

FINANCIAL STATEMENTS 2023/24



Cabonne Council

General Purpose Financial Statements

for the year ended 30 June 2024

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Cabonne 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(2)(c) of the Local Government Act 1993 (NSW) (as amended)

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

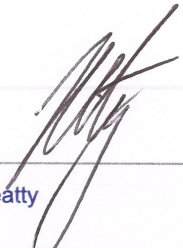
- the *Local Government Act 1993* (NSW) (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the *Local Government Code of Accounting Practice and Financial Reporting*.

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

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

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

Signed in accordance with a resolution of Council made on 8 October 2024.



Kevin Beatty
Mayor

08 October 2024



Jamie Jones
Deputy Mayor

08 October 2024



Matthew Christensen
Acting General Manager

08 October 2024



Heather Nicholls
Responsible Accounting Officer

08 October 2024

Cabonne Council

Statement of Comprehensive Income

for the year ended 30 June 2024

\$ '000	Notes	2024	2023
Net operating result for the year – from Income Statement		4,495	6,855
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain on revaluation of infrastructure, property, plant and equipment	C1-7	36,747	41,420
Impairment (loss) reversal / (revaluation decrement) relating to infrastructure, property, plant and equipment	C1-7	643	(32,301)
Other comprehensive income – joint ventures and associates		1,589	2,477
Total items which will not be reclassified subsequently to the operating result		38,979	11,596
Total other comprehensive income for the year		38,979	11,596
Total comprehensive income for the year attributable to Council		43,474	18,451

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

Cabonne Council

Statement of Financial Position

as at 30 June 2024

\$ '000	Notes	2024	2023
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	21,568	13,235
Investments	C1-2	33,250	28,000
Receivables	C1-4	6,198	6,044
Inventories	C1-5	640	621
Contract assets and contract cost assets	C1-6	4,932	18,135
Other	C1-9	953	82
Total current assets		67,541	66,117
Non-current assets			
Investments	C1-2	8,500	–
Receivables	C1-4	377	453
Inventories	C1-5	40	173
Infrastructure, property, plant and equipment (IPPE)	C1-7	686,125	642,870
Intangible assets	C1-8	45	82
Investments accounted for using the equity method	D2-3	40,059	37,578
Other	C1-9	282	282
Total non-current assets		735,428	681,438
Total assets		802,969	747,555
LIABILITIES			
Current liabilities			
Payables	C3-1	7,550	4,977
Contract liabilities	C3-2	17,164	6,925
Borrowings	C3-3	111	105
Employee benefit provisions	C3-4	3,630	3,178
Provisions	C3-5	200	59
Total current liabilities		28,655	15,244
Non-current liabilities			
Payables	C3-1	407	161
Borrowings	C3-3	1,060	1,172
Provisions	C3-5	2,160	3,765
Total non-current liabilities		3,627	5,098
Total liabilities		32,282	20,342
Net assets		770,687	727,213
EQUITY			
Accumulated surplus	C4-1	411,202	405,118
IPPE revaluation reserve	C4-1	359,485	322,095
Council equity interest		770,687	727,213
Total equity		770,687	727,213

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

Cabonne Council

Statement of Changes in Equity

for the year ended 30 June 2024

\$ '000	Notes	2024			2023		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		405,118	322,095	727,213	395,786	312,976	708,762
Net operating result for the year		4,495	–	4,495	6,855	–	6,855
Other comprehensive income							
Gain on revaluation of infrastructure, property, plant and equipment	C1-7	–	36,747	36,747	–	41,420	41,420
Impairment (loss) reversal relating to IPP&E	C1-7	–	643	643	–	(32,301)	(32,301)
Joint ventures and associates		1,589	–	1,589	2,477	–	2,477
Other comprehensive income		1,589	37,390	38,979	2,477	9,119	11,596
Total comprehensive income		6,084	37,390	43,474	9,332	9,119	18,451
Closing balance at 30 June		411,202	359,485	770,687	405,118	322,095	727,213

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

Cabonne Council

Statement of Cash Flows

for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Actual 2023
Cash flows from operating activities				
<i>Receipts:</i>				
16,374	Rates and annual charges		16,392	15,200
7,947	User charges and fees		11,033	9,462
645	Interest received		1,463	910
25,313	Grants and contributions		52,714	36,579
–	Bonds, deposits and retentions received		292	71
489	Other		4,735	6,735
<i>Payments:</i>				
(18,179)	Payments to employees		(16,914)	(14,691)
(5,653)	Payments for materials and services		(22,459)	(32,231)
(80)	Borrowing costs		(68)	(75)
(4,583)	Other		(4,770)	(4,426)
22,273	Net cash flows from operating activities	G1-1	42,418	17,534
Cash flows from investing activities				
<i>Receipts:</i>				
–	Sale of investments		–	43,250
–	Redemption of term deposits		–	6,000
300	Proceeds from sale of IPPE		1,222	888
–	Sale of intangible assets		–	(10)
–	Deferred debtors receipts		55	112
<i>Payments:</i>				
–	Purchase of investments		–	(43,250)
–	Acquisition of term deposits		(13,750)	–
(32,124)	Payments for IPPE		(21,506)	(21,844)
–	Purchase of real estate assets		–	(1)
–	Purchase of intangible assets		–	(1)
(31,824)	Net cash flows from investing activities		(33,979)	(14,856)
Cash flows from financing activities				
<i>Receipts:</i>				
–	Proceeds from borrowings		–	1,327
<i>Payments:</i>				
(173)	Repayment of borrowings		(106)	(1,453)
(173)	Net cash flows from financing activities		(106)	(126)
(9,724)	Net change in cash and cash equivalents		8,333	2,552
13,235	Cash and cash equivalents at beginning of year		13,235	10,683
3,511	Cash and cash equivalents at end of year	C1-1	21,568	13,235
41,750	plus: Investments on hand at end of year	C1-2	41,750	28,000
45,261	Total cash, cash equivalents and investments		63,318	41,235

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

Cabonne Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 08 October 2024. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

Historical cost convention

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

Significant accounting estimates and judgements

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

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

Monies and other assets received by Council

The Consolidated Fund

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

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

- General purpose operations
- Water service
- Sewerage services
- Age of Fishes Museum and Information Centre

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.

A1-1 Basis of preparation (continued)

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

Volunteer services

Council has considered the various forms of volunteer services received and cannot measure the value of the volunteer services reliably. Therefore, volunteer services are not recognised in Other Income and corresponding Other Expenses.

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.

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

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

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

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

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

B Financial Performance

B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Functions or activities										
Connect Cabonne to each other and the World	27,728	42,315	26,612	40,361	1,116	1,954	19,446	30,709	468,700	450,000
Build Business and Generate employment	126	137	1,360	879	(1,234)	(742)	–	–	820	816
Provide and develop Community facilities	2,929	5,231	9,632	9,907	(6,703)	(4,676)	1,439	3,806	95,600	95,000
Grow Cabonne Culture and Community	20,394	21,738	7,264	10,877	13,130	10,861	5,635	8,207	82,200	80,000
Manage our Natural Resources	9,156	5,987	10,937	6,529	(1,781)	(542)	1,524	210	155,000	155,000
Other	–	–	–	–	–	–	7	4,019	649	(33,261)
Total functions and activities	60,333	75,408	55,805	68,553	4,528	6,855	28,051	46,951	802,969	747,555

B1-2 Components of functions or activities

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

Connect Cabonne to each other and the World

To provide a safe, efficient, quality and well maintained Urban and Rural transport system. To ensure that Cabonne's infrastructure meets agricultural needs to get goods to and from market. To ensure everywhere in Cabonne has access to contemporary information and communication technology. To provide a range of transport options in to, out of and around Cabonne. To ensure access to major metropolitan markets to enable growth of tourism.

Build Business and Generate employment

To provide a strong and vibrant local business sector and to increase viable, sustainable and value adding business in Cabonne. To have a co-ordinated tourism product and a thriving visitor industry in Cabonne. To provide jobs for Cabonne people in Cabonne.

Provide and develop Community facilities

To provide preschool, play group, child care and youth facilities within Cabonne. To provide health and aged care facilities that meet the local communities needs. To provide sporting, recreational, council and community facilities and services that are maintained and developed in Cabonne.

Grow Cabonne Culture and Community

To have a successful balance of village and rural living in the Cabonne Shire. To provide a network of viable, relevant and cultural facilities that exist in Cabonne. To provide the community with beautiful towns and villages with historic assets. The community events build visitation, generate investment and strengthen community well being. To ensure that Cabonne is effective and efficient Council which make transparent and accountable decisions.

Manage our Natural Resources

To ensure that all town and villages have a secure and quality water supply. That Cabonne has flood mitigation processes in place to manage stormwater and pollution. That Cabonne has a sustainable solid and liquid waste management practices in place across the Shire. To provide our primary producers with information regarding best practice in regards to noxious weed controls. To ensure that all the natural resources are managed sustainably and in a planned way.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2024	2023
Ordinary rates		
Residential	3,387	3,388
Farmland	5,955	5,549
Mining	2,010	1,926
Business	284	300
Less: pensioner rebates (mandatory)	(162)	(142)
Rates levied to ratepayers	11,474	11,021
Pensioner rate subsidies received	89	88
Total ordinary rates	11,563	11,109
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	1,463	1,401
Water supply services	643	566
Sewerage services	2,367	2,092
Waste management services (non-domestic)	431	417
Section 611 charges	2	–
Less: pensioner rebates (mandatory)	(149)	(169)
Stormwater levy	75	75
Annual charges levied	4,832	4,382
Pensioner annual charges subsidies received:		
– Water	12	11
– Sewerage	29	28
– Domestic waste management	42	54
Total annual charges	4,915	4,475
Total rates and annual charges	16,478	15,584

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

Material accounting policy information

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

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

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

B2-2 User charges and fees

\$ '000	2024	2023
Specific user charges (per s502 - specific 'actual use' charges)		
Water supply services	851	605
Sewerage services	83	76
Total specific user charges	934	681
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s608)		
Inspection services	10	8
Planning and building regulation	455	492
Private works – section 67	93	56
Section 603 certificates	23	25
Discretionary fees – other	119	121
Waste management	168	118
Total fees and charges – statutory/regulatory	868	820
(ii) Fees and charges – other (incl. general user charges (per s608))		
Caravan park	121	131
Cemeteries	97	102
Child care	1,114	1,075
Transport for NSW works (state roads not controlled by Council)	7,980	6,385
Swimming centres	102	160
Trade waste	13	9
Total fees and charges – other	9,427	7,862
Total other user charges and fees	10,295	8,682
Total user charges and fees	11,229	9,363
Timing of revenue recognition for user charges and fees		
User charges and fees recognised at a point in time	11,229	9,363
Total user charges and fees	11,229	9,363

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.

Where an upfront fee is charged such as joining fees for the leisure centre the fee is recognised on a straight-line basis over the expected life of the membership.

