill sites and quarries will involve a wide range of activities and may include preparation of a Site Closure and Management Plan, final capping of the landfill waste and site re-vegetation, installation of a final gas management system, revision of the surface water management system and leachate management infrastructure to suit post closure operations, decommissioning and removing infrastructure and equipment that will not be required post-closure, and fencing sensitive infrastructure.

An evaluation of costs for site closure and post closure management has been undertaken by Council's Financial and Engineering Staff each year. The key unobservable inputs are the discount rate, estimated costs, actual timing of costs and future environment management requirements. These inputs require significant professional judgement and are therefore unobservable. As such these assets were all classified as having been valued using Level 3 valuation inputs.

During 2022/2023 Council staff undertook a reassessment and revaluation of all Garbage Tip assets following the closure of some rural landfills.

During 2023/2024 Council staff undertook a reassessment and revaluation of all Quarry Assets.

Apart from this there has been no change to the valuation process during the reporting period.

E2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

c. The valuation process for level 3 fair value measurements

Level 3 valuations process for some asset classes where the basis was Cost Approach, the inputs used were:

- Pattern of consumption
- Componentisation
- Asset Condition
- Unit Rates
- Useful Life

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

	Level 3 fair value assets	
	2024 \$ '000	2023 \$ '000
Opening balance	855,483	822,281
Total gains or losses for the period		
Other movements		
Purchases (GBV)	20,393	17,368
Disposals (WDV)	(1,762)	(2,795)
Depreciation and impairment	(15,152)	(13,943)
Adjustments	–	(2,309)
Revaluation Increments to Equity	43,717	34,881
Closing balance	902,679	855,483

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

No transfers were made in or out of level Fair Value Hierarchy

Highest and best use

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

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

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

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

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

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

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

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

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

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

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

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

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

E3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2024 was \$80,010.25. The last formal valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2023.

Council's expected contribution to the plan for the next annual reporting period is \$45,577.90.

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

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

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

The share of any funding surplus or deficit that can be attributed to Council is .35%

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

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

Investment return	6.0% per annum
Salary inflation *	3.5% per annum
Increase in CPI	3.5% for FY 2023/24 2.5% per annum thereafter

* Plus promotional increases

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

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

E3-1 Contingencies (continued)

(iv) Other guarantees

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

2. Other liabilities

(i) Third party claims

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

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

ASSETS NOT RECOGNISED

(i) Land under roads

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

(ii) Infringement notices/fines

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

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

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

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

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

	2024 \$ '000	2023 \$ '000
Compensation:		
Short-term benefits	991	931
Post-employment benefits	98	82
Total	1,089	1,013

Other transactions with KMP and their related parties

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

Nature of the transaction	Ref	Transactions during the year \$ '000	Outstanding balances including commitments \$ '000	Terms and conditions	Impairment provision on outstanding balances \$ '000	Impairment expense \$ '000
2024						
Plant Repairs - Insurance works	4	14	-	Standard Terms	-	-
Electrical & Air-conditioning Services	3	19	-	Standard Terms	-	-
Plant Repairs and Spare Parts	2	4	-	Standard Terms	-	-
Contractors	1	499	-	Standard Terms	-	-
2023						
Plant Repairs - Insurance works	4	-	-		-	-
Electrical & Air-conditioning Services	3	20	-	Standard Terms	-	-
Plant Repairs and Spare Parts	2	12	-	Standard Terms	-	-
Contractors	1	118	-	Standard Terms	-	-

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

- 1 Council contracts to a local company for plant hire and gravel haulage following a public procurement process. The principal is a related party to a KMP. Transactions are completed in accordance with Council's procurement policy and occur on an arm's length basis.
- 2 A KMP is an employee of a local dealership who supplies spare parts and mechanical repairs for Council's Fleet. Transactions are completed in accordance with Council's procurement policy and occur on an arm's length basis.
- 3 A local business provides electrical services to Council. The principal is a related party to a KMP. Transactions are completed in accordance with Council's procurement policy and occur on an arm's length basis.
- 4 A local business provides plant repairs - insurance works to Council. The principal is a related party to a KMP. Transactions are completed in accordance with Council's procurement policy and occur on an arm's length basis.

F1-2 Councillor and Mayoral fees and associated expenses

	2024 \$ '000	2023 \$ '000
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	38	28
Councillors' fees	159	121
Other Councillors' expenses (including Mayor)	53	50
Total	250	199

F2 Other relationships

F2-1 Audit fees

	2024 \$ '000	2023 \$ '000
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	83	58
Remuneration for audit and other assurance services	83	58
Total Auditor-General remuneration	83	58
(i) Audit and other assurance services		
Audit and review of financial statements	-	5
Remuneration for audit and other assurance services	-	5
Total audit fees	83	63

G Other matters

G1-1 Statement of Cash Flows information

(a) Reconciliation of Operating Result

	2024 \$ '000	2023 \$ '000
Net result from Income Statement	15,445	9,123
Add / (less) non-cash items:		
Depreciation and amortisation	14,523	13,448
(Gain) / loss on disposal of assets	724	2,014
Non-cash capital grants and contributions	(389)	(1,250)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investment property	–	(334)
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(248)	(176)
Increase / (decrease) in provision for impairment of receivables	72	30
(Increase) / decrease of inventories	(18)	(94)
(Increase) / decrease of other current assets	(57)	(13)
(Increase) / decrease of contract asset	428	5,626
Increase / (decrease) in payables	(821)	2,744
Increase / (decrease) in other accrued expenses payable	696	–
Increase / (decrease) in other liabilities	265	384
Increase / (decrease) in contract liabilities	(755)	3,105
Increase / (decrease) in employee benefit provision	266	423
Increase / (decrease) in other provisions	204	(2,101)
Net cash flows from operating activities	30,335	32,929

(b) Non-cash investing and financing activities

Bushfire grants	375	395
Developer contributions 'in kind'	–	855
Total non-cash investing and financing activities	375	1,250

G2-1 Commitments

Capital commitments (exclusive of GST)

