

Narrabri Shire Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2024

*Narrabri Shire will be a strong and vibrant regional growth
centre providing a quality living environment for the entire
Shire community*



Narrabri Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS for the year ended 30 June 2024

*Narrabri Shire will be a strong and vibrant regional growth
centre providing a quality living environment for the entire
Shire community*



Narrabri Shire Council

General Purpose Financial Statements

for the year ended 30 June 2024

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Overview

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

46-48 Maitland Street
Narrabri NSW 2390

Council's guiding principles are detailed in Chapter 3 of the LGA and includes:

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

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

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

Narrabri Shire Council

General Purpose Financial Statements

for the year ended 30 June 2024

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

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

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

Narrabri Shire Council

General Purpose Financial Statements

for the year ended 30 June 2024

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

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


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

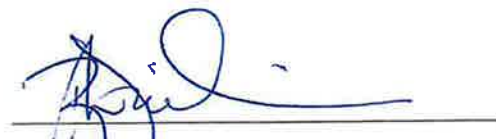
To the best of our knowledge and belief, these statements:

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


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

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



Darrell Tiemens
Mayor
27 November 2024

Brett Dickinson
Deputy Mayor
27 November 2024

Eloise Chaplain
Interim General Manager
27 November 2024

Ted Harrington
Responsible Accounting Officer
27 November 2024

Narrabri Shire Council

Income Statement

for the year ended 30 June 2024

Original unaudited budget 2024 \$ '000		Notes	Actual 2024 \$ '000	Actual 2023 \$ '000
Income from continuing operations				
24,246	Rates and annual charges	B2-1	23,829	22,587
7,080	User charges and fees	B2-2	12,909	7,570
2,158	Other revenues	B2-3	2,958	2,351
10,525	Grants and contributions provided for operating purposes	B2-4	20,476	21,551
27,405	Grants and contributions provided for capital purposes	B2-4	15,812	12,666
2,080	Interest and investment income	B2-5	3,512	1,914
196	Other income	B2-6	147	133
171	Net gain from the disposal of assets	B4-1	—	—
73,861	Total income from continuing operations		79,643	68,772
Expenses from continuing operations				
18,752	Employee benefits and on-costs	B3-1	20,462	17,268
19,245	Materials and services	B3-2	23,245	23,123
249	Borrowing costs	B3-3	193	169
11,904	Depreciation, amortisation and impairment of non-financial assets	B3-4	15,148	12,798
1,076	Other expenses	B3-5	1,207	993
—	Net loss from the disposal of assets	B4-1	4,893	3,687
51,226	Total expenses from continuing operations		65,148	58,038
22,635	Operating result from continuing operations		14,495	10,734
22,635	Net operating result for the year attributable to Council		14,495	10,734
Net operating result for the year before grants and contributions provided for capital purposes				
(4,769)			(1,317)	(1,932)

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

Narrabri Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2024

	Notes	2024 \$ '000	2023 \$ '000
Net operating result for the year – from Income Statement		14,495	10,734
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	69,372	21,256
Impairment (loss)/ reversal relating to infrastructure, property, plant and equipment		–	(7,426)
Gain (loss) on revaluation of intangible assets	C1-8	153	74
Total items which will not be reclassified subsequently to the operating result		69,525	13,904
Total other comprehensive income for the year		69,525	13,904
Total comprehensive income for the year attributable to Council		84,020	24,638

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

Narrabri Shire Council

Statement of Financial Position

as at 30 June 2024

	Notes	2024 \$ '000	2023 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	10,197	2,850
Investments	C1-2	58,000	60,000
Receivables	C1-4	9,477	9,629
Inventories	C1-5	8,212	6,757
Contract assets and contract cost assets	C1-6	3,358	5,392
Other	C1-9	438	426
Total current assets		89,682	85,054
Non-current assets			
Infrastructure, property, plant and equipment (IPPE)	C1-7	652,249	576,705
Intangible assets	C1-8	763	610
Investments accounted for using the equity method	D2	252	260
Total non-current assets		653,264	577,575
Total assets		742,946	662,629
LIABILITIES			
Current liabilities			
Payables	C3-1	9,364	5,393
Contract liabilities	C3-2	13,761	21,148
Borrowings	C3-3	490	624
Employee benefit provisions	C3-4	3,517	2,841
Provisions	C3-5	84	81
Total current liabilities		27,216	30,087
Non-current liabilities			
Payables	C3-1	–	191
Borrowings	C3-3	2,357	2,797
Employee benefit provisions	C3-4	249	182
Provisions	C3-5	2,198	2,466
Total non-current liabilities		4,804	5,636
Total liabilities		32,020	35,723
Net assets		710,926	626,906
EQUITY			
Accumulated surplus		267,925	253,430
IPPE revaluation reserve	C4-1	443,001	373,476
Council equity interest		710,926	626,906
Total equity		710,926	626,906