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

B2-3 Other revenues

\$ '000	2024	2023
Legal fees recovery – rates and charges (extra charges)	32	20
Commissions and agency fees	27	25
Diesel rebate	155	123
Insurance claims recoveries	24	817
Recycling income (non-domestic)	94	169
Sales of inventories	94	94
Rebates received	75	216
Other	625	241
Total other revenue	1,126	1,705
Timing of revenue recognition for other revenue		
Other revenue recognised at a point in time	1,126	1,705
Total other revenue	1,126	1,705

Accounting Policy

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Council and specific criteria have been met for each of the Council's activities as described below. Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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

B2-4 Grants and contributions

\$ '000	Timing	Operating 2024	Operating 2023	Capital 2024	Capital 2023
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	237	946	–	–
Financial assistance – local roads component	2	195	656	–	–
Payment in advance - future year allocation					
Financial assistance – general component	2	3,396	3,720	–	–
Financial assistance – local roads component	2	2,204	2,577	–	–
Amount recognised as income during current year		6,032	7,899	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Specific Grants and Contributions:					
Administration	2	2	3	–	–
Sewerage services	2	–	–	172	–
Aged care	2	–	–	31	–
Bushfire services	2	110	151	461	127
Community centres	1	–	–	–	2,993
Community services	2	938	933	–	–
Development	2	–	507	–	–
Environment	2	–	–	69	(344)
Health	2	74	29	30	–
Heritage and cultural	2	7	33	–	–
Transport and communication – roads to recovery	2	2,561	–	–	–
Library	2	99	96	–	–
Noxious weeds	2	124	130	–	–
Other specific grants	1	–	80	–	–
Recreation and culture	1	–	3	3,014	2,936
Recreation and culture	2	30	–	–	–
Sewerage (excl. section 64 contributions)	2	–	–	–	24
Storm/flood damage	1	1,031	19,221	–	870
Street lighting	2	38	38	–	–
Tourism, Events, Communications and Marketing	2	138	7	–	–
Other contributions	2	8	–	–	–
Transport and communication	1	–	785	4,142	8,305
Transport for NSW contributions (regional roads, block grant)	2	1,704	1,673	–	–
Water supplies	2	615	280	84	29
Transport and communication	2	328	–	5,939	–
Total special purpose grants and non-developer contributions – cash		7,807	23,969	13,942	14,940
Total special purpose grants and non-developer contributions (tied)		7,807	23,969	13,942	14,940
Total grants and non-developer contributions		13,839	31,868	13,942	14,940
Comprising:					
– Commonwealth funding		9,011	8,286	4,048	2,472
– State funding		4,265	23,287	9,777	12,468
– Other funding		563	295	117	–
		13,839	31,868	13,942	14,940

B2-4 Grants and contributions (continued)

\$ '000	Timing	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Timing of Revenue recognition for Grants and Contributions					
Grants and Contributions recognised over time (1)		1,025	20,089	7,156	14,760
Grants and Contributions recognised at a point in time (2)		12,814	11,779	6,786	180
Total Grants and Contributions		13,839	31,868	13,942	14,940

Developer contributions

\$ '000	Notes	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):					
Cash contributions					
S 7.11 – contributions towards amenities/services	G4	–	35	–	–
S 7.12 – fixed development consent levies		270	108	–	–
Total developer contributions – cash		270	143	–	–
Total developer contributions		270	143	–	–
Total contributions		270	143	–	–
Total grants and contributions		14,109	32,011	13,942	14,940

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:

\$ '000	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Unspent Grants and Non-Developer Contributions				
Unspent funds at 1 July	11,833	5,688	6,866	50
Reclassification of Operational / Capital closing balances	(4,164)	–	4,164	–
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	5,853	11,352	5,206	8,886
Add: Funds received and not recognised as revenue in the current year	–	–	12,205	–
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(7,113)	(5,207)	(3,733)	(2,070)
Less: Funds received in prior year but revenue recognised and funds spent in current year	–	–	(2,140)	–
Unspent funds at 30 June	6,409	11,833	22,568	6,866
Unspent Developer Contributions				
Unspent funds at 1 July	1,218	1,091	–	–
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	328	143	–	–
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	(3)	(16)	–	–
Unspent contributions at 30 June	1,543	1,218	–	–

B2-4 Grants and contributions (continued)

Material accounting policy information

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

The performance obligations vary according to the agreement but include milestone events, percentage of completion or delivery of an outcome. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

Capital grants

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

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

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

Developer contributions

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

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

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

Other grants and contributions

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

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

B2-5 Interest and investment income

\$ '000	2024	2023
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	161	92
– Cash and investments	1,721	1,111
Other	58	–
Total interest and investment income	1,940	1,203

B2-6 Other income

\$ '000	Notes	2024	2023
Rental income			
Other lease income			
Leaseback fees - council vehicles		168	167
Total other lease income		168	167
Total rental income		168	167
Net share of interests in joint ventures and associates using the equity method			
Associates		892	376
Total net share of interests in joint ventures and associates using the equity method	D2-3	892	376
Other			
Gravel Pit and Quarry Restoration		143	34
Recovery from Lehmann Bros CDO		–	25
Total other		143	59
Total other income		1,203	602

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2024	2023
Salaries and wages	12,207	10,418
Travel expenses	561	526
Employee leave entitlements (ELE)	2,143	1,769
Superannuation	1,529	1,307
Workers' compensation insurance	802	599
Fringe benefit tax (FBT)	120	133
Pre employment medicals	25	26
Protective clothing	88	97
Training costs (other than salaries and wages)	248	169
Other	52	81
Total employee costs	17,775	15,125
Less: capitalised costs	(320)	(349)
Total employee costs expensed	17,455	14,776

Material accounting policy information

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

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

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

B3-2 Materials and services

\$ '000	Notes	2024	2023
Consultancy costs		882	160
Raw materials and consumables		5,260	8,106
– Caretaker fees		25	76
– Cleaning		11	26
– Consultancy costs		–	70
– Licence agreements		660	613
– Service contracts		12,220	19,620
– Valuation fees		66	62
Audit Fees	F2-1	78	62
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	266	234
Advertising		62	74
Bank charges		45	38
Election expenses		11	–
Electricity and heating		422	432
Insurance		753	685
Office expenses (including computer expenses)		–	29
Postage		45	42
Printing and stationery		94	79
Street lighting		99	117
Subscriptions and publications		30	24
Telephone and communications		133	126
Cost of sales		88	27
Commissions paid		14	15
Donations, contributions and assistance to community groups		539	470
External hire		409	402
Training costs (other than salaries and wages)		6	9
Other expenses		224	104
Memberships		258	232
Rates expense		742	462
Registrations		199	197
Rent expense		7	20
Service subsidy expense		31	22
Volunteer expenses		24	17
Water / sewer sampling		32	26
Legal expenses:			
– Legal expenses: planning and development		8	4
– Legal expenses: debt recovery		–	2
– Legal expenses: other		35	16
Total materials and services		23,778	32,700

B3-3 Borrowing costs

\$ '000	Notes	2024	2023
(i) Interest bearing liability costs			
Interest on loans		68	75
Total interest bearing liability costs		68	75
Total interest bearing liability costs expensed		68	75
(ii) Other borrowing costs			
Remediation liabilities	C3-5	38	106
Total other borrowing costs		38	106
Total borrowing costs expensed		106	181

Material accounting policy information

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

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

\$ '000	Notes	2024	2023
Depreciation and amortisation			
Plant and equipment		2,319	2,097
Office equipment		102	112
Furniture and fittings		36	40
Land improvements (depreciable)		319	260
Infrastructure:			
	C1-7		
– Buildings – non-specialised		173	167
– Buildings – specialised		1,731	1,736
– Other structures		424	411
– Roads		4,885	6,559
– Bridges		552	527
– Footpaths		124	118
– Stormwater drainage		658	502
– Water supply network		1,052	775
– Sewerage network		809	779
– Swimming pools		171	160
– Other open space/recreational assets		226	208
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C3-5,C1-7	91	84
– Quarry assets	C3-5,C1-7	1	5
Intangible assets	C1-8	37	44
Total depreciation and amortisation costs		13,710	14,584
Impairment / revaluation decrement of IPPE			
Infrastructure:			
	C1-7		
– Roads		(643)	32,237
– Stormwater drainage		–	54
– Other open space/recreational assets		–	10
Total gross IPPE impairment / revaluation decrement costs		(643)	32,301
Amounts taken through revaluation reserve	C1-7	643	(32,301)
Total depreciation, amortisation and impairment for non-financial assets		13,710	14,584

Material accounting policy information

Depreciation and amortisation

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

Impairment of non-financial assets

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

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

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

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

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

B3-5 Other expenses

\$ '000	2024	2023
Other		
Contributions/levies to other levels of government		
– Emergency services levy (includes FRNSW, SES, and RFS levies)	64	36
– NSW fire brigade levy	58	49
– NSW rural fire service levy	639	473
Donations, contributions and assistance to other organisations (Section 356)	28	21
Total other expenses	789	579

B4 Gains or losses

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

\$ '000	Notes	2024	2023
Gain (or loss) on disposal of property (excl. investment property)			
Proceeds from disposal – property		–	–
Less: carrying amount of property assets sold/written off		<u>(42)</u>	<u>(854)</u>
Gain (or loss) on disposal		<u>(42)</u>	<u>(854)</u>
Gain (or loss) on disposal of Infrastructure, Plant and equipment			
	C1-7		
Proceeds from disposal – infrastructure, plant and equipment		1,222	888
Less: carrying amount of infrastructure, plant and equipment assets sold/written off		<u>(874)</u>	<u>(5,757)</u>
Gain (or loss) on disposal		<u>348</u>	<u>(4,869)</u>
Gain (or loss) on disposal of investments			
	C1-2		
Proceeds from disposal/redemptions/maturities – investments		–	43,250
Less: carrying amount of investments sold/redeemed/matured		<u>–</u>	<u>(43,250)</u>
Gain (or loss) on disposal		<u>–</u>	<u>–</u>
Gain (or loss) on disposal of intangible assets			
	C1-8		
Proceeds from disposal – intangible assets		–	(10)
Gain (or loss) on disposal		<u>–</u>	<u>(10)</u>
Net gain (or loss) from disposal of assets		<u>306</u>	<u>(5,733)</u>

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 23 May 2023 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
Revenues				
User charges and fees	7,947	11,229	3,282	41% F
Council has higher than expected income in the following areas:-				
<ul style="list-style-type: none"> \$3,267,000 State Highway works, mostly due to heavy patching and resealing 				
Other revenues	489	1,126	637	130% F
Council recognised higher than expected other revenues due to:				
<ul style="list-style-type: none"> Change in estimate for the costs to rehabilitate and reevaluate of the tip assets \$508,000 				
Operating grants and contributions	9,879	14,109	4,230	43% F
Council has materially higher than expected income in the following areas:				
<ul style="list-style-type: none"> \$615,000 additional income via Water grants including SSWP453 Molong Water Supply Scheme, AOSP2302 - Advanced Operational Support Grant and Sub-Regional Town Water Strategy Project \$137,000 in additional one-off grant income including water and sewer expansion, regional youth programs and reconnecting regional NSW and open streets program \$2,090,000 higher than expected income through Roads to Recovery program \$602,000 additional income from Natural Disaster claims (TfNSW) \$555,000 additional claims for Eugowra Temporary Preschool (Reconstruction Authority) 				
Interest and investment revenue	645	1,940	1,295	201% F
Investment revenue was significantly higher due to the rise in interest rates				
Other income	191	1,203	1,012	530% F
Council had higher than expected income from other sources due to:				
* Higher than anticipated result in the Central Tablelands Water joint venture \$892,000				

Expenses

Materials and services	5,653	23,778	(18,125)	(321)% U
Council had materially higher than expected material and service expenditure in the following areas:-				

- \$216,000 additional fuel
- \$312,000 additional plant parts and repairs
- \$442,000 additional costs on E1 pump repairs (Sewer)
- \$5,504,000 additional road maintenance projects under the natural disaster recovery program due to severe wet weather and flooding from September and November 2022
- \$2,021,000 State Highway contract work expenditure due to additional contract work to repair roads following the floods

B5-1 Material budget variations (continued)

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
<ul style="list-style-type: none"> \$1,899,000 additional Transport for NSW Repair works under the Regional Emergency Repair Fund (RERRF - Opex) \$646,000 additional State Road maintenance under RMCC \$1,141,000 additional Rural Road maintenance \$537,000 additional costs for Eugowra Temporary Preschool (Costs recovered from Reconstruction Authority) New one-off grant funded operating projects accepted during the year such as \$113,000 - Flood Response Planning, \$181,000 Molong East Precinct \$997,000 of material expenses allocated to operational for the Activate Molong project 				

Borrowing costs	80	106	(26)	(33)%	U
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The majority of the variance is in relation to an expense to account for the provision of Tip and Quarry remediation.