	2024 \$ '000	2023 \$ '000
Capital expenditure committed at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Sewerage and water infrastructure	847	115
Buildings	–	933
Plant and equipment	1,538	2,227
Other Structures	16,549	23,906
Road infrastructure	80	130
Other	–	8
Total commitments	19,014	27,319
These expenditures are payable as follows:		
Within the next year	19,014	27,319
Total payable	19,014	27,319
Sources for funding of capital commitments:		
Unrestricted general funds	80	130
Unexpended grants	1,827	8,711
Externally restricted reserves	847	115
Internally restricted reserves	12,172	8,363
Unexpended loans	4,088	10,000
Total sources of funding	19,014	27,319

G3-1 Events occurring after the reporting date

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

G4 Statement of developer contributions

G4-1 Summary of developer contributions

	Opening balance at 1 July 2023 \$ '000	Contributions received during the year			Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2024 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000	Non-cash Other \$ '000					
Drainage	66	–	–	–	3	–	–	69	–
Roads	362	74	–	–	14	(106)	–	344	–
Community facilities	–	3	–	–	–	(3)	–	–	–
S7.11 contributions – under a plan	428	77	–	–	17	(109)	–	413	–
Total S7.11 and S7.12 revenue under plans	428	77	–	–	17	(109)	–	413	–
S64 contributions	–	433	–	–	1	(434)	–	–	–
Total contributions	428	510	–	–	18	(543)	–	413	–

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

G4-2 Developer contributions by plan

	Opening balance at 1 July 2023 \$ '000	Contributions received during the year			Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2024 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000	Non-cash Other \$ '000					
CONTRIBUTION PLAN – Shire of Inverell									
Drainage	66	–	–	–	3	–	–	69	–
Roads	362	74	–	–	14	(106)	–	344	–
Community facilities	–	3	–	–	–	(3)	–	–	–
Total	428	77	–	–	17	(109)	–	413	–

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2024	Indicator 2024	Indicators 2023 2022		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	5,436	10.11%	3.43%	5.42%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	53,755				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	38,200	59.17%	54.06%	51.30%	> 60.00%
Total continuing operating revenue ¹	64,560				
3. Unrestricted current ratio					
Current assets less all external restrictions	69,134	7.24x	7.02x	6.63x	> 1.50x
Current liabilities less specific purpose liabilities	9,547				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	20,687	14.09x	16.24x	16.98x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	1,468				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	1,252	4.80%	4.43%	4.38%	< 10.00%
Rates and annual charges collectable	26,079				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	103,393	31.98	29.76	23.15	> 3.00
Monthly payments from cash flow of operating and financing activities	3,233	months	months	months	months

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

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

G5-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2024	2023	2024	2023	2024	2023	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	11.54%	4.17%	4.15%	(0.75)%	4.57%	1.38%	> 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	51.63%	46.03%	94.46%	96.39%	98.10%	98.00%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	7.24x	7.02x	48.91x	36.18x	38.59x	29.13x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	13.78x	24.07x	∞	8.65x	6.43x	5.10x	> 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	4.84%	4.39%	4.71%	4.51%	4.66%	4.62%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	29.03 months	27.62 months	42.66 months	38.74 months	50.15 months	42.38 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

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

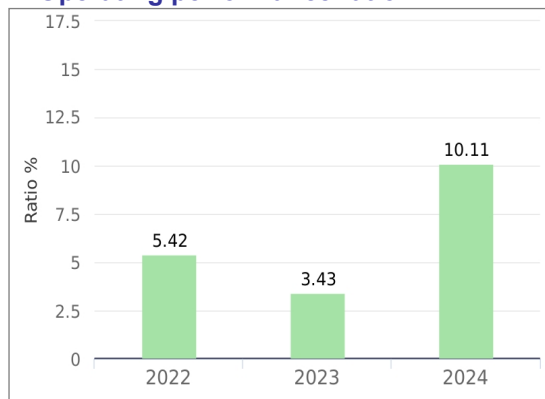
(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

End of the audited financial statements

H Additional Council disclosures (unaudited)

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

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2023/24 result

2023/24 ratio 10.11%

This ratio indicates that Council's operating revenue, excluding capital grants are sufficient to cover operating expenditure. The Tcorp benchmark for this ratio is to have a result of better than -4% each year. The State Government benchmark is break even or better over a three year period which Council has achieved for the combined fund.

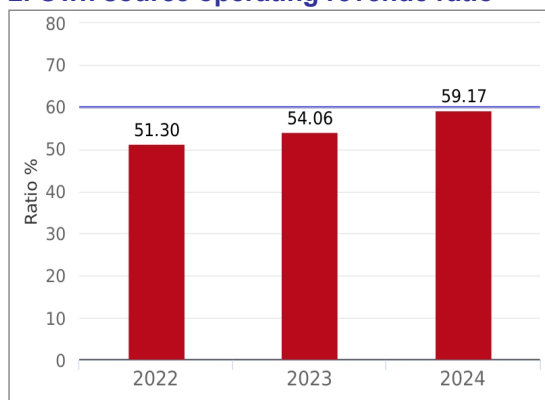
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2023/24 result

2023/24 ratio 59.17%

The 2023/24 ratio is below the Tcorp benchmark of greater than 60%. The State Government benchmark requires Council's own source operating revenue to be greater than 60% over a three year average, which Council has not achieved for the combined fund three year average of 54.8%. This ratio has been impacted by the large amount of additional grants and contributions received in 2023/24 due to natural disaster (fires, drought and storms).

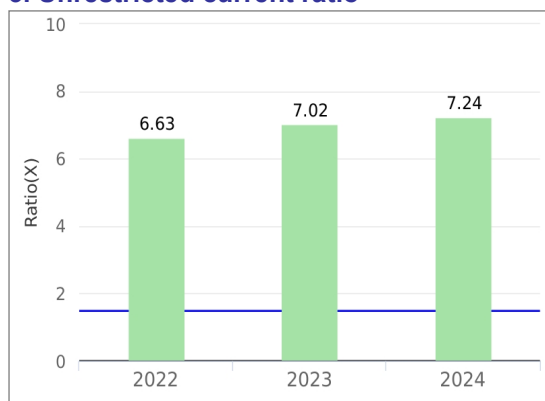
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2023/24 result

2023/24 ratio 7.24x

This ratio indicates that Council currently projected to have \$7.24 (Excluding externally restricted funds) available to service every \$1.00 of debt as it falls due. The ratio of 7.24:1 is above the Tcorp benchmark of 1.5:1 and demonstrates Council's ability to satisfy short term obligations.