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

Narrabri Shire Council

Statement of Changes in Equity

for the year ended 30 June 2024

	Notes	2024			2023		
		Accumulated surplus \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000	Accumulated surplus \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000
Opening balance at 1 July		253,430	373,476	626,906	259,101	357,689	616,790
Correction of prior period errors		–	–	–	(16,405)	1,883	(14,522)
Restated opening balance		253,430	373,476	626,906	242,696	359,572	602,268
Net operating result for the year		14,495	–	14,495	10,734	–	10,734
Net operating result for the period		14,495	–	14,495	10,734	–	10,734
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	69,372	69,372	–	21,256	21,256
– Impairment (loss) reversal relating to IPP&E		–	–	–	–	(7,426)	(7,426)
Gain (loss) on revaluation of intangible assets	C1-8	–	153	153	–	74	74
Prior period revaluation adjustments		–	–	–	–	–	–
Other comprehensive income		–	69,525	69,525	–	13,904	13,904
Total comprehensive income		14,495	69,525	84,020	10,734	13,904	24,638
Closing balance at 30 June		267,925	443,001	710,926	253,430	373,476	626,906

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

Narrabri Shire Council

Statement of Cash Flows

for the year ended 30 June 2024

Original unaudited budget 2024 \$ '000		Notes	Actual 2024 \$ '000	Actual 2023 \$ '000
Cash flows from operating activities				
Receipts:				
23,248	Rates and annual charges		23,640	22,070
9,912	User charges and fees		13,589	6,911
253	Interest received		2,979	1,096
31,884	Grants and contributions		33,393	47,099
1,764	Other		6,152	6,289
Payments:				
(18,379)	Payments to employees		(20,329)	(17,824)
(14,562)	Payments for materials and services		(28,292)	(24,405)
(126)	Borrowing costs		(90)	(108)
—	Bonds, deposits and retentions refunded		(154)	(85)
(386)	Other		941	(1,390)
33,608	Net cash flows from operating activities	G1-1	31,829	39,653
Cash flows from investing activities				
Receipts:				
—	Redemption of term deposits		64,000	62,000
—	Sale of real estate assets		320	795
—	Proceeds from sale of IPPE		646	437
Payments:				
—	Acquisition of term deposits		(62,000)	(86,000)
(28,196)	Payments for IPPE		(26,874)	(15,796)
(28,196)	Net cash flows from investing activities		(23,908)	(38,564)
Cash flows from financing activities				
Payments:				
(730)	Repayment of borrowings		(574)	(600)
(730)	Net cash flows from financing activities		(574)	(600)
4,682	Net change in cash and cash equivalents		7,347	489
2,385	Cash and cash equivalents at beginning of year		2,850	2,361
7,067	Cash and cash equivalents at end of year	C1-1	10,197	2,850
27,897	plus: Investments on hand at end of year	C1-2	58,000	60,000
34,964	Total cash, cash equivalents and investments		68,197	62,850

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

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Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 27 November 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 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 (NSW)* and the *Local Government (General) Regulations 2021*, and the Local Government Code of Accounting Practice and Financial Reporting. Council is a not for-profit entity for the purpose of preparing these financial statements.

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

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts. Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes:

- Income statement
- Statement of cash flows
- Material budget variations

and are clearly marked.

Historical cost convention

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

Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires Council to exercise its judgement in the process of applying its 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 C1-8
- 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

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

A1-1 Basis of preparation (continued)

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.

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

- General Purpose Operations
- Water Services
- Sewerage Services

Goods and Services Tax (GST)

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

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

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

Volunteer services

Volunteer services are not recognised by Council as they can not be reliably measured, are not material and would not be purchased if not donated.

New accounting standards and interpretations issued but not yet effective

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2024 reporting period.

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

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

New accounting standards adopted during the year

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.