The variances are in relation to:

- The original budget was for \$80,000 in interest on the Small Town Sewer Loan. Actual interest was \$68,000. The budget in relation to Tip and Quarry remediation was \$100 and the actual borrowing costs were \$38,500

Other expenses	4,583	789	3,794	83%	F
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The 2024 actual expenditure for other expenses only includes:

- Emergency Services Levy, Fire and Rural Fire Brigade Levies and Donations - Total \$789,000
- All other expenses that were budgeted has been accounted for under materials and supplies

Statement of cash flows

Cash flows from operating activities	22,273	42,418	20,145	90%	F
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Council received advanced payments from TfNSW Tripartite agreement with Reconstruction Authority for the emergency road maintenance work.

Cash flows from financing activities	(173)	(106)	67	(39)%	F
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The original budget amount included principal and interest. Only actual principal repayments are recognised

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2024	2023
Cash assets		
Cash on hand and at bank	18,910	9,029
Cash equivalent assets		
– Deposits at call	2,658	3,706
– Short-term deposits	–	500
Total cash and cash equivalents	21,568	13,235

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	21,568	13,235
Balance as per the Statement of Cash Flows	21,568	13,235

Material accounting policy information

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

C1-2 Financial investments

\$ '000	2024		2023	
	Current	Non-current	Current	Non-current
Financial assets at amortised cost				
Term deposits	33,250	8,500	28,000	–
Total	33,250	8,500	28,000	–
Total financial investments	33,250	8,500	28,000	–
Total cash assets, cash equivalents and investments	54,818	8,500	41,235	–

Material accounting policy information

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.

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.

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

\$ '000	2024	2023
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	63,318	41,235
Less: Externally restricted cash, cash equivalents and investments	<u>(40,541)</u>	<u>(34,202)</u>
Cash, cash equivalents and investments not subject to external restrictions	22,777	7,033

External restrictions

External restrictions – included in liabilities

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

Specific purpose unexpended grants – general fund	16,980	6,866
External restrictions – included in liabilities	16,980	6,866

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

Developer contributions – general	1,543	1,218
Specific purpose unexpended grants (recognised as revenue) – general fund	6,307	11,833
Water fund	4,468	4,115
Sewer fund	4,666	4,146
Stormwater management	585	510
Domestic waste management	4,084	3,562
NSW Regional Roads - Block Grant	136	–
Canowindra Town Improvement (Unexpended Ordinary Rates)	1,772	1,952
External restrictions – other	23,561	27,336
Total external restrictions	40,541	34,202

Cash, cash equivalents and investments subject to external restrictions are those which are only available for specific use by Council due to a restriction placed by legislation or third-party contractual agreement.

\$ '000	2024	2023
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(b) Internal allocations

Internal allocations

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

Plant and vehicle replacement	2,523	151
Infrastructure replacement	2,741	185
Employees leave entitlement	1,322	1,334
Carry over works	861	1,254
Budget equilization	52	52
Future Innovation	444	63
Community services	1,134	1,384
Environmental sustainability	176	1
Gravel pits	672	1
Insurance	24	248
Limestone quarry	1,393	93
Office equipment	156	169
Aged Living	1,152	86
Roadworks	2,646	95
Sewerage	17	17
Financial Assistance Grant	5,690	–
Canowindra Sports Trust	5	44

continued on next page ...

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

\$ '000	2024	2023
Transport for NSW Contributions	<u>798</u>	<u>–</u>
Total internal allocations	<u>21,806</u>	<u>5,177</u>

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

C1-4 Receivables

\$ '000	2024		2023	
	Current	Non-current	Current	Non-current
Rates and annual charges	1,173	–	1,020	–
Interest and extra charges	98	–	60	–
User charges and fees	1,085	–	839	–
Accrued revenues				
– Interest on investments	840	–	401	–
– Other income accruals	685	–	679	–
Deferred debtors	50	377	29	453
Government grants and subsidies	1,441	–	2,662	–
Other debtors	1,202	–	708	–
Total	6,574	377	6,398	453
Less: provision for impairment				
User charges and fees	(376)	–	(354)	–
Total provision for impairment – receivables	(376)	–	(354)	–
Total net receivables	6,198	377	6,044	453

\$ '000	2024	2023
Movement in provision for impairment of receivables		
Balance at the beginning of the year	354	282
+ new provisions recognised during the year	22	72
Balance at the end of the year	376	354

C1-4 Receivables (continued)

Material accounting policy information

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

Impairment

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

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

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

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

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

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

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

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

C1-5 Inventories

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
(i) Inventories at cost				
Real estate for resale	–	40	–	173
Stores and materials	640	–	621	–
Total inventories at cost	640	40	621	173
Total inventories	640	40	621	173

(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;

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

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Contract assets	4,932	-	18,135	-
Total contract assets	4,932	-	18,135	-

Contract assets

Transport for NSW	899	-	14,154	-
Other Revenue	4,033	-	3,981	-
Total Contract assets at 30 June	4,932	-	18,135	-

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.

C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2023			Asset movements during the reporting period									At 30 June 2024		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment reversal (recognised in equity)	WIP transfers	Adjustments and transfers	Tfrs from/(to) real estate assets (Note C1-5)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	10,390	–	10,390	–	5,338	–	–	–	(9,155)	–	–	–	6,573	–	6,573
Plant and equipment	46,439	(31,004)	15,435	2,815	64	(662)	(2,319)	–	–	–	–	–	46,422	(31,089)	15,333
Office equipment	1,458	(1,080)	378	3	28	(15)	(102)	–	12	–	–	–	1,206	(903)	303
Furniture and fittings	1,196	(910)	286	–	18	(11)	(36)	–	–	–	–	–	1,051	(794)	257
Land:															
– Operational land	8,656	–	8,656	–	–	–	–	–	–	–	90	1,644	10,390	–	10,390
– Community land	20,391	–	20,391	–	–	–	–	–	–	–	–	3,874	24,265	–	24,265
Land improvements – non-depreciable	17,211	–	17,211	–	–	–	–	–	–	–	–	924	18,135	–	18,135
Land improvements – depreciable	12,486	(4,813)	7,673	104	–	(2)	(319)	–	1,639	–	–	395	14,899	(5,409)	9,490
Infrastructure:															
– Buildings – non-specialised	7,173	(4,377)	2,796	–	–	–	(173)	–	418	–	–	144	7,983	(4,798)	3,185
– Buildings – specialised	81,604	(45,343)	36,261	1,154	–	–	(1,731)	–	6,989	–	–	2,400	95,419	(50,346)	45,073
– Other structures	12,227	(4,810)	7,417	314	125	(138)	(424)	–	97	–	–	476	13,330	(5,463)	7,867
– Roads	229,964	(103,260)	126,704	8,250	–	–	(4,885)	643	–	–	–	6,539	230,069	(92,818)	137,251
– Bridges	82,590	(30,466)	52,124	1,513	38	–	(552)	–	–	–	–	2,769	88,575	(32,683)	55,892
– Footpaths	10,757	(2,227)	8,530	1,267	–	–	(124)	–	–	–	–	451	12,601	(2,477)	10,124
– Bulk earthworks (non-depreciable)	180,443	–	180,443	–	–	–	–	–	–	–	–	9,690	190,133	–	190,133
– Stormwater drainage	85,706	(18,276)	67,430	–	–	–	(658)	–	–	–	–	3,385	90,051	(19,894)	70,157
– Water supply network	73,485	(33,811)	39,674	–	–	–	(1,052)	–	–	–	–	1,958	77,210	(36,630)	40,580
– Sewerage network	46,741	(17,636)	29,105	247	24	(44)	(809)	–	–	–	–	1,432	49,274	(19,318)	29,956
– Swimming pools	11,981	(4,909)	7,072	36	–	–	(171)	–	–	–	–	480	12,850	(5,433)	7,417
– Other open space/recreational assets	4,857	(1,960)	2,897	168	–	(1)	(226)	–	–	–	–	186	5,360	(2,336)	3,024
– Other infrastructure	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):															
– Quarry assets	231	(172)	59	–	–	–	(1)	–	–	(37)	–	–	81	(60)	21
– Tip assets	2,437	(499)	1,938	–	–	–	(91)	–	–	(1,148)	–	–	816	(117)	699
Total infrastructure, property, plant and equipment	948,423	(305,553)	642,870	15,871	5,635	(873)	(13,673)	643	–	(1,185)	90	36,747	996,693	(310,568)	686,125