Benchmark: — > 1.50x

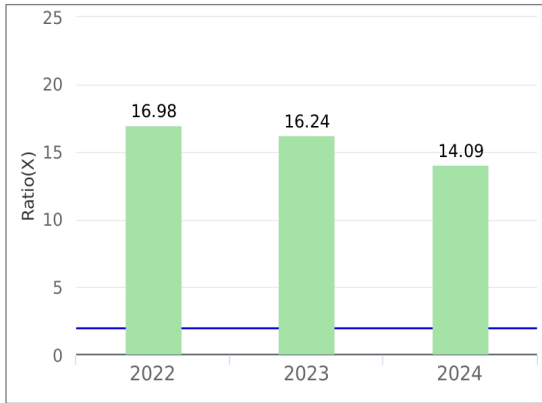
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2023/24 result

2023/24 ratio 14.09x

The debt service cover ratio of 14.09 times indicates that Council has \$14.09 before interest and depreciation to pay each \$1.00 of interest and principal repayments on current borrowings. Council's ability to generate sufficient cash to cover its debt payment is sound and is in excess of Tcorp benchmark 2.0 times.

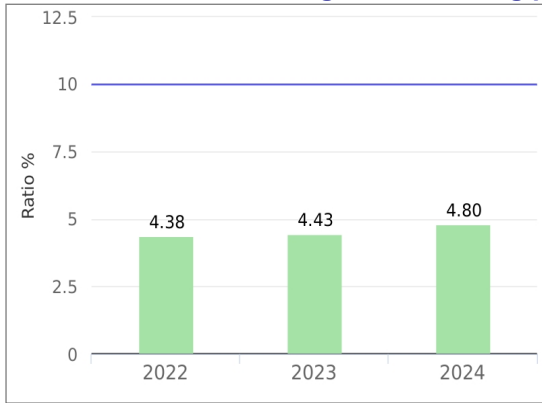
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2023/24 result

2023/24 ratio 4.80%

This ratio indicates the percentage of rates and annual charges outstanding at the end of the financial year and is a measure of how well Council is managing debt recovery. Council ratio of 4.80% is satisfactory and is better than Tcorp benchmark of less than 10%.

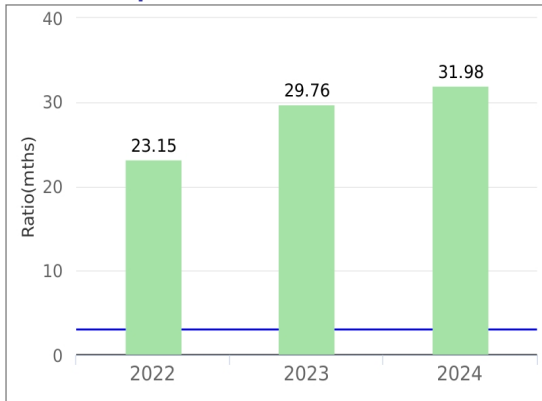
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2023/24 result

2023/24 ratio 31.98 months

As indicated with a ratio of 31.98 months, Council's ability to continue paying for its immediate expenses without additional cash inflow is sound and exceeds the Tcorp benchmark of 3 months.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-2 Council information and contact details

Principal place of business:

144 Otho Street
INVERELL NSW 2360

Contact details

Mailing Address:

PO BOX 138
INVERELL NSW 2360

Telephone: 02 67 288 288

Facsimile: 02 67 288 277

Opening hours:

8:30am - 4:30pm
Monday to Friday

Internet: www.inverell.nsw.gov.au

Email: council@inverell.nsw.gov.au

Officers

General Manager

Brett McInnes

Responsible Accounting Officer

Paul Pay

Public Officer

Paul Pay

Auditors

Audit Office of NSW
GPO Box 12
SYDNEY NSW 2001

Elected members

Mayor

Paul Harmon

Councillors

Di Baker
Paul King
Kate Dight
Stewart Berryman
Jacko Ross
Wendy Wilks
Jo Williams

Other information

ABN: 72695204530



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Inverell Shire Council

To the Councillors of Inverell Shire Council

Opinion

I have audited the accompanying financial statements of Inverell Shire Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2024, the Statement of Financial Position as at 30 June 2024, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been prepared, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2024, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the *Local Government Act 1993* and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note B5-1 'Material budget variations'
- on Note H 'Additional Council disclosures (unaudited)'
- 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.



Jan-Michael Perez
Delegate of the Auditor-General for New South Wales

30 October 2024
SYDNEY



Cr Kate Dight
 Mayor
 Inverell Shire Council
 PO Box 138
 INVERELL NSW 2360

Contact: Jan -Michael Perez
 Phone no: 02 9275 7115
 Our ref: R008-2124742775-7321

30 October 2024

Dear Mayor Dight

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

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

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

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

INCOME STATEMENT

Operating result

	2024 \$m	2023 \$m	Variance %
Rates and annual charges revenue	24.8	23.8	↑ 4.2
Grants and contributions revenue	26.4	28.4	↓ 7.0
Operating result from continuing operations	15.4	9.1	↑ 69.2
Net operating result before capital grants and contributions	4.6	0.1	↑ 4500

Rates and annual charges revenue (\$24.8 million) increased by \$1.0 million (4.2%) in 2023–24 due to rate peg increase of 4.1%.

Grants and contributions revenue (\$26.4 million) decreased by \$2.0 million (7.0%) in 2023–24. This was mainly due to decrease of:

- \$2.2 million in financial assistance grant
- \$1.2 million in grants for Restart NSW road grant due to funding being ceased in 2023–24 and major work completed in previous years
- \$1.0 million in Fixing Local Roads Program due to no revenue recognised in the current year as compared to 2022–23
- \$855,000 in non-cash contribution for roads and bridges
- \$611,000 in Regional and Local Roads Repair Program due to major works were completed last year as compared to 2023–24
- \$545,000 in Transport for NSW contributions
- \$581,000 in Local Roads and Community Infrastructure Program Phase 3.