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

B Financial Performance

B1 Functions or activities

B1-1 Council Services - financial information

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

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Services (by Directorate)										
General Manager										
Governance and Risk	175	67	1,890	1,393	(1,715)	(1,326)	—	—	237	130
People and Values	107	62	772	813	(665)	(751)	—	—	494	605
Strategic Management	49	26	1,222	1,115	(1,173)	(1,089)	—	—	—	153
Planning and Sustainability										
Regulatory Compliance	314	7,498	928	1,313	(614)	6,185	124	5,280	487	10,060
Economic Development	194	298	952	587	(758)	(289)	145	144	4,006	2,111
Planning and Development	3,258	81	859	671	2,399	(590)	402	79	12,838	—
Tourism and Cultural Services	449	981	2,906	1,912	(2,457)	(931)	154	722	4,406	4,311
Financial and Commercial Services										
Airport	518	215	685	601	(167)	(386)	94	—	18,102	17,540
Community and Customer Relations	—	6	—	935	—	(929)	—	—	—	311
The Crossing Theatre	1,145	1,355	2,321	2,506	(1,176)	(1,151)	—	226	24,512	10,732
Financial Services	43	47	1,732	1,289	(1,689)	(1,242)	—	—	8,252	8,700
Customer and Information Services	3	2	2,126	994	(2,123)	(992)	—	—	505	505
Fleet	148	—	352	—	(204)	—	—	—	13,121	—
Property Services	505	539	2,992	2,374	(2,487)	(1,835)	79	121	62,830	30,488
Swimming Pools	331	357	1,883	1,836	(1,552)	(1,479)	—	—	16,663	13,879
Infrastructure Delivery										
Cemeteries	207	191	496	455	(289)	(264)	1	—	1,494	1,658
Design and Investigation Services	1	3	337	449	(336)	(446)	—	—	60	6,640
Emergency Support	385	302	1,309	893	(924)	(591)	256	260	6,902	370
Parks and Open Spaces	1,384	792	3,607	3,430	(2,223)	(2,638)	1,363	657	23,877	25,099
Assets and Engineering	17	34	146	795	(129)	(761)	14	—	105	11,647
Roads and Ancillary Services	29,397	16,715	23,344	21,644	6,053	(4,929)	24,982	15,348	384,980	369,378
Sewerage Services	4,927	3,693	4,187	3,635	740	58	—	—	72,776	70,985

continued on next page ...

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

B1-1 Council Services - financial information (continued)

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

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2024 \$ '000	2023 \$ '000	2024 \$ '000	2023 \$ '000	2024 \$ '000	2023 \$ '000	2024 \$ '000	2023 \$ '000	2024 \$ '000	2023 \$ '000
Waste Management	5,650	4,819	4,753	4,028	897	791	58	5	8,699	8,434
Water Services	5,107	4,185	5,476	4,475	(369)	(290)	—	(19)	67,907	62,788
General Purpose Revenue										
General Purpose Revenue	25,329	26,504	(127)	(105)	25,456	26,609	8,616	11,394	9,693	6,105
Total Services	79,643	68,772	65,148	58,038	14,495	10,734	36,288	34,217	742,946	662,629

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

B1-2 Council Services - component descriptions

Details relating to Council's services as reported in Note B1-1 are as follows:

General Manager

Governance and Risk

Elected members leadership, elections, integrated planning and reporting (IP&R) support and oversight, Audit Risk and Improvement Committee (ARIC), corporate risk management and work health and safety compliance.

Strategic Management

Organisational management and implementation of Council's strategic agenda.

People and Values

Staff recruitment, training and development.

Planning and Sustainability

Economic Development

Economic promotion and marketing of Narrabri Shire, investment attraction and lobbying. Major focus on development of the Northern NSW Inland Port (N2IP) and supporting the Narrabri Special Activation Precinct (SAP) program. Grants administration and assisting existing businesses, community development and grant seeking opportunities for Council and the community.

Planning and Development

Statutory land use planning, building certification, local activity approvals and strategic planning.

Regulatory Compliance

Development compliance, environmental health and companion animal management.

Tourism and Cultural Services

Information services to visitors, tourism and business operators, the tourism industry and the shire community. This includes tourism marketing and promotion of the shire, supporting local event organisers and products and tourism infrastructure coordination and development. Engage in communications with the community and maintaining the Council brand and reputation. Library services are provided in Narrabri, Wee Waa and Boggabri. Provision of library services is enhanced through Council's membership in the Central Northern Regional Library group.