(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	Impairment loss / revaluation decrements (recognised in P/L)	Impairment loss / revaluation decrements (recognised in equity)	WIP transfers	Other movements	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000																
Capital work in progress	19,888	–	19,888	7,043	–	–	–	–	(16,519)	(22)	–	–	10,390	–	10,390	
Plant and equipment	43,422	(29,970)	13,452	–	4,622	(543)	(2,097)	–	–	–	–	–	46,439	(31,004)	15,435	
Office equipment	1,444	(968)	476	–	14	–	(112)	–	–	–	–	–	1,458	(1,080)	378	
Furniture and fittings	1,134	(870)	264	–	62	–	(40)	–	–	–	–	–	1,196	(910)	286	
Land:																
– Operational land	10,079	–	10,079	–	16	(16)	–	–	–	–	(1,423)	–	8,656	–	8,656	
– Community land	15,133	–	15,133	–	–	–	–	–	–	–	–	5,258	20,391	–	20,391	
Land improvements – non-depreciable	16,251	–	16,251	–	–	–	–	–	–	–	–	960	17,211	–	17,211	
Land improvements – depreciable	12,606	(4,372)	8,234	–	–	(729)	(260)	–	–	–	–	428	12,486	(4,813)	7,673	
Infrastructure:																
– Buildings – non-specialised	6,633	(3,939)	2,694	–	–	–	(167)	–	–	–	–	269	7,173	(4,377)	2,796	
– Buildings – specialised	77,938	(44,920)	33,018	593	178	(124)	(1,736)	–	–	–	–	4,332	81,604	(45,343)	36,261	
– Other structures	12,459	(4,552)	7,907	4	99	(673)	(411)	–	3	–	–	488	12,227	(4,810)	7,417	
– Roads	243,640	(92,246)	151,394	7,434	133	(1,908)	(6,559)	–	(32,237)	–	–	8,447	229,964	(103,260)	126,704	
– Bridges	79,801	(29,393)	50,408	270	–	(921)	(527)	–	–	–	–	2,894	82,590	(30,466)	52,124	
– Footpaths	10,321	(1,990)	8,331	29	–	(185)	(118)	–	–	–	–	473	10,757	(2,227)	8,530	
– Bulk earthworks (non-depreciable)	170,374	–	170,374	–	–	–	–	–	–	–	–	10,069	180,443	–	180,443	
– Stormwater drainage	79,621	(16,466)	63,155	–	–	–	(502)	–	(54)	–	–	4,831	85,706	(18,276)	67,430	
– Water supply network	54,117	(30,685)	23,432	123	–	(1,272)	(775)	–	16,516	–	–	1,650	73,485	(33,811)	39,674	
– Sewerage network	43,638	(15,714)	27,924	13	–	(135)	(779)	–	–	–	–	2,082	46,741	(17,636)	29,105	
– Swimming pools	11,174	(4,422)	6,752	9	–	–	(160)	–	–	–	–	471	11,981	(4,909)	7,072	
– Other open space/recreational assets	4,704	(1,708)	2,996	15	28	(115)	(208)	(1)	(9)	–	–	191	4,857	(1,960)	2,897	
– Other infrastructure	–	–	–	–	–	–	–	1	(1)	–	–	–	–	–	–	
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):																
– Tip assets	1,283	(452)	831	1,119	–	–	(84)	–	–	–	–	–	2,437	(499)	1,938	
– Quarry assets	231	(166)	65	–	–	–	(5)	–	–	–	–	–	231	(172)	59	
Total infrastructure, property, plant and equipment	915,891	(282,833)	633,058	16,652	5,152	(6,621)	(14,540)	–	(32,301)	–	(22)	(1,423)	42,843	948,423	(305,553)	642,870

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

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

Material accounting policy information

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

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

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

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

Useful lives of IPPE

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

Plant and Equipment	Years	Other equipment	Year
Office Equipment	5 to 10	Playground equipment	5 to 35
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 10	Buildings	
Heavy plant/road making equipment	5 to 10	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	33 to 50
		Stormwater assets	
Water and sewer assets		Drains	60
Dams and reservoirs	100	Culverts	60
Bores	30		
Reticulation pipes: PVC	40 to 80		
Reticulation pipes: other	25 to 75		
Pumps and telemetry	10 to 40		
		Other infrastructure assets	
Transportation assets		Other Infrastructure	15 to 110
Sealed roads: surface	30	Swimming pools	70
Sealed roads: structure	75	Other open space/recreational assets	15 to 110
Unsealed roads	40		
Bridge: concrete	150		
Bulk Earthworks	Infinite		
Road pavements	60		
Kerb, gutter and footpaths	100		

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

Revaluation model

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

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

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

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

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

Crown reserves

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

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

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".

Council has assessed during 2023/2024 that it does not have control over Rural Fire Service Fleet Assets, and as such we have not recognised them in the financial statements. (This includes purchase and sale of plant and other firefighting equipment from an operating use or maintenance expenditure of these assets, as this is not controlled by council)

Council does have a level of control over Rural Fire Service land and buildings and continues to recognise these in the Financial Statements.

C1-8 Intangible assets

\$ '000	2024	2023
Software		
Opening values at 1 July		
Gross book value	571	571
Accumulated amortisation	(489)	(446)
Net book value – opening balance	82	125
Movements for the year		
Purchases	–	12
Amortisation charges	(37)	(44)
Disposals	–	(11)
Closing values at 30 June		
Gross book value	571	571
Accumulated amortisation	(526)	(489)
Total software – net book value	45	82
Total intangible assets – net book value	45	82

Material accounting policy information

IT development and software

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

C1-9 Other

Other assets

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Prepayments	953	–	82	–
Shares in unlisted companies – StateCover	–	282	–	282
Total other assets	953	282	82	282

C2 Leasing activities

C2-1 Council as a lessor

Operating leases

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

Lease income (excluding variable lease payments not dependent on an index or rate)	167
Total income relating to operating leases for Council assets	167

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

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Goods and services – operating expenditure	4,384	–	3,165	–
Accrued expenses:				
Borrowings	130	–	2	–
Prepaid rates	556	–	489	–
Salaries and wages	240	–	151	–
Other expenditure accruals	1,590	–	569	–
Security bonds, deposits and retentions	497	407	451	161
ATO – net GST payable	43	–	9	–
Other	110	–	141	–
Total payables	7,550	407	4,977	161

Payables

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

C3-2 Contract Liabilities

\$ '000	Notes	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	17,074	-	6,866	-
Total grants received in advance		17,074	-	6,866	-
User fees and charges received in advance:					
Other		90	-	59	-
Total user fees and charges received in advance		90	-	59	-
Total Contract liabilities at 30 June		17,164	-	6,925	-

Notes

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

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

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

\$ '000	2024	2023
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	2,140	2,070
Total revenue recognised that was included in the contract liability balance at the beginning of the period	2,140	2,070

C3-3 Borrowings

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
Loans – secured ¹	111	1,060	105	1,172
Total borrowings	111	1,060	105	1,172

(1) Loans are secured over the general rating income of Council.
Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in E1-1c.

(a) Changes in liabilities arising from financing activities

\$ '000	2023		Non-cash movements				2024
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	1,277	(106)	–	–	–	–	1,171
Total liabilities from financing activities	1,277	(106)	–	–	–	–	1,171

\$ '000	2022		Non-cash movements				2023
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	1,403	(1,453)	1,327	–	–	–	1,277
Total liabilities from financing activities	1,403	(1,453)	1,327	–	–	–	1,277

(b) Financing arrangements

\$ '000	2024	2023
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Total facilities

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

Bank overdraft facilities ¹	450	450
Credit cards/purchase cards	65	65
Total financing arrangements	515	515

Drawn facilities

Financing facilities drawn down at the reporting date are:

– Bank overdraft facilities	–	–
– Credit cards/purchase cards	64	61
Total drawn financing arrangements	64	61

Undrawn facilities

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

– Bank overdraft facilities	450	450
– Credit cards/purchase cards	1	4
Total undrawn financing arrangements	451	454

Additional financing arrangements information

Breaches and defaults

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

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

C3-4 Employee benefit provisions

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
Annual leave	1,518	–	1,324	–
Long service leave	2,112	–	1,854	–
Total employee benefit provisions	3,630	–	3,178	–

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

\$ '000	2024	2023
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	3,333	3,005
	3,333	3,005

Material accounting policy information

Other long-term employee benefit obligations

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

C3-5 Provisions

\$ '000	2024 Current	2024 Non-Current	2023 Current	2023 Non-Current
Asset remediation/restoration (Future Works):				
Gravel Pit Remediation/Restoration	200	88	59	179
Garbage Tip Remediation/Restoration	–	816	–	2,437
Quarry Remediation/Restoration	–	1,256	–	1,149
Sub-total – asset remediation/restoration	200	2,160	59	3,765
Total provisions	200	2,160	59	3,765

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
2024		
At beginning of year	3,824	3,824
Changes to provision:		
– Revised discount rate / revised costs	(1,503)	(1,503)
Unwinding of discount	39	39
Total other provisions at end of year	2,360	2,360
2023		
At beginning of year	2,705	2,705
Changes to provision:		
– Revised discount rate / revised costs	–	–
Unwinding of discount	106	106
Additional provisions	1,013	1,013
Total other provisions at end of year	3,824	3,824

Nature and purpose of provisions

Asset remediation

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

Asset remediation – tips and quarries

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

C3-5 Provisions (continued)

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

\$ '000	General 2024	Water 2024	Sewer 2024
Income from continuing operations			
Rates and annual charges	13,469	642	2,367
User charges and fees	10,281	851	97
Interest and investment revenue	1,297	314	329
Other revenues	1,117	6	3
Grants and contributions provided for operating purposes	13,494	615	–
Grants and contributions provided for capital purposes	13,686	84	172
Net gains from disposal of assets	350	–	–
Other income	1,203	–	–
Total income from continuing operations	54,897	2,512	2,968
Expenses from continuing operations			
Employee benefits and on-costs	16,360	560	535
Materials and services	21,712	1,035	1,031
Borrowing costs	38	–	68
Depreciation, amortisation and impairment of non-financial assets	11,693	1,075	942
Other expenses	307	90	392
Net losses from the disposal of assets	–	–	44
Total expenses from continuing operations	50,110	2,760	3,012
Operating result from continuing operations	4,787	(248)	(44)
Net operating result for the year	4,787	(248)	(44)
Net operating result attributable to each council fund	4,787	(248)	(44)
Net operating result for the year before grants and contributions provided for capital purposes	(8,899)	(332)	(216)

D1-2 Statement of Financial Position by fund

\$ '000	General 2024	Water 2024	Sewer 2024
ASSETS			
Current assets			
Cash and cash equivalents	12,434	4,468	4,666
Investments	33,250	–	–
Receivables	4,158	872	1,168
Inventories	640	–	–
Contract assets and contract cost assets	4,824	108	–
Other	944	5	4
Total current assets	56,250	5,453	5,838
Non-current assets			
Investments	8,500	–	–
Receivables	377	–	–
Inventories	40	–	–
Infrastructure, property, plant and equipment	603,290	43,234	39,601
Investments accounted for using the equity method	40,059	–	–
Intangible assets	45	–	–
Other	282	–	–
Total non-current assets	652,593	43,234	39,601
Total assets	708,843	48,687	45,439
LIABILITIES			
Current liabilities			
Payables	7,156	202	192
Contract liabilities	17,164	–	–
Borrowings	(1,060)	–	1,171
Employee benefit provision	3,630	–	–
Provisions	200	–	–
Total current liabilities	27,090	202	1,363
Non-current liabilities			
Payables	407	–	–
Borrowings	1,060	–	–
Provisions	2,160	–	–
Total non-current liabilities	3,627	–	–
Total liabilities	30,717	202	1,363
Net assets	678,126	48,485	44,076
EQUITY			
Accumulated surplus	363,483	24,406	23,313
Revaluation reserves	314,643	24,079	20,763
Council equity interest	678,126	48,485	44,076
Total equity	678,126	48,485	44,076

D2 Interests in other entities

\$ '000	Council's share of net assets	
	2024	2023
Council's share of net assets		
Net share of interests in joint ventures and associates using the equity method – assets		
Associates	40,059	37,578
Total net share of interests in joint ventures and associates using the equity method – assets	40,059	37,578
Total Council's share of net assets	40,059	37,578

D2-1 Interests in associates

Net carrying amounts – Council’s share

\$ '000	Place of business	Nature of relationship	Interest in ownership			
			2024	2023	2024	2023
Central Tablelands Water	Blayney	Associate	33%	33%	40,059	37,578
Total carrying amounts – material associates					40,059	37,578

The following information is provided for associates that are individually material to the Council. Included are the amounts as per the individual associates’ financial statements, adjusted for fair-value adjustments at acquisition date and differences in accounting policies, rather than the Council’s share. Central Tablelands Water financial data is from their audited 2023/2024 financial statements, which are the most recent audited financial statements available.