The decreases were partially offset by increase of:

- \$1.0 million in grants revenue recognised for the Multi-Sport Community Facility Fund for the Aquatic Centre project
- \$3.8 million in grants revenue recognised for Transport - Fixing Country Bridges funding for the Mather's Bridge in 2023–24.

Council's operating result from continuing operations (\$15.4 million including depreciation, amortisation and impairment expense of \$14.5 million) was \$6.3 million higher than the 2022–23 result. This was mainly due to increase in interest and investment income of \$1.9 million due to increases in interest rates and decrease in materials and services expenses of \$4.1 million during the year.

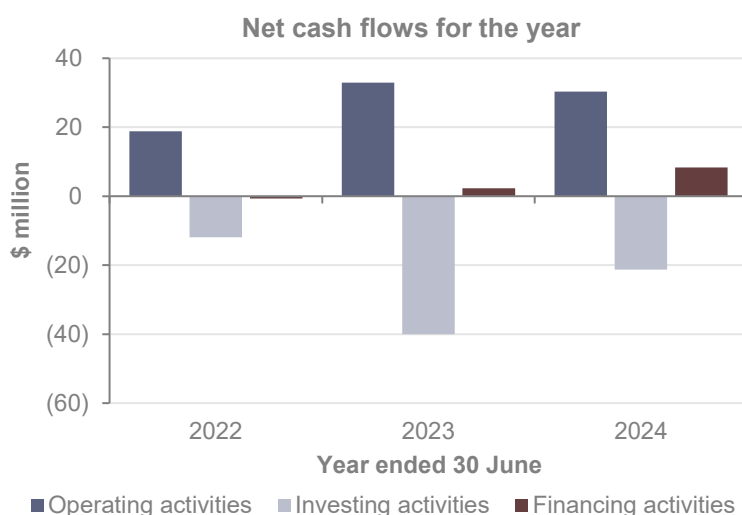
The net operating result before capital grants and contributions (surplus of \$4.6 million) was \$4.5 million higher than the 2022–23 result. This was mainly due to a decrease in net loss on disposal of assets and decrease in materials and services expenses.

STATEMENT OF CASH FLOWS

Cash from operating activities decreased by \$2.6 million, mainly due to a decrease in grants and contributions received during the year.

Cash outflows from investing activities decreased by \$18.7 million due to an increase in inflows from sale of investments during the year.

Net cash flow from financing activities decreased by \$8.6 million due to no new borrowings during the year compared to previous year.



FINANCIAL POSITION

Cash and investments

Cash and investments	2024	2023	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	103.4	102.1	Externally restricted cash and investments are restricted in their use by externally imposed requirements. Council's externally restricted balances comprise mainly of specific purpose unexpended grants, water funds, sewer funds, waste management and Regional and Local Roads Repair program. Internal allocations are determined by council policies or decisions, which are subject to change. At 30 June 2024 Council holds \$18.6 million in unrestricted and unallocated cash, cash equivalents and investments (2022–23: \$15.9 million). The increase in unrestricted cash balances is mainly due to increased cash reserves and decrease in external restrictions as at 30 June 2024.
Restricted and allocated cash, cash equivalents and investments:			
• External restrictions	41.6	44.4	
• Internal allocations	43.2	41.8	

Debt

At 30 June 2024, Council had:

- \$10.3 million in secured loans (\$11.1 million in 2022–23)
- \$200,000 in approved overdraft facility with \$Nil drawn down
- \$76,000 in credit card facility with \$30,000 used.

PERFORMANCE

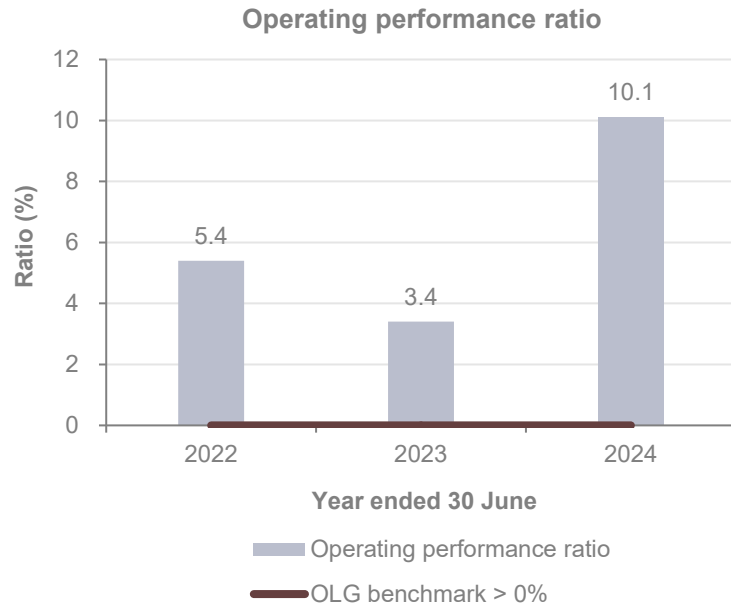
Performance measures

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

Operating performance ratio

Council 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 0%



Own source operating revenue ratio

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

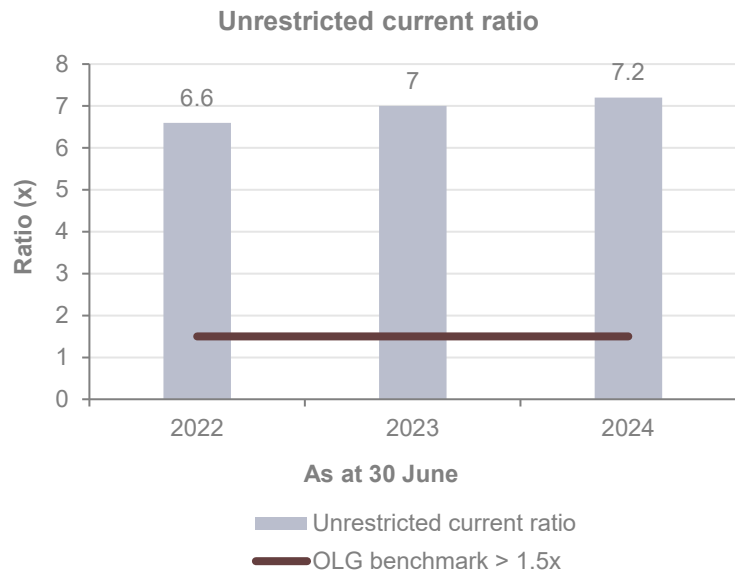
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60%.