Financial and Commercial services

Airport

Narrabri Airport services including airside and landside operations and aviation fuel facilities.

Customer and Information Services

Delivery of quality customer service and maintenance of Council's information technology infrastructure, technical support, records management and geospatial information services (GIS).

Financial Services

Financial reporting, financial support, investment services, rates management, accounts receivable, accounts payable, asset administration, payroll services, procurement services and stores management.

Fleet Services

Fleet management including acquisition, maintenance and disposal of Council's plant and vehicle fleet.

Property Services

Management of land, buildings and property assets (incl. caravan parks, works depots and saleyards), management of Council's property insurance portfolio and overseeing asset management across the organisation.

Swimming Pools

Outdoor swimming pools in Narrabri, Wee Waa and Boggabri, an indoor heated pool in Narrabri and an artesian bore bath (swimming pool) at Pilliga.

The Crossing Theatre

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

B1-2 Council Services - component descriptions (continued)

The Crossing Theatre, located in Narrabri, provides, promotes, attracts and facilitates event and entertainment opportunities for residents and visitors.

Infrastructure Delivery

Assets and Engineering

Co-ordination of directorate activities, budget maintenance and supervision, financial analysis, monitoring and reporting, long-term asset management planning, contracts administration and tender management services.

Cemeteries

Cemetery management services for eight operational cemeteries and four closed cemeteries in towns and villages across the shire; including cemetery information management, interment services and on-going grounds maintenance.

Design and Investigation Services

Site survey work, design and drafting infrastructure projects, capturing traffic count data, assessing heavy vehicle applications and maintaining alcohol free zones.

Emergency Support

Financial support to the NSW Rural Fire Service (RFS), Fire and Rescue NSW (town fire brigades) and the NSW State Emergency Service (SES).

Parks and Open Spaces

Management and maintenance of amenity and open spaces (incl. weeds management), sporting facilities, recreation parks, public amenities and dump points, public waste / litter control, monuments and memorials, street trees and town CBD precincts.

Roads and Ancillary Services

Routine maintenance of urban, local and regional roads (sealed and unsealed), bridges, footpaths, kerb and guttering, street lighting and parking areas. Also includes quarries and stormwater management and asset renewal / replacement of all of these infrastructure asset categories.

Contract services are also provided to Transport for New South Wales (TfNSW) for maintenance, repairs and emergency response support on the Newell and Kamilaroi highways.

Sewerage Services

Sewerage services provided to Boggabri, Narrabri and Wee Waa.

Waste Management

Kerbside domestic and commercial collection, operation of a solid waste disposal facility at Narrabri, kerbside recycling collection, reprocessing services for kerbside collected organic material and co-mingled recycling and "drop-off" facilities at Council sites throughout the shire to divert material from landfill to reprocessing / reuse.

Water Services

Water supplies provided to Baan Baa, Bellata, Boggabri, Gwabegar, Narrabri, Pilliga and Wee Waa.

General Purpose Revenue

Ordinary rates income, untied general purpose grants and unrestricted interest and investment income.

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

B2 Sources of income

B2-1 Rates and annual charges

	2024 \$ '000	2023 \$ '000
Ordinary rates		
Residential	5,008	4,828
Farmland	7,047	6,814
Mining	1,081	1,039
Business	1,469	1,389
Less: pensioner rebates (mandatory)	(141)	(140)
Rates levied to ratepayers	14,464	13,930
Pensioner rate subsidies received	76	76
Total ordinary rates	14,540	14,006
Special rates		
Tourism	69	70
Total special rates	69	70
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	1,765	1,645
Waste management services (non-domestic)	1,674	1,477
Water supply services	2,060	1,917
Sewerage services	3,707	3,466
On-site sewerage management	84	77
Less: pensioner rebates (mandatory)	(155)	(152)
Annual charges levied	9,135	8,430
Pensioner annual charges subsidies received:		
– Water	30	29
– Sewerage	26	26
– Domestic waste management	29	26
Total annual charges	9,220	8,511
Total rates and annual charges	23,829	22,587

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.

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

Valuation Year Information

Council has used 01/07/2023 year valuations provided by the NSW Valuer General in calculating its rates.