Details

	Principal activity	Measurement method
Central Tablelands Water	Supply Water	Equity

Relevant interests and fair values

	Interest in outputs		Proportion of voting power	
	2024	2023	2024	2023
Central Tablelands Water	33%	33%	33%	33%

D2-1 Interests in associates (continued)

Summarised financial information for associates

\$ '000	Central Tablelands Water	
	2024	2023
Statement of financial position		
Current assets		
Cash and cash equivalents	1,658	2,268
Other current assets	10,867	8,958
Non-current assets	109,780	103,097
Current liabilities		
Other current liabilities	2,101	1,569
Non-current liabilities		
Non-current financial liabilities (excluding trade and other payables and provisions)	27	21
Net assets	120,177	112,733
Statement of comprehensive income		
Income	10,373	8,639
Interest income	546	289
Depreciation and amortisation	(3,014)	(2,727)
Other expenses	(5,228)	(5,073)
Profit/(loss) from continuing operations	2,677	1,128
Profit/(loss) for period	2,677	1,128
Other comprehensive income	4,767	7,430
Total comprehensive income	7,444	8,558
Share of income – Council (%)	33%	33%
Profit/(loss) – Council (\$)	892	376
Total comprehensive income – Council (\$)	2,481	2,852
Summarised Statement of cash flows		
Cash flows from operating activities	5,829	3,999
Cash flows from investing activities	(6,439)	(2,664)
Net increase (decrease) in cash and cash equivalents	(610)	1,335
Reconciliation of the carrying amount		
Opening net assets (1 July)	112,733	104,175
Profit/(loss) for the period	2,677	1,128
Gains on revaluation of I,PP&E	4,767	7,430
Closing net assets	120,177	112,733
Council's share of net assets (%)	33%	33%
Council's share of net assets (\$)	40,055	37,578

D2-2 Subsidiaries, joint arrangements and associates not recognised

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

Name of entity/operation	Principal activity/type of entity	2024 Net profit	2024 Net assets
Section 355 Committees of Council	Management control and care of Council property	–	–

Reasons for non-recognition

Council auspice a number of Section 355 Committees and due to their immaterial value and nature have been excluded from recognition.

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

The fair value of receivables, loans, investments and financial liabilities approximates the carrying amount.

(a) Market risk – interest rate and price risk

\$ '000	2024	2023
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	548	416

(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.

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

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

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

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue	overdue rates and annual charges		Total
		< 5 years	≥ 5 years	
2024				
Gross carrying amount	1,173	–	–	1,173
2023				
Gross carrying amount	1,020	–	–	1,020

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	0 - 30 days	Overdue debts			Total
			31 - 60 days	61 - 90 days	> 91 days	
2024						
Gross carrying amount	7,690	563	237	1,130	1,090	10,710
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	34.50%	3.51%
ECL provision	–	–	–	–	376	376

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

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
2023						
Gross carrying amount	20,283	104	3,061	65	453	23,966
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	78.00%	1.47%
ECL provision	–	–	–	–	353	353

(c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
2024							
Payables	0.00%	904	7,379	–	–	8,283	7,957
Borrowings	5.46%	–	173	692	606	1,471	1,171
Total financial liabilities		904	7,552	692	606	9,754	9,128
2023							
Payables	0.00%	612	4,526	–	–	5,138	5,138
Borrowings	5.64%	–	175	698	786	1,659	1,277
Total financial liabilities		612	4,701	698	786	6,797	6,415

E2-1 Fair value measurement

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

– Infrastructure, property, plant and equipment

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

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

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

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

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

Recurring fair value measurements

\$ '000	Notes	Fair value measurement hierarchy					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2024	2023	2024	2023	2024	2023
Infrastructure, property, plant and equipment	C1-7						
Capital works in progress		–	–	6,573	10,390	6,573	10,390
Plant and equipment		–	–	15,332	15,435	15,332	15,435
Office equipment		–	–	303	378	303	378
Furniture and fittings		–	–	257	286	257	286
Operational land		10,390	8,656	–	–	10,390	8,656
Community land		–	–	24,265	20,391	24,265	20,391
Land improvements non depreciable		–	–	18,135	17,211	18,135	17,211
Land Improvements depreciable		–	–	9,488	7,673	9,488	7,673
Building non specialised		–	–	3,186	2,796	3,186	2,796
Building specialised		–	–	45,073	36,261	45,073	36,261
Other structures		–	–	7,867	7,417	7,867	7,417
Roads		–	–	137,254	126,704	137,254	126,704
Bridges		–	–	55,893	52,124	55,893	52,124
Footpaths		–	–	10,125	8,530	10,125	8,530
Bulk earthworks		–	–	190,133	180,443	190,133	180,443
Stormwater drainage		–	–	70,154	67,430	70,154	67,430
Water supply network		–	–	40,580	39,674	40,580	39,674
Sewer network		–	–	29,955	29,105	29,955	29,105
Swimming pools		–	–	7,416	7,072	7,416	7,072
Tip assets		–	–	699	1,938	699	1,938
Quarry assets		–	–	21	59	21	59
Open Space/recreational assets		–	–	3,025	2,897	3,025	2,897
Total infrastructure, property, plant and equipment		10,390	8,656	675,734	634,214	686,124	642,870

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:

E2-1 Fair value measurement (continued)

Financial assets

Financial assets are exposed to financial risk such as price risk, credit risk, liquidity risk and interest rate risk surrounding the unpredictability of financial markets. The valuation technique for these assets is based on a market approach observing that the carrying value is a reasonable approximation of the fair value.

Infrastructure, property, plant and equipment (IPPE)

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

Class	Valuation technique(s)	Unobservable inputs
Plant, equipment, furniture, fittings and office equipment	Cost approach	Current replacement cost, asset condition, useful life and residual value
Operational Land	Market approach	Price per square metre
Community Land	Market approach. Land values obtained from the NSW Valuer-General	Land value, land area, level of restriction.
Buildings	Cost approach	Current replacement cost of modern equivalent asset, asset condition, remaining lives, residual value.
Other structures	Cost approach	Current replacement cost of modern equivalent asset, asset condition, remaining lives, residual value.
Roads (including bridges, footpaths, bulk earthworks) and other similar assets	Cost approach	Asset condition, remaining lives using componentisation.
Stormwater Drainage	Cost approach	Asset condition, remaining lives
Water supply and sewerage network infrastructure	Cost approach	Asset condition, remaining lives using componentisation
Tips and quarry assets	Cost approach	Environmental legislation, timing of expected cash outflows, asset condition

E2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

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

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

\$ '000	Fair value 2024	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment			
Buildings Specialised	45,073	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Conditions • Useful Life
Buildings Non Specialised	3,186	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Conditions • Useful Life
Capital Works in Progress	6,573	Cost Approach	<ul style="list-style-type: none"> • Gross Replacement Cost
Plant & Equipment	15,332	Cost Approach	<ul style="list-style-type: none"> • Gross Replacement Cost • Remaining Useful Life
Office Equipment	303	Cost Approach	<ul style="list-style-type: none"> • Gross Replacement Cost • Remaining Useful Life
Furniture & Fittings	257	Cost Approach	<ul style="list-style-type: none"> • Gross Replacement Cost • Remaining Useful Life
Community land	24,265	Cost Approach	<ul style="list-style-type: none"> • NSW Valuer General's Valuation (Unimproved Capital Value)
Land Improvements Non-Depreciable	18,135	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Condition • Remaining Useful Life
Land Improvements Depreciable	9,488	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Condition • Remaining Useful Life
Other structures	7,867	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Condition • Remaining Useful Life
Roads	137,254	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Condition • Useful life
Bridges	55,893	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Condition • Useful life
Footpaths	10,125	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Condition • Useful life
Bulk Earthworks	190,133	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Terrain rating
Stormwater Drainage	70,154	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Conditions • Useful Life
Water Supply Network	40,580	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Conditions • Useful Life
Sewer Network	29,955	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Conditions • Useful Life
Swimming Pools	7,416	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Conditions • Useful Life
Open Space/Recreational Assets	3,025	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Conditions • Useful Life
Tip Assets	699	Cost Approach	<ul style="list-style-type: none"> • Discounted future Cash Flows
Quarry Assets	21	Cost Approach	<ul style="list-style-type: none"> • Discounted future Cash Flows

E2-1 Fair value measurement (continued)

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

\$ '000	Total	
	2024	2023
Opening balance	642,870	622,979
Total gains or losses for the period		
Recognised in other comprehensive income – revaluation surplus	36,751	41,420
Other movements		
Purchases (GBV)	21,505	22,711
Disposals (WDV)	(874)	(7,456)
Depreciation and impairment	(13,673)	(46,840)
Other movement	(454)	10,056
Closing balance	686,125	642,870

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).

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

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

The future service employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working life-time of a typical new entrant is calculated. The current 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 million for 1 January 2024 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, the next of which is due effective 30 June 2024, and monitored annually between triennials.

(b) a description of the extent to which the 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.

(c) a description of any agreed allocation of a deficit or surplus on:

- (i) wind-up of the plan

E3-1 Contingencies (continued)

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

(ii) the entity's withdrawal from the plan

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

(d) Given the entity accounts for that plan as if it were a defined contribution plan in accordance with paragraph 34, the following information:

(i) the fact that the plan is a defined benefit plan

We confirm the plan is a defined benefit plan

(iii) the expected contributions to the plan for the next annual reporting period.

Council's expected contributions to the plan for the next annual reporting period is \$57,256.83

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 \$83,190.86 The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2023.

(iv) information about any deficit or surplus in the plan that may affect the amount of future contributions, including the basis used to determine that deficit or surplus and the implications, if any, for the entity.

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 0.28%.

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

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

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

* Plus promotional increases

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group. Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year will be completed by December 2024.

(v) an indication of the level of participation of the entity in the plan compared with other participating entities.

An employer's past service contribution. It is estimated that there are \$28,227.63 past service contributions remaining.

(ii) Statewide Limited

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

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

E3-1 Contingencies (continued)

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

(iii) StateCover Limited

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

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

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

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

(iv) Other guarantees

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

2. Other liabilities

(i) Third party claims

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

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

(ii) Potential land acquisitions due to planning restrictions imposed by Council

Council has classified a number of privately owned land parcels as local open space or bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

At reporting date, reliable estimates as to the value of any potential liability (and subsequent land asset) from such potential acquisitions has not been possible.

ASSETS NOT RECOGNISED

(i) Land under roads

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

(ii) Infringement notices/fines

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

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

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

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

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

\$ '000	2024	2023
Compensation:		
Short-term benefits	896	783
Post-employment benefits	75	67
Other long-term benefits	9	29
Total	980	879

Other transactions with KMP and their related parties

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

1. Two Councillors have or had during the year a family member who is/was an employee of Cabonne Council.
2. Two Councillors of Cabonne Council hold the President/Treasurer positions of two different Community Groups who sponsor Community Events to which Council donates funds.
3. Two Councillors of Cabonne Council area members of community groups that sponsor a Council run program.
4. Councillors and Executive Staff of Cabonne Council have a combined total of outstanding Rates, Debtor and / or Water/Sewer Accounts to the amount of \$979.86
5. One Councillor of Cabonne Council has a family member that is used as a Contractor to carry out maintenance work for Council.
6. One Councillor and One Executive Staff member have family members that could potentially be procured for Contract maintenance work for Council.