Unrestricted current ratio

Council met the benchmark for the current reporting period.

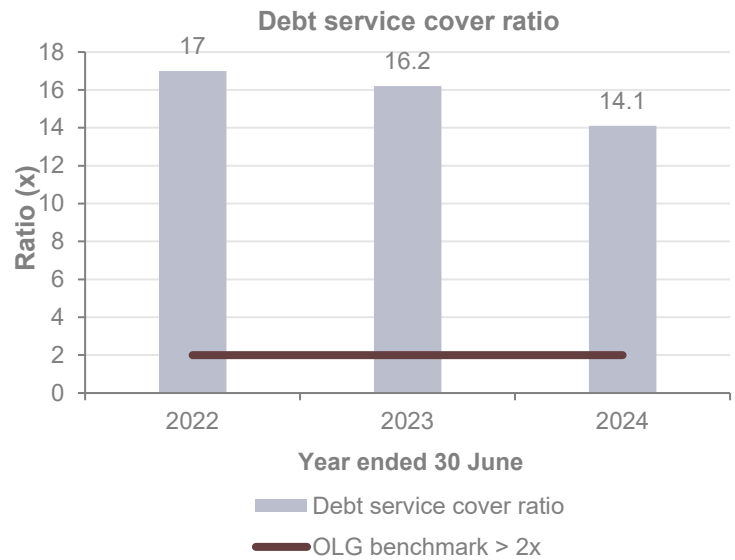
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

Council met the benchmark for the current reporting period.

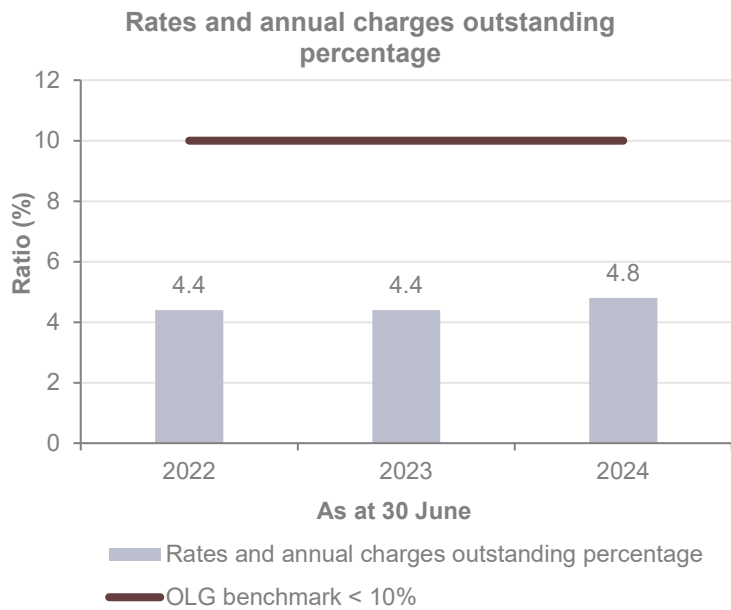
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

Council met the benchmark for the current reporting period.

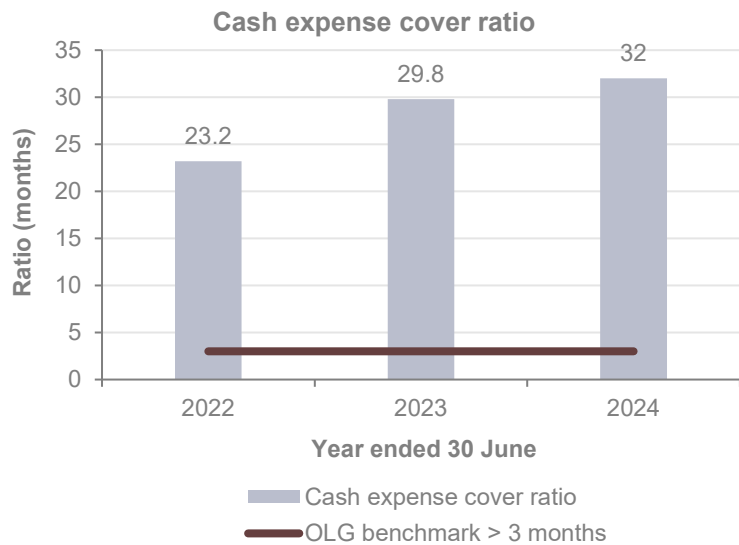
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10% regional and rural councils.



Cash expense cover ratio

Council met the benchmark for the current reporting period.

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



Infrastructure, property, plant and equipment renewals

Council renewed \$29.5 million of infrastructure, property, plant and equipment during the 2023–24 financial year (2022–23: \$16.2 million). This was mainly due to \$14.6 million spent on works performed on bridges including Mather's Bridge, Walkers Bridge and Pool Upgrade during the year. A further \$1.3 million was spent on new assets including plant and equipment and recreation assets.

Legislative compliance

My audit procedures did not identify any instances of material non-compliance with the financial reporting requirements in Chapter 13, Part 3, Division 2 of the LG Act and the associated regulation or a material deficiency in the Council's accounting records or financial statements. The Council's:

- accounting records were maintained in a manner and form to allow the GPFS to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.



Jan- Michael Perez
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

Inverell Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2024

Inverell Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2024

Contents	Page
Statement by Councillors and Management	3
Special Purpose Financial Statements:	
Income Statement of water supply business activity	4
Income Statement of sewerage business activity	5
Statement of Financial Position of water supply business activity	6
Statement of Financial Position of sewerage business activity	7
Note – Material accounting policy information	8
Auditor's Report on Special Purpose Financial Statements	11

Background

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

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

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

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

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

Inverell Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2024

Statement by Councillors and Management

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

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

- 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,
- the NSW Office of Water Best-Practice Management of Water Supply and Sewerage Guidelines.