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

B2-2 User charges and fees

	Timing	2024 \$ '000	2023 \$ '000
Specific user charges (per s502 - specific 'actual use' charges)			
Water supply services	2	2,234	1,753
Total specific user charges		2,234	1,753
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions			
Planning and building regulation	2	664	124
Regulatory / statutory fees	2	126	95
Total fees and charges – statutory/regulatory		790	219
(ii) Fees and charges – other (incl. general user charges)			
Airport	2	410	247
Caravan parks	2	86	82
Cemeteries	2	207	191
Contribution to works		347	61
Lease rentals	2	101	104
Leaseback fees – Council vehicles	2	175	138
Park / Oval fees	2	4	9
Saleyards	2	64	48
Swimming centres	2	263	236
Tonnage charges - gravel		631	738
Tonnage charges - mining		1,513	1,145
Transport for NSW charges (state roads not controlled by Council)	2	4,175	1,058
Waste disposal tipping fees	2	1,823	1,458
Water / Sewer connection fees	2	47	27
Other	2	39	56
Total fees and charges – other		9,885	5,598
Total other user charges and fees		10,675	5,817
Total user charges and fees		12,909	7,570
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		–	–
User charges and fees recognised at a point in time (2)		12,909	7,570
Total user charges and fees		12,909	7,570

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 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 membership fees, the fee is recognised on a straight-line basis over the expected life of the membership.

Licences granted by Council are 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.

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

B2-3 Other revenues

	Timing	2024 \$ '000	2023 \$ '000
Diesel rebate	2	138	54
Fines	2	53	30
Insurance claims recoveries	2	58	96
Insurance premium rebates		162	60
Recoverable expenses		168	122
Sales – general	2	703	914
The Crossing Theatre (sales & other income)		912	819
Other	2	764	256
Total other revenue		2,958	2,351

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)	2,958	2,351
Total other revenue	2,958	2,351

Material accounting policy information for other revenue

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

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

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

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

B2-4 Grants and contributions

		Operating 2024 \$ '000	Operating 2023 \$ '000	Capital 2024 \$ '000	Capital 2023 \$ '000
	Timing				
General purpose grants and non-developer contributions (untied)					
Current year allocation					
Financial assistance – general component		319	1,585	–	–
Financial assistance – local roads component		112	744	–	–
Payment in advance - future year allocation					
Financial assistance – general component		5,574	6,120	–	–
Financial assistance – local roads component		2,612	2,945	–	–
Amount recognised as income during current year		8,617	11,394	–	–
Special purpose grants and non-developer contributions (tied)					
Bushfire and emergency services	2	175	338	–	–
Community care		141	226	–	–
Economic development	2	51	146	–	–
Library	2	108	98	–	128
Noxious weeds	2	124	116	–	–
Recreation and culture	1	136	239	1,286	251
Traffic route lighting subsidy	2	61	60	–	–
Transport (flood damage) ¹	1	1,259	1,000	–	–
Transport (roads to recovery)	2	3,041	15	–	–
Transport (other roads and bridges funding)	1	5,508	5,403	13,559	6,752
Waste management		58	3	–	–
Water supplies	1	–	34	–	(54)
Other councils – joint works/services	2	6	2	–	–
Tourism		–	–	–	248
TfNSW contributions (regional roads block grant)	2	1,100	1,248	–	–
Natural disaster recovery		–	–	–	–
Other specific grants	2	91	229	646	102
Other contributions	2	–	1,000	–	2
Total special purpose grants and non-developer contributions (tied)		11,859	10,157	15,491	7,429
Total grants and non-developer contributions		20,476	21,551	15,491	7,429
Comprising:					
– Commonwealth funding		11,545	13,180	1,360	350
– State funding		8,908	8,342	14,131	7,077
– Other funding		23	29	–	2
		20,476	21,551	15,491	7,429

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

B2-4 Grants and contributions (continued)

Developer contributions

	Notes	Timing	Operating 2024 \$ '000	Operating 2023 \$ '000	Capital 2024 \$ '000	Capital 2023 \$ '000
Developer contributions:						
(s7.4 & s7.12 - EP&A Act, s64 of the LGA):						
	G4					
Cash contributions						
S 7.4 – contributions using planning agreements		2	–	–	–	2,000
S 7.12 – fixed development consent levies		2	–	–	321	3,237
Total developer contributions			–	–	321	5,237
Total contributions			–	–	321	5,237
Total grants and contributions			20,476	21,551	15,812	12,666
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			–	–	–	–
Grants and contributions recognised at a point in time (2)			20,476	21,551	15,812	12,666
Total grants and contributions			20,476	21,551	15,812	12,666