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2024	2023
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	38	28
Councillors' fees	159	114
Councillors' Superannuation	6	8
Other Councillors' expenses (including Mayor)	63	84
Total	266	234

F1-3 Other related parties

\$ '000	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
2024					
Central Tablelands Water	147	-		-	-
Molong Advancement Group	29	-		-	-
Arts Council Cabonne	7	-		-	-
Molong Express	-	-		-	-
2023					
Central Tablelands Water	127	-		-	-
Molong Advancement Group	9	-		-	-
Arts Council Cabonne	-	-		-	-
Molong Express	6	-		-	-

F2 Other relationships

F2-1 Audit fees

\$ '000	2024	2023
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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

	78	62
--	----	----

Remuneration for audit and other assurance services

	78	62
--	----	----

Total Auditor-General remuneration

	78	62
--	----	----

Non NSW Auditor-General audit firms

Total audit fees

	78	62
--	----	----

G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of Operating Result

\$ '000	2024	2023
Net operating result from Income Statement	4,495	6,855
Add / (less) non-cash items:		
Depreciation and amortisation	13,710	14,584
(Gain) / loss on disposal of assets	(306)	5,733
Decrease in Remediation Asset	1,185	–
Unwinding of discount rates on reinstatement provisions	38	106
Share of net (profits)/losses of associates/joint ventures using the equity method	(892)	(376)
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(155)	(1,530)
Increase / (decrease) in provision for impairment of receivables	22	72
(Increase) / decrease of inventories	(19)	(19)
(Increase) / decrease of other current assets	(871)	(24)
(Increase) / decrease of contract asset	13,203	(13,699)
Increase / (decrease) in payables	1,219	488
Increase / (decrease) in accrued interest payable	128	–
Increase / (decrease) in other accrued expenses payable	1,110	267
Increase / (decrease) in other liabilities	362	76
Increase / (decrease) in contract liabilities	10,239	3,927
Increase / (decrease) in employee benefit provision	452	61
Increase / (decrease) in other provisions	(1,502)	1,013
Net cash flows from operating activities	42,418	17,534

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2024	2023
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Sewerage and water infrastructure	415	113
Buildings	653	325
Plant and equipment	56	816
Roads, Bridges & Footpaths	1,261	742
Other structures	44	28
Other	162	283
Total commitments	2,591	2,307
These expenditures are payable as follows:		
Within the next year	2,591	2,307
Total payable	2,591	2,307
Sources for funding of capital commitments:		
Unrestricted general funds	218	1,118
Future grants and contributions	2,331	838
Externally restricted reserves	14	26
Internally restricted reserves	28	325
Total sources of funding	2,591	2,307

G3-1 Events occurring after the reporting date

Council is aware of the following 'non-adjusting events' that merit disclosure:

Council had an insurance claim which ultimately settled at the end of August 2024. The amount of settlement was not known until the end of August 2024 and a total of \$2.75M was paid via two instalments, one at the end of August 2024 and another in September 2024.

G4 Statement of developer contributions

G4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2023	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Roads	1,053	-	-	-	-	-	-	1,053	-
Other	165	270	-	-	57	(2)	-	490	-
Total S7.12 contributions - under a plan	1,218	270	-	-	57	(2)	-	1,543	-
Total contributions	1,218	270	-	-	57	(2)	-	1,543	-

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.

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}	(10,645)	(23.55)%	(4.54)%	(10.44)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	45,193				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	31,084	52.56%	37.43%	53.24%	> 60.00%
Total continuing operating revenue ¹	59,135				
3. Unrestricted current ratio					
Current assets less all external restrictions	33,343	4.88x	7.74x	7.34x	> 1.50x
Current liabilities less specific purpose liabilities	6,827				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	3,171	14.96x	7.37x	30.62x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	212				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	1,271	7.16%	6.59%	4.34%	< 10.00%
Rates and annual charges collectable	17,751				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	63,318	17.15 months	9.36 months	14.05 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	3,693				

(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}	(25.26)%	(0.60)%	(13.67)%	(159.46)%	(7.73)%	(11.52)%	> 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	49.34%	34.56%	72.17%	87.04%	94.20%	98.92%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	4.88x	7.74x	27.00x	34.67x	4.28x	3.91x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	11.35x	8.10x	∞	∞	11.68x	9.81x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	8.62%	7.86%	0.00%	0.00%	0.00%	0.00%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	16.05 months	7.92 months	31.82 months	35.22 months	26.26 months	33.48 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

End of the audited financial statements

H Additional Council disclosures (unaudited)

H1-1 Council information and contact details

Principal place of business:

99 -101 Bank Street
Molong NSW 2866

Mailing Address:

PO Box 17
Molong NSW 2866

Telephone: 02 6392 3200

Facsimile: 02 6392 3260

Opening hours:

9:00am - 5:00pm
Monday to Friday

Internet: www.cabonne.nsw.gov.au

Email: council@cabonne.nsw.gov.au

Officers

Acting General Manager

Matthew Christensen

Responsible Accounting Officer

Heather Nicholls

Public Officer

Jolene Pearson

Auditors

Audit Office of NSW
Level 15, 1 Margaret Street
SYDNEY NSW 2001

Elected members

Mayor

Kevin Beatty

Councillors

Jamie Jones
Peter Batten
Marlene Nash
Jennifer Weaver
Aaron Pearson
Kathryn O'Ryan
Andrew Pull
Andrew Rawson

Other information

ABN: 419 929 192 00



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Cabonne Council

To the Councillors of Cabonne Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Farisha Ali
Delegate of the Auditor-General for New South Wales

30 October 2024
SYDNEY



Councillor Kevin Beatty
 Mayor
 Cabonne Council
 PO Box 17
 MOLONG NSW 2866

Contact: Farisha Ali
 Phone no: 02 9275 7373
 Our ref: R008-2124742775-8378

30 October 2024

Dear Mayor

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

I have audited the general purpose financial statements (GPFS) of the Cabonne 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	16.5	15.6	↑ 5.8
Grants and contributions revenue	28.1	47.0	↓ 40.2
Operating result from continuing operations	4.5	6.9	↓ 34.8
Net operating result before capital grants and contributions	(9.4)	(8.1)	↓ 16.0

Rates and annual charges revenue (\$16.5 million) increased by \$0.9 million (5.8 per cent) in 2023–24, primarily due to rate peg increase of 4.1 per cent.

Grants and contributions revenue (\$28.1 million) decreased by \$18.9 million (40.2 per cent) in 2023–24 due to:

- decrease of \$18.2 million in funding for storm and flood damage, from \$19.2 million in 2022-23 to \$1.0 million in 2023-24.
- receiving financial assistance grants for 2024-25 in advance amounting to \$5.7 million (of total funding of \$6.0 million) in contrast to \$6.3 million for 2023-24 in advance (of total funding of \$7.9 million).
- Offset with an increase in roads to recovery funding of \$2.6 million in 2023-24, compared to nil in 2022-23.

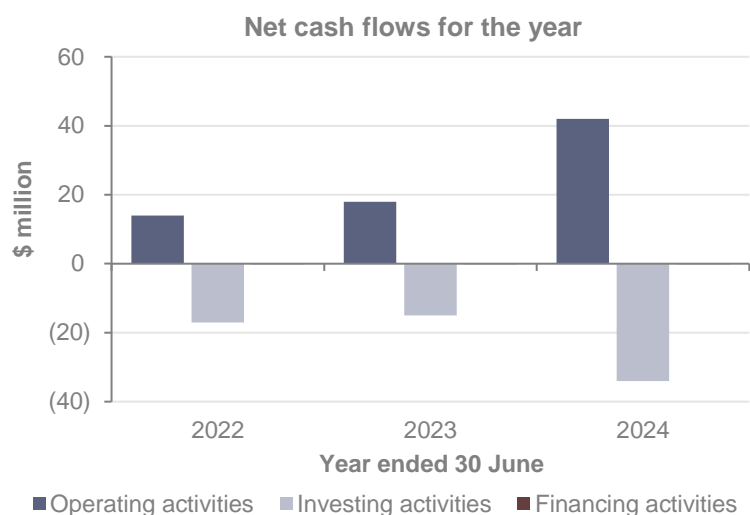
Council's operating result from continuing operations (\$4.4 million including depreciation, amortisation and impairment expense of \$13.7 million) was \$2.4 million lower than the 2022–23 result.

The net operating result before capital grants and contributions (\$9.4 million deficit) was \$1.3 million more than the 2022–23 deficit of \$8.1 million. The decrease was largely due to the lower grants' revenue and higher employee benefits cost.

STATEMENT OF CASH FLOWS

Cash balances increased due to the following factors:

- Increase in receipts from grants and contributions of \$16.1 million in 2023-24. This is predominantly as a result of the decrease in contract assets of \$13.2 million.
- Decrease in payments for materials and services of \$9.7 million. Mainly attributable to decreases in raw materials and consumables of \$2.8 million and a decrease in service contracts of \$7.4 million. The higher spend in 2022-23 for both these categories was due to the significant flood repair maintenance work completed last year.



FINANCIAL POSITION

Cash and investments

Cash and investments	2024	2023	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	63.3	41.2	Externally restricted balances comprise mainly of developer contributions, unspent funds for specific purpose grants and contributions, water and sewer funds.
Restricted and allocated cash, cash equivalents and investments:			Internal allocations are determined by council policies or decisions, which are subject to change.
• External restrictions	40.5	34.2	
• Internal allocations	21.8	5.1	

Debt

At 30 June 2024, Council had:

- \$1.2 million in secured loans (\$1.3 million in 2022-23)
- \$0.5 million in approved overdraft facility with nil drawn down
- \$65,000 in credit card facility with \$64,000 used.

PERFORMANCE

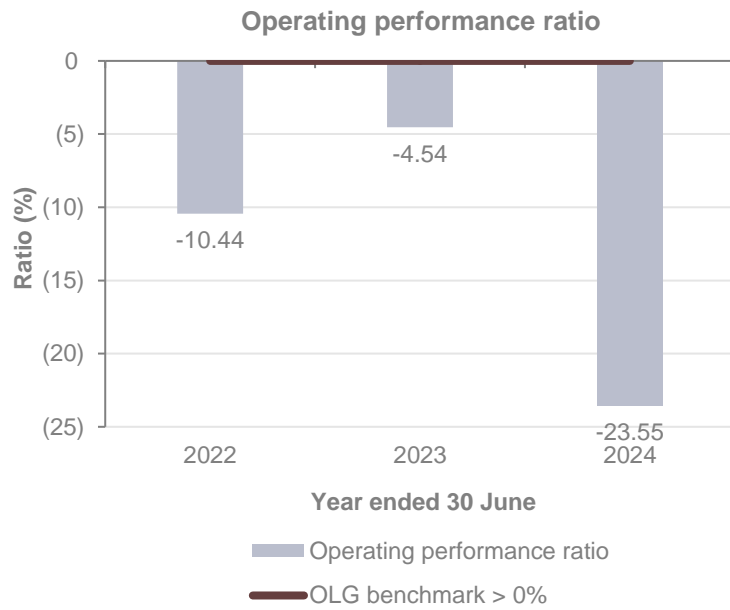
Performance measures

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 did not meet the benchmark for the current reporting period.