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
- 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 04 September 2024



Paul Harmon

Mayor

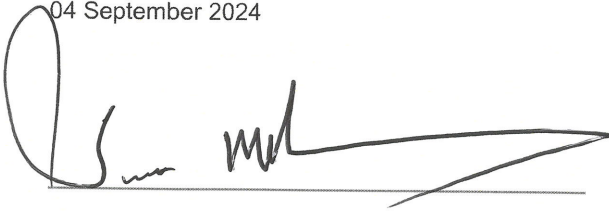
04 September 2024



Catherine Dight

Councillor

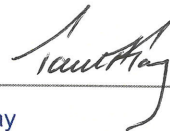
04 September 2024



Brett McInnes

General Manager

04 September 2024



Paul Pay

Responsible Accounting Officer

04 September 2024

Inverell Shire Council

Income Statement of water supply business activity

for the year ended 30 June 2024

	2024 \$ '000	2023 \$ '000
Income from continuing operations		
Access charges	2,805	2,698
User charges	3,448	2,859
Interest and investment income	640	363
Grants and contributions provided for operating purposes	32	50
Other revenue	13	8
Total income from continuing operations	6,938	5,978
Expenses from continuing operations		
Employee benefits and on-costs	1,317	1,262
Borrowing costs	–	3
Materials and services	3,314	2,937
Depreciation, amortisation and impairment	1,936	1,712
Water purchase charges	69	102
Net loss from the disposal of assets	–	23
Other expenses	14	7
Total expenses from continuing operations	6,650	6,046
Surplus (deficit) from continuing operations before capital amounts	288	(68)
Grants and contributions provided for capital purposes	373	172
Surplus (deficit) from continuing operations after capital amounts	661	104
Surplus (deficit) from all operations before tax	661	104
Less: corporate taxation equivalent (25%) [based on result before capital]	(72)	–
Surplus (deficit) after tax	589	104
Plus accumulated surplus	24,556	24,452
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	72	–
Closing accumulated surplus	25,217	24,556
Return on capital %	0.3%	(0.1)%
Subsidy from Council	3,967	3,917
Calculation of dividend payable:		
Surplus (deficit) after tax	589	104
Less: capital grants and contributions (excluding developer contributions)	(373)	(172)
Surplus for dividend calculation purposes	216	–
Potential dividend calculated from surplus	108	–

Inverell Shire Council

Income Statement of sewerage business activity

for the year ended 30 June 2024

	2024 \$ '000	2023 \$ '000
Income from continuing operations		
Access charges	3,302	3,122
User charges	27	58
Interest and investment income	316	335
Grants and contributions provided for operating purposes	11	17
Other revenue	20	20
Total income from continuing operations	3,676	3,552
Expenses from continuing operations		
Employee benefits and on-costs	646	629
Borrowing costs	13	22
Materials and services	1,488	1,700
Depreciation, amortisation and impairment	1,361	1,153
Net loss from the disposal of assets	-	6
Debt guarantee fee (if applicable)	1	2
Total expenses from continuing operations	3,509	3,512
Surplus (deficit) from continuing operations before capital amounts	167	40
Grants and contributions provided for capital purposes	60	55
Surplus (deficit) from continuing operations after capital amounts	227	95
Surplus (deficit) from all operations before tax	227	95
Less: corporate taxation equivalent (25%) [based on result before capital]	(42)	(10)
Surplus (deficit) after tax	185	85
Plus accumulated surplus	22,807	22,710
Plus adjustments for amounts unpaid:		
- Debt guarantee fees	1	2
- Corporate taxation equivalent	42	10
Closing accumulated surplus	23,035	22,807
Return on capital %	0.4%	0.1%
Subsidy from Council	1,894	1,821
Calculation of dividend payable:		
Surplus (deficit) after tax	185	85
Less: capital grants and contributions (excluding developer contributions)	(60)	(55)
Surplus for dividend calculation purposes	125	30
Potential dividend calculated from surplus	63	15

Inverell Shire Council

Statement of Financial Position of water supply business activity

as at 30 June 2024

	2024 \$ '000	2023 \$ '000
ASSETS		
Current assets		
Contract assets and contract cost assets	–	67
Cash and cash equivalents	4,259	2,032
Investments	11,500	9,500
Receivables	937	808
Inventories	178	182
Other	1	1
Total current assets	16,875	12,590
Non-current assets		
Investments	1,000	3,000
Infrastructure, property, plant and equipment	98,946	95,819
Total non-current assets	99,946	98,819
Total assets	116,821	111,409
LIABILITIES		
Current liabilities		
Payables	11	22
Employee benefit provisions	334	326
Total current liabilities	345	348
Non-current liabilities		
Employee benefit provisions	3	3
Total non-current liabilities	3	3
Total liabilities	348	351
Net assets	116,473	111,058
EQUITY		
Accumulated surplus	25,217	24,556
Revaluation reserves	91,256	86,502
Total equity	116,473	111,058

Inverell Shire Council

Statement of Financial Position of sewerage business activity

as at 30 June 2024

	2024 \$ '000	2023 \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	2,422	2,572
Investments	6,500	5,500
Receivables	287	242
Inventories	15	17
Total current assets	9,224	8,331
Non-current assets		
Investments	1,000	1,000
Infrastructure, property, plant and equipment	48,238	46,830
Total non-current assets	49,238	47,830
Total assets	58,462	56,161
LIABILITIES		
Current liabilities		
Payables	6	9
Borrowings	177	227
Employee benefit provisions	56	50
Total current liabilities	239	286
Non-current liabilities		
Borrowings	-	177
Employee benefit provisions	6	5
Total non-current liabilities	6	182
Total liabilities	245	468
Net assets	58,217	55,693
EQUITY		
Accumulated surplus	23,035	22,807
Revaluation reserves	35,182	32,886
Total equity	58,217	55,693

Note – Material accounting policy information

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

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

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

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

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1

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

a. Water Supply – Water Supply Activities

b. Waste Water/Sewerage – Waste Water/Sewerage Activities

Taxation equivalent charges

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

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

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

Notional rate applied (%)

Corporate income tax rate – 25% (22/23 **25%**)

Land tax – the first \$1,075,000 of combined land values attracts **0%**. For the combined land values in excess of \$1,075,001 up to \$6,571,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$6,571,000 a premium marginal rate of **2.0%** applies.