Unspent grants and contributions

Certain grants and contributions are obtained by Council on the condition they be spent in a specified manner or in a future period but which are not yet spent in accordance with those conditions are as follows:

	Operating 2024 \$ '000	Operating 2023 \$ '000	Capital 2024 \$ '000	Capital 2023 \$ '000
Unspent grants and contributions				
Unspent funds at 1 July	6,439	1,445	19,138	7,905
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	8,404	4,441	–	–
Add: Funds received and not recognised as revenue in the current year	209	2,015	2,154	14,504
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(4,441)	(43)	–	–
Less: Funds received in prior year but revenue recognised and funds spent in current year	(323)	(1,419)	(9,429)	(3,271)
Unspent funds at 30 June	10,288	6,439	11,863	19,138

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

B2-4 Grants and contributions (continued)

	Operating 2024 \$ '000	Operating 2023 \$ '000	Capital 2024 \$ '000	Capital 2023 \$ '000
Contributions				
Unspent funds at 1 July	—	—	10,966	7,307
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	—	—	371	5,277
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	—	—	(990)	(1,618)
Unspent contributions at 30 June	—	—	10,347	10,966

Material accounting policy information

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

Grants and contributions revenue from an agreement, which is enforceable and contains sufficiently specific performance obligations, is recognised as or when control of each performance obligation is transferred.

The performance obligations vary according to the agreement. Payment terms vary depending on the terms of the grant. Cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Performance obligations may be satisfied either at a point in time or over time and this is reflected in the revenue recognition pattern. Point in time recognition occurs when the beneficiary obtains control of the goods or services at a single time (eg. 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 (eg. provision of community 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 completeness of the construction project.

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

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

B2-4 Grants and contributions (continued)

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

B2-5 Interest and investment income

	2024 \$ '000	2023 \$ '000
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	290	107
– Cash and investments	3,222	1,807
Total Interest and Investment Income	3,512	1,914
 Overdue rates and annual charges (general fund)	154	62
General Council cash and investments	2,030	1,026
Restricted investments/funds – external:		
Developer contributions		
– Sections 7.11 & 7.12	50	41
Water fund operations	625	456
Sewerage fund operations	601	314
Domestic waste management operations	25	9
Other externally restricted assets	27	6
Total interest and investment income	3,512	1,914

Material accounting policy information

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

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

B2-6 Other income

	Notes	2024 \$ '000	2023 \$ '000
Reversal of impairment losses on receivables			
Net GST receivable		—	—
Total reversal of impairment losses on receivables	C1-4	—	—
Rental income			
Other lease income			
Staff housing		88	87
Other		66	42
Total other lease income		154	129
Total rental income	C2-1	154	129
Net share of interests in joint ventures and associates using the equity method			
Associates		(8)	4
Total net share of interests in joint ventures and associates using the equity method	D2-1	(8)	4
Other			
Re-measurement of rehabilitation costs of landfills & transfer stations		1	—
Total other		1	—
Total other income		147	133

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

B3 Costs of providing services

B3-1 Employee benefits and on-costs

	2024 \$ '000	2023 \$ '000
Salaries and wages	15,682	13,777
Employee leave entitlements (ELE)	3,037	1,932
Superannuation	1,933	1,563
Workers' compensation insurance	631	1,071
Fringe benefit tax (FBT)	144	144
Payroll tax	50	24
Total employee costs	21,477	18,511
Less: capitalised costs	(1,015)	(1,243)
Total Employee Costs	20,462	17,268

Material accounting policy information

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

All employees of 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, ie. as an expense when it becomes payable.