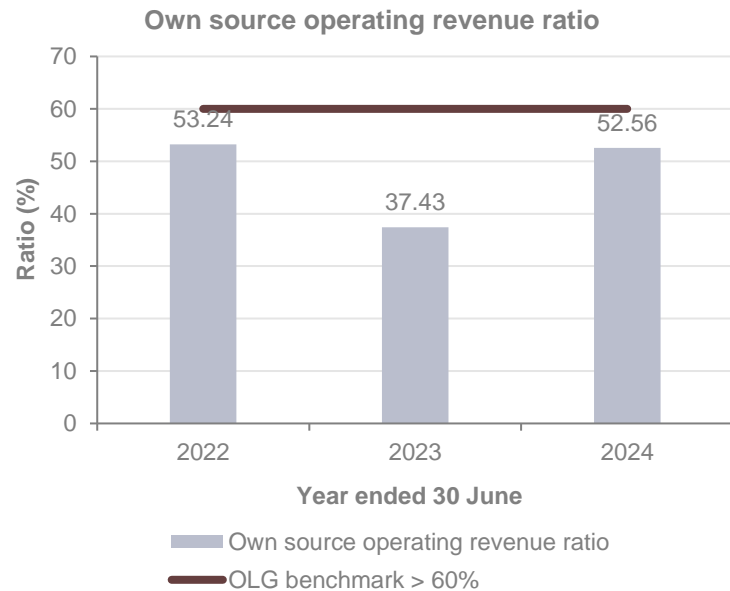
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.



Own source operating revenue ratio

Council did not meet the benchmark for the current reporting period due to the high level of grants and contributions received.

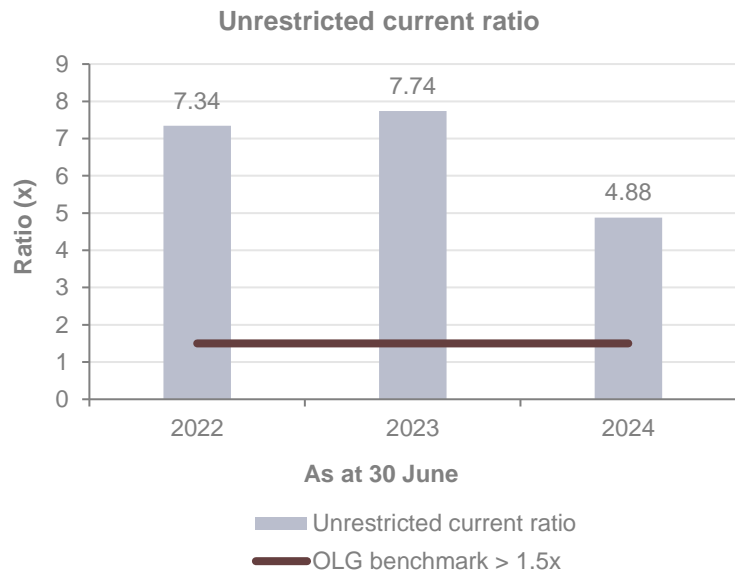
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

Council exceeded the benchmark for the current reporting period.

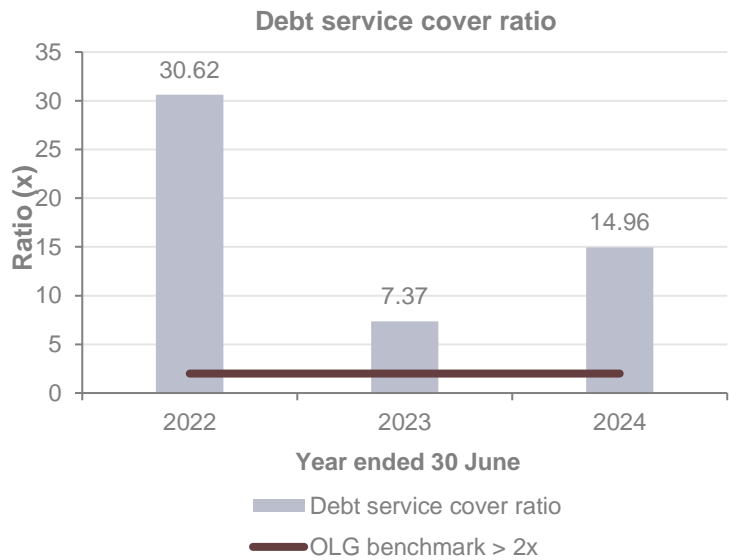
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

Council exceeded the benchmark for the current reporting period.

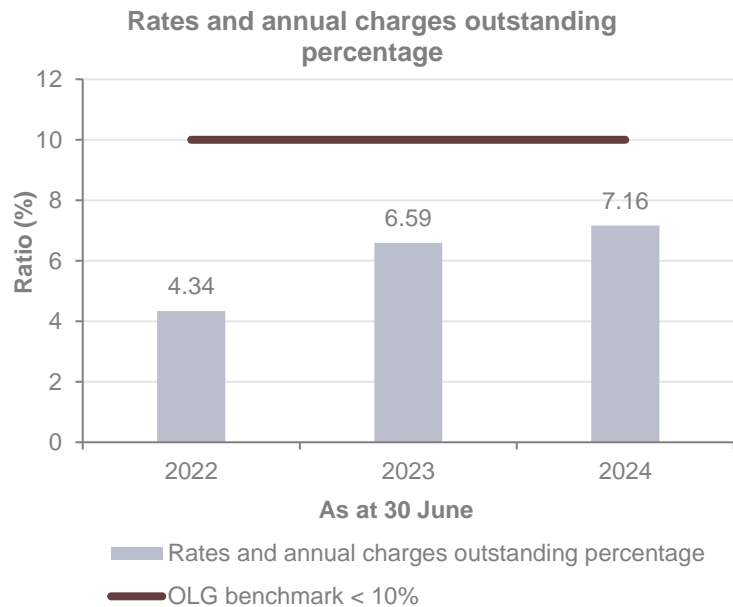
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding percentage

Council has exceeded the benchmark for the current reporting period.

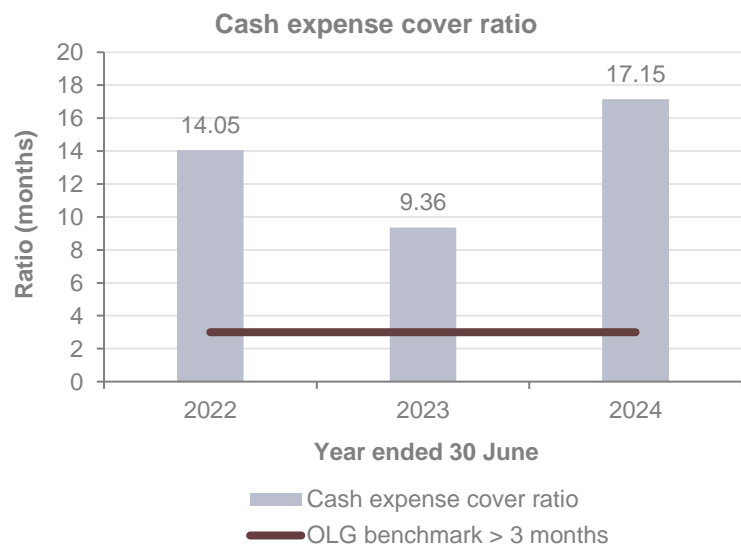
The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



Cash expense cover ratio

Council exceeded the benchmark for the current reporting period.

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



Infrastructure, property, plant and equipment renewals

Council renewed \$15.9 million of infrastructure, property, plant and equipment during the 2023-24 financial year. This was mainly spent on roads (\$8.3 million) and plant and equipment (\$2.8 million). A further \$5.6 million was spent on new assets predominantly in work in progress (\$5.3 million).

OTHER MATTERS

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.



Farisha Ali

Associate Director, Financial Audit

Delegate of the Auditor-General for New South Wales

Cabonne Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2024

“Cabonne Council is committed to providing sustainable local government to our rural communities through consultation and sound financial management which will ensure equitable resource allocation.”



Cabonne Council

Special Purpose Financial Statements

for the year ended 30 June 2024

Contents	Page
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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
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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).

Cabonne Council

Special Purpose Financial Statements

for the year ended 30 June 2024

Statement by Councillors and Management

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

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

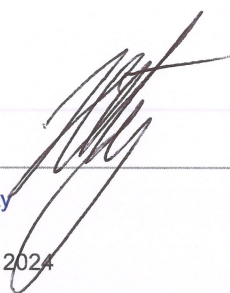
- NSW Government Policy Statement, *Application of National Competition Policy to Local Government*
- Division of Local Government Guidelines, *Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality*
- The Local Government Code of Accounting Practice and Financial Reporting
- Sections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

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

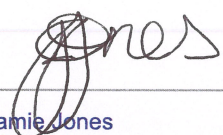
- present fairly the operating result and financial position for each of Council's declared business activities for the year,
- accord with Council's accounting and other records; and
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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

Signed in accordance with a resolution of Council made on 08 October 2024.



Kevin Beatty
Mayor
08 October 2024



Jamie Jones
Deputy Mayor
08 October 2024



Matthew Christensen
Acting General Manager
08 October 2024



Heather Nicholls
Responsible Accounting Officer
08 October 2024

Cabonne Council

Income Statement of water supply business activity

for the year ended 30 June 2024

\$ '000	2024	2023
Income from continuing operations		
Access charges	642	566
User charges	851	605
Interest and investment income	314	11
Grants and contributions provided for operating purposes	615	148
Other income	6	7
Total income from continuing operations	2,428	1,337
Expenses from continuing operations		
Employee benefits and on-costs	560	517
Materials and services	1,035	780
Depreciation, amortisation and impairment	1,075	810
Net loss from the disposal of assets	-	1,274
Other expenses	90	88
Total expenses from continuing operations	2,760	3,469
Surplus (deficit) from continuing operations before capital amounts	(332)	(2,132)
Grants and contributions provided for capital purposes	84	29
Surplus (deficit) from continuing operations after capital amounts	(248)	(2,103)
Surplus (deficit) from all operations before tax	(248)	(2,103)
Surplus (deficit) after tax	(248)	(2,103)
Plus accumulated surplus	24,654	26,757
Plus adjustments for amounts unpaid:		
Closing accumulated surplus	24,406	24,654
Return on capital %	(0.8)%	(5.1)%
Subsidy from Council	2,191	3,815
Calculation of dividend payable:		
Surplus (deficit) after tax	(248)	(2,103)
Less: capital grants and contributions (excluding developer contributions)	(84)	(29)
Surplus for dividend calculation purposes	-	-
Potential dividend calculated from surplus	-	-

Cabonne Council

Income Statement of sewerage business activity

for the year ended 30 June 2024

\$ '000	2024	2023
Income from continuing operations		
Access charges	2,367	2,092
User charges	97	85
Interest and investment income	329	24
Other income	3	3
Total income from continuing operations	2,796	2,204
Expenses from continuing operations		
Employee benefits and on-costs	535	505
Borrowing costs	68	75
Materials and services	1,031	592
Depreciation, amortisation and impairment	942	915
Net loss from the disposal of assets	44	135
Other expenses	392	236
Total expenses from continuing operations	3,012	2,458
Surplus (deficit) from continuing operations before capital amounts	(216)	(254)
Grants and contributions provided for capital purposes	172	24
Surplus (deficit) from continuing operations after capital amounts	(44)	(230)
Surplus (deficit) from all operations before tax	(44)	(230)
Surplus (deficit) after tax	(44)	(230)
Plus accumulated surplus	23,357	23,587
Closing accumulated surplus	23,313	23,357
Return on capital %	(0.4)%	(0.5)%
Subsidy from Council	1,851	1,717
Calculation of dividend payable:		
Surplus (deficit) after tax	(44)	(230)
Less: capital grants and contributions (excluding developer contributions)	(172)	(24)
Surplus for dividend calculation purposes	-	-
Potential dividend calculated from surplus	-	-