Note – Material accounting policy information (continued)

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

In accordance with the Department of Planning and Environment (DPE) – Best practice management of Water Supply and Sewer Guidelines, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the Department of Planning and Environment (DPE) - Best practise management of Water Supply and Sewer Guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

Achievement of substantial compliance to the Department of Planning and Environment (DPE) – Best practice management of Water Supply and Sewer Guidelines is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

Income tax

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

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

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 25%. (2022/2023 25%)

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

Since the taxation equivalent is notional – that is, it is payable to Council as the 'owner' of business operations - it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

The rate applied of 25% (2022/2023 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 when 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 Statement of each reported business activity.

Note – Material accounting policy information (continued)

(ii) Return on investments (rate of return)

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

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

(iii) Dividends

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

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

Each dividend must be calculated and approved in accordance with the Department of Planning and Environment (DPE) – Best practice management of Water Supply and Sewer Guidelines and must not exceed:

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30th June 2023 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Department of Planning and Environment (DPE)– Best practice management of Water Supply and Sewer Guidelines a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the Department of Planning and Environment (DPE) – Water.

For the Year ended 30/6/2024 Council has not met the conditions of the Best Practise Management Guide and accordingly no dividend has been declared.



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Inverell Shire Council

To the Councillors of Inverell Shire Council

Opinion

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

The Declared Business Activities of the Council are:

- Water Supply
- Sewerage.

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, consisting of the letters 'JMP' in a stylized, cursive font.

Jan-Michael Perez
Delegate of the Auditor-General for New South Wales

30 October 2024
SYDNEY

Inverell Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2024

Inverell Shire Council

Special Schedules

for the year ended 30 June 2024

Contents

Page

Special Schedules:

Permissible income for general rates 3

Report on infrastructure assets as at 30 June 2024 7

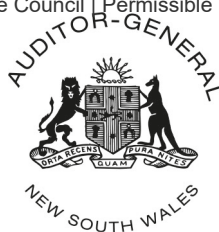
Inverell Shire Council

Permissible income for general rates

	Notes	Calculation 2023/24 \$ '000	Calculation 2024/25 \$ '000
Notional general income calculation ¹			
Last year notional general income yield	a	15,011	15,600
Plus or minus adjustments ²	b	44	33
Notional general income	c = a + b	15,055	15,633
Permissible income calculation			
Percentage increase	d	3.70%	4.50%
Plus percentage increase amount ³	f = d x (c + e)	557	704
Sub-total	g = (c + e + f)	15,612	16,337
Plus (or minus) last year's carry forward total	h	–	12
Sub-total	j = (h + i)	–	12
Total permissible income	k = g + j	15,612	16,349
Less notional general income yield	l	15,600	16,349
Catch-up or (excess) result	m = k – l	12	1
Plus income lost due to valuation objections claimed ⁴	n	–	3
Carry forward to next year ⁶	p = m + n + o	12	4

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW)*.
- (3) The 'percentage increase' is inclusive of the rate-peg percentage, and/or special variation and/or Crown land adjustment (where applicable).
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (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

Inverell Shire Council

To the Councillors of Inverell Shire Council

Opinion

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

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting 2023–24 (LG Code) and is in accordance with the books and records of the Council.

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to the special purpose framework used to prepare the Schedule. The Schedule has been prepared for the purpose of fulfilling the Council's reporting obligations under the LG Code. As a result, the Schedule may not be suitable for another purpose.

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'JMP', written in a cursive style.

Jan-Michael Perez
Delegate of the Auditor-General for New South Wales

30 October 2024
SYDNEY

Inverell Shire Council

Report on infrastructure assets as at 30 June 2024

Asset Class	Asset Category	Estimated cost		2023/24 Required maintenance ^a	2023/24 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Buildings	Buildings – non-specialised	–	–	404	537	26,503	37,676	20.3%	56.0%	19.1%	4.7%	0.0%
	Buildings – specialised	–	–	27	56	10,961	20,248	1.7%	37.5%	58.3%	2.5%	0.0%
	Other	–	–	–	–	–	–	27.3%	59.5%	12.1%	0.7%	0.0%
	Sub-total	–	–	431	593	37,464	57,924	13.8%	49.5%	32.8%	3.9%	0.0%
Other structures	Other structures	–	–	1,205	1,456	16,714	21,434	0.0%	0.0%	0.0%	0.0%	100.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	–	–	1,205	1,456	16,714	21,434	0.0%	0.0%	0.0%	0.0%	100.0%
Roads	Roads	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sealed roads	7,119	7,119	3,666	3,232	272,284	345,495	35.5%	52.8%	10.6%	1.1%	0.0%
	Unsealed roads	–	–	1,964	2,139	60,493	73,784	32.6%	63.8%	2.9%	0.7%	0.0%
	Bridges	–	–	226	283	134,524	194,710	3.4%	83.3%	13.0%	0.4%	0.0%
	Footpaths	–	–	182	306	9,955	13,540	27.8%	71.4%	0.8%	0.0%	0.0%
	Other road assets	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Bulk earthworks	–	–	–	–	137,177	137,177	100.0%	0.0%	0.0%	0.0%	0.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Other road assets (incl. bulk earth works)	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	7,119	7,119	6,038	5,960	614,433	764,706	38.5%	52.5%	8.4%	0.7%	0.0%
Water supply network	Water supply network	–	–	1,317	1,400	97,611	151,392	13.6%	64.8%	19.4%	2.1%	0.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	–	–	1,317	1,400	97,611	151,392	13.6%	64.8%	19.4%	2.1%	0.0%
Sewerage network	Sewerage network	–	–	1,079	1,004	46,782	94,011	19.2%	54.0%	4.2%	0.0%	22.7%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	–	–	1,079	1,004	46,782	94,011	19.2%	54.0%	4.2%	0.0%	22.6%
Stormwater drainage	Stormwater drainage	–	–	55	60	36,059	49,476	30.8%	68.6%	0.6%	0.0%	0.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	–	–	55	60	36,059	49,476	30.8%	68.6%	0.6%	0.0%	0.0%

Inverell Shire Council

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

Asset Class	Asset Category	Estimated cost		2023/24 Required maintenance ^a	2023/24 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
Open space / recreational assets	Swimming pools	–	–	270	191	1,986	2,926	0.0%	10.3%	89.7%	0.0%	0.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Other Open Space/Recreational Assets	–	–	472	1,067	30,303	37,448	50.7%	36.4%	11.6%	1.3%	0.0%
	Sub-total	–	–	742	1,258	32,289	40,374	47.0%	34.5%	17.3%	1.2%	0.0%
Total – all assets		7,119	7,119	10,867	11,731	881,352	1,179,317	31.8%	53.1%	10.5%	0.9%	3.7%

(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

Inverell Shire Council

Report on infrastructure assets as at 30 June 2024

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2024	Indicator 2024	Indicators		Benchmark
			2023	2022	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	25,598	207.89%	129.50%	99.29%	> 100.00%
Depreciation, amortisation and impairment	12,313				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	7,119	0.79%	0.85%	0.89%	< 2.00%
Net carrying amount of infrastructure assets	899,333				
Asset maintenance ratio					
Actual asset maintenance	11,731	107.95%	127.39%	112.01%	> 100.00%
Required asset maintenance	10,867				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	7,119	0.60%	0.64%	0.69%	
Gross replacement cost	1,179,317				

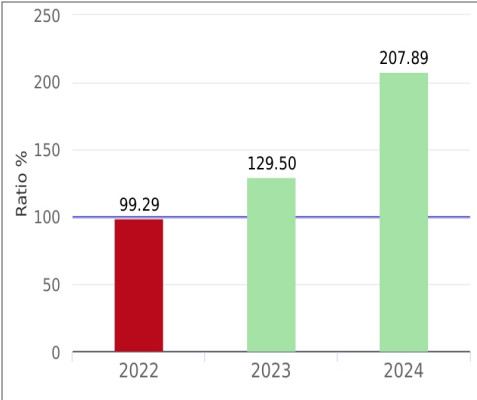
(*) All asset performance indicators are calculated using classes identified in the previous table.

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

Inverell Shire Council

Report on infrastructure assets as at 30 June 2024

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

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

Commentary on result

23/24 ratio 207.89%

Council's long term objective is to match spending on infrastructure renewals with their systematic deterioration. This requires the renewal ratio to approach 100% over the long term. This year council achieved 207.86% which exceeds the required benchmark for 2023-2024.

Councils long term infrastructure renewals exceeds the benchmark on average over recent years with an average result of 132.39%

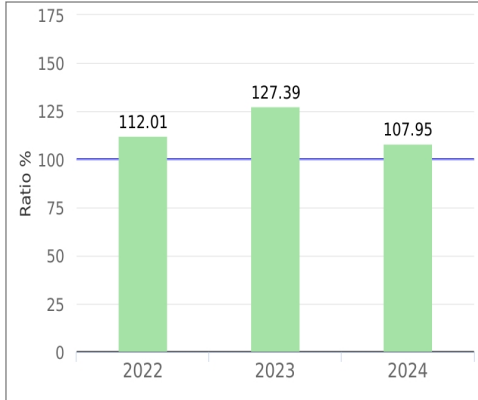
Benchmark: — > 100.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark (Green)

Ratio is outside benchmark (Red)

Asset maintenance ratio



Asset maintenance ratio

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

Commentary on result

23/24 ratio 107.95%

Council's Asset Maintenance Ratio of 129.69 is higher than the required benchmark of greater than 100%, which indicates that the level of expenditure on the maintenance of infrastructure is sufficient to prevent the infrastructure backlog from growing.

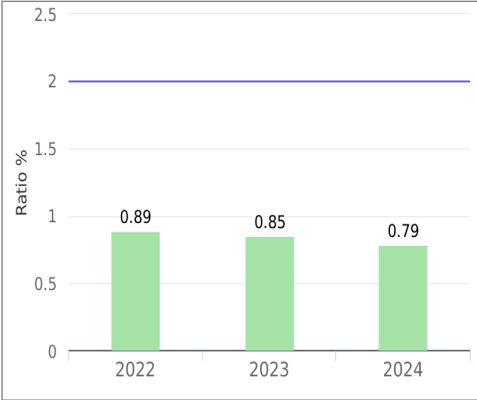
Benchmark: — > 100.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark (Green)

Ratio is outside benchmark (Red)

Infrastructure backlog ratio



Infrastructure backlog ratio

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

Commentary on result

23/24 ratio 0.79%

Council completed an independent review of its Road Infrastructure Asset Class in 2015 & 2020. The results of this review have been utilised to determine Council's actual Infrastructure Backlog. The benchmark is less than 2%

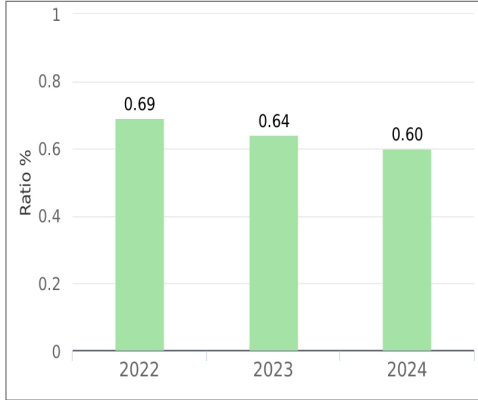
Benchmark: — < 2.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark (Green)

Ratio is outside benchmark (Red)

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

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

Commentary on result

23/24 ratio 0.60%

At 0.60% Council meets the benchmark for this newly introduced ratio which is lower than the required benchmark of less than 2% This ratio is considered to be more reflective of Council's infrastructure 'backlog', particularly due to the use of gross replacement cost in calculation

Inverell Shire Council

Report on infrastructure assets as at 30 June 2024

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2024	2023	2024	2023	2024	2023	
Buildings and infrastructure renewals ratio							
Asset renewals ¹							
Depreciation, amortisation and impairment	274.48%	160.51%	8.17%	47.34%	48.63%	27.36%	> 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	0.94%	1.02%	0.00%	0.00%	0.00%	0.00%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	110.11%	132.64%	106.30%	102.50%	93.05%	114.69%	> 100.00%
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	0.76%	0.82%	0.00%	0.00%	0.00%	0.00%	

(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.