Cabonne Council

Statement of Financial Position of water supply business activity

as at 30 June 2024

\$ '000	2024	2023
ASSETS		
Current assets		
Contract assets and contract cost assets	108	15
Cash and cash equivalents	4,468	4,115
Receivables	872	550
Other	5	–
Total current assets	5,453	4,680
Non-current assets		
Infrastructure, property, plant and equipment	43,234	41,868
Total non-current assets	43,234	41,868
Total assets	48,687	46,548
LIABILITIES		
Current liabilities		
Payables	202	135
Total current liabilities	202	135
Total liabilities	202	135
Net assets	48,485	46,413
EQUITY		
Accumulated surplus	24,406	24,654
Revaluation reserves	24,079	21,759
Total equity	48,485	46,413

Cabonne Council

Statement of Financial Position of sewerage business activity

as at 30 June 2024

\$ '000	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	4,666	4,146
Receivables	1,168	997
Other	4	–
Total current assets	5,838	5,143
Non-current assets		
Infrastructure, property, plant and equipment	39,601	38,261
Intangible assets	–	20
Total non-current assets	39,601	38,281
Total assets	45,439	43,424
LIABILITIES		
Current liabilities		
Payables	192	38
Borrowings	1,171	1,277
Total current liabilities	1,363	1,315
Total liabilities	1,363	1,315
Net assets	44,076	42,109
EQUITY		
Accumulated surplus	23,313	23,357
Revaluation reserves	20,763	18,752
Total equity	44,076	42,109

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)

Cabonne Council Combined Sewerage Supplies

Sewerage reticulation and treatment operations servicing the towns of Molong, Eugowra, Canowindra, Cudal, Yeoval, Cumnock and Manildra.

These are reported under two special rate funds:

- Cabonne Sewer Fund, servicing the towns of Molong, Canowindra and Eugowra, and
- Small Town Sewer Fund, servicing the towns of Manildra, Cudal, Cumnock and Yeoval

Category 2

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

Cabonne Council Combined Water Supplies

Water supply operations servicing the towns of Molong, Yeoval and Cumnock, established as a combined special rate fund.

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):

Note – Material accounting policy information (continued)

Notional rate applied (%)

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

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

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

In accordance with the Department of Planning, Industry & Environment – Water guidelines, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the Best Practice Management of Water Supply and Sewer Guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the Act.

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

Income tax

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

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

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 25% (21/22 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% is not the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

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

Note – Material accounting policy information (continued)

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 DPIE – Water guidelines and must not exceed:

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2022 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the 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 DPIE – Water.



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Cabonne Council

To the Councillors of Cabonne Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Cabonne 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, appearing to read 'Farisha Ali', written in a cursive style.

Farisha Ali
Delegate of the Auditor-General for New South Wales

30 October 2024
SYDNEY

Cabonne Council

SPECIAL SCHEDULES
for the year ended 30 June 2024

“Cabonne Council is committed to providing sustainable local government to our rural communities through consultation and sound financial management which will ensure equitable resource allocation.”



Cabonne Council

Special Schedules

for the year ended 30 June 2024

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INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Cabonne Council

To the Councillors of Cabonne Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Cabonne 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 'Farisha Ali', written in a cursive style.

Farisha Ali
Delegate of the Auditor-General for New South Wales

30 October 2024
SYDNEY

Cabonne Council

Report on infrastructure assets as at 30 June 2024

Asset Class	Asset Category	Estimated cost				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 assets agreed level of service set by Council	2023/24 Required maintenance ^a	2023/24 Actual maintenance			1	2	3	4	5		
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000							
Buildings	Buildings	27,402	8,014	1,347	202	48,258	103,403	11.0%	14.0%	47.0%	25.0%	3.0%		
	Sub-total	27,402	8,014	1,347	202	48,258	103,403	11.0%	14.0%	47.0%	25.0%	3.0%		
Other structures	Other structures	2,499	267	–	–	7,867	13,330	5.0%	28.0%	60.0%	6.0%	1.0%		
	Sub-total	2,499	267	–	–	7,867	13,330	5.0%	28.0%	60.0%	6.0%	1.0%		
Roads	Roads	14,380	7,477	4,582	993	137,255	230,072	78.0%	10.0%	4.0%	3.0%	5.0%		
	Bridges	10,186	3,765	4	7	55,893	88,576	26.0%	44.0%	17.0%	7.0%	6.0%		
	Footpaths	2,489	882	36	8	10,124	12,602	4.0%	45.0%	23.0%	28.0%	0.0%		
	Bulk earthworks	–	–	–	–	190,133	190,133	100.0%	0.0%	0.0%	0.0%	0.0%		
	Sub-total	27,055	12,124	4,622	1,008	393,400	521,383	75.4%	13.0%	5.2%	3.2%	3.2%		
Water supply network	Water supply network	17,565	5,984	603	118	40,580	77,210	23.0%	17.0%	30.0%	29.0%	1.0%		
	Sub-total	17,565	5,984	603	118	40,580	77,210	23.0%	17.0%	30.0%	29.0%	1.0%		
Sewerage network	Sewerage network	6,652	1,601	752	120	29,956	49,274	11.0%	48.0%	28.0%	13.0%	0.0%		
	Sub-total	6,652	1,601	752	120	29,956	49,274	11.0%	48.0%	28.0%	13.0%	0.0%		
Stormwater drainage	Stormwater drainage	6,304	3,152	–	–	70,156	90,050	64.0%	22.0%	5.0%	4.0%	5.0%		
	Sub-total	6,304	3,152	–	–	70,157	90,050	64.0%	22.0%	5.0%	4.0%	5.0%		
Open space / recreational assets	Swimming pools	1,702	–	560	61	10,441	12,849	0.0%	47.0%	53.0%	0.0%	0.0%		
	Open Spaces	830	120	–	–	–	5,361	10.0%	37.0%	46.0%	5.0%	2.0%		
	Sub-total	2,532	120	560	61	10,441	18,210	2.9%	44.1%	50.9%	1.5%	0.6%		
Total – all assets		90,009	31,262	7,884	1,509	600,659	872,860	55.7%	17.2%	15.4%	8.7%	3.0%		

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

Infrastructure asset condition assessment 'key'

#	Condition	Integrated planning and reporting (IP&R) description
1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required

Cabonne Council

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

4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

Cabonne 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	19,448	191.38%	37.64%	97.52%	> 100.00%
Depreciation, amortisation and impairment	10,162				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	90,009	14.82%	25.78%	14.51%	< 2.00%
Net carrying amount of infrastructure assets	607,232				
Asset maintenance ratio					
Actual asset maintenance	1,509	19.14%	48.32%	94.53%	> 100.00%
Required asset maintenance	7,884				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	31,262	3.58%	4.95%	3.42%	
Gross replacement cost	872,860				

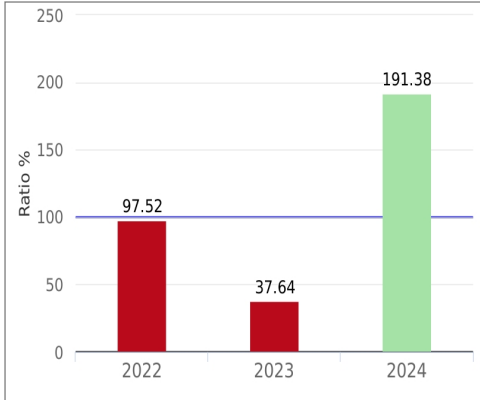
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

Cabonne 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

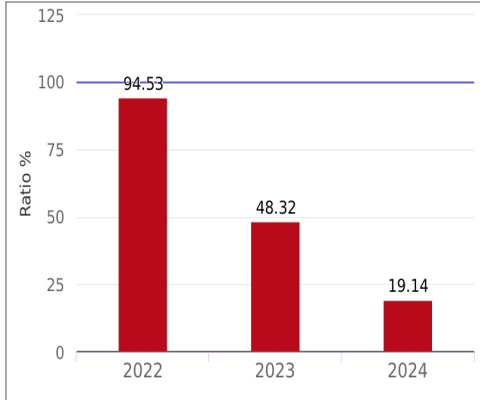
23/24 ratio 191.38%

This impressive result of 191.38% surpassing the benchmark of 100% is the outcome that reflects council's proactive approach to asset renewal, particularly in the refurbishment of key facilities such as the community centre and medical centre. By investing in these vital community assets, cabonne ensures that they continue to meet the needs of our community.

Benchmark: — > 100.00% ■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting ■ Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

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

Commentary on result

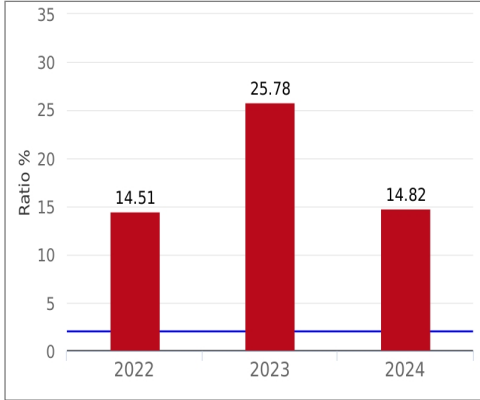
23/24 ratio 19.14%

Current year's asset maintenance ratio is 19.14%, which is significantly below the benchmark of over 100% and represents a continued downtrend from previous years. To address this gap, council will continue to review strategic asset management plan to ensure sufficient resources are allocated to enhance asset performance and avoid future backlogs.

Benchmark: — > 100.00% ■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting ■ Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

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

Commentary on result

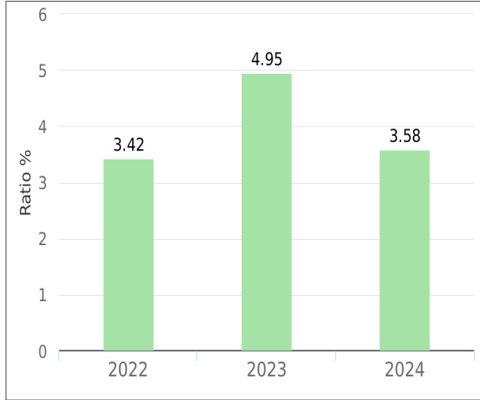
23/24 ratio 14.82%

Council's Infrastructure Backlog Ratio currently stands at 14.82%, showing improvement compared to the previous year. However, this continued higher ratio is largely due to outstanding needs within water and sewer assets. To address this, Council aims to implement a revised Asset Management Plan by the next financial year. This plan will prioritize the maintenance of service quality and asset condition, aligning with our long-term goals for sustainable infrastructure management

Benchmark: — < 2.00% ■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting ■ Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

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

Commentary on result

23/24 ratio 3.58%

Council will continue to review its Strategic Asset Management Plans to ensure that council provides assets to an agreed level of service that is satisfactory to the community.