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

B3-2 Materials and services

	Notes	2024 \$ '000	2023 \$ '000
Raw materials and consumables		16,503	14,529
Contractor costs		25,940	18,438
Contractor waste collection		1,326	1,279
Audit Fees	F2-1	213	81
Advertising		165	194
Agency collection fees		113	92
Bank charges		25	23
Catering		54	35
Councillor and Mayoral fees and associated expenses	F1-2	254	159
Election expenses		1	–
Fees & permits		13	29
Insurance		882	771
Office expenses (including computer expenses)		1,047	650
Postage		43	40
Property - electricity and heating		1,309	1,222
Property - other expenses		476	288
Printing and stationery		86	90
Street lighting		305	283
Subscriptions and memberships		263	291
Telephone and communications		269	254
Training costs (other than salaries and wages)		235	168
Travel expenses		76	65
Valuation fees – assets		23	26
Valuation fees – rating		63	59
Other expenses		218	109
Legal expenses:			
– Legal expenses: planning and development		1	24
– Legal expenses: debt recovery		78	–
– Legal expenses: other		78	52
Other		4	2
Total materials and services		50,063	39,253
Less: capitalised costs ¹		(26,818)	(16,130)
Total materials and services		23,245	23,123

Material accounting policy information

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

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

B3-3 Borrowing costs

	2024 \$ '000	2023 \$ '000
(i) Interest bearing liability costs		
Interest on loans	80	103
Other debts	10	3
Total interest bearing liability costs	90	106
Total interest bearing liability costs expensed	90	106
(ii) Other borrowing costs		
Discount adjustments relating to movements in provisions (other than ELE)	103	63
Total other borrowing costs	103	63
Total Borrowing Costs	193	169

Material accounting policy information

All borrowing costs are expensed as incurred.

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

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

	Notes	2024 \$ '000	2023 \$ '000
Plant and equipment		1,318	1,292
Office equipment		177	158
Furniture and fittings		88	102
Land improvements (depreciable)		543	491
Infrastructure:	C1-7		
– Buildings		1,260	1,009
– Swimming pools		145	289
– Other open space / recreational assets		156	179
– Other structures		1,120	724
– Roads		6,169	4,831
– Bridges		569	522
– Footpaths		140	153
– Stormwater drainage		235	137
– Water supply network		1,351	1,238
– Sewerage network		1,626	1,384
Reinstatement, rehabilitation and restoration assets:			
– Landfill and transfer station assets	C3-5,C1-7	251	289
Total gross depreciation and amortisation costs		15,148	12,798
Total depreciation costs		15,148	12,798
Impairment / revaluation decrement of IPPE			
Infrastructure:	C1-7		
– Roads		–	7,426
Total gross IPPE impairment / revaluation decrement costs		–	7,426
Amounts taken through revaluation reserve	C1-7	–	(7,426)
Total depreciation, amortisation and impairment for non-financial assets		15,148	12,798

Depreciation

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

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

B3-5 Other expenses

	Notes	2024 \$ '000	2023 \$ '000
Impairment of receivables			
Other		(4)	39
Total impairment of receivables	C1-4	(4)	39
Other			
Contributions / levies to other levels of government			
– Emergency services levies (includes FRNSW, SES, and RFS)		648	604
– Other contributions/levies		20	–
Donations / contributions to other organisations (incl. section 356)			
– Community assistance scheme		219	128
– Contribution to Central Northern Libraries		220	222
Total other		1,107	954
Contract Assets Write Off		104	–
Total other expenses		1,207	993

Material accounting policy information

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

Impairment expenses are recognised when identified.

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

B4 Gains or losses

B4-1 Net losses from the disposal of assets

	Notes	2024 \$ '000	2023 \$ '000
Gain (or loss) on disposal of plant and equipment	C1-7		
Proceeds from disposal – plant and equipment		646	437
Less: carrying amount of plant and equipment assets sold/written off		(577)	(302)
Gain (or loss) on disposal		69	135
Gain (or loss) on disposal of infrastructure	C1-7		
Less: carrying amount of infrastructure assets sold/written off		(4,977)	(3,837)
Gain (or loss) on disposal		(4,977)	(3,837)
Gain (or loss) on disposal of real estate assets held for sale	C1-5		
Proceeds from disposal – real estate assets		320	795
Less: carrying amount of real estate assets sold/written off		(305)	(780)
Gain (or loss) on disposal		15	15
Gain (or loss) on disposal of term deposits	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		64,000	62,000
Less: carrying amount of term deposits sold/redeemed/matured		(64,000)	(62,000)
Gain (or loss) on disposal		–	–
Net gain (or loss) from disposal of assets		(4,893)	(3,687)

Material accounting policy information

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

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

B5 Performance against budget

B5-1 Material budget variations

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

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

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

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

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
Revenues				
User charges and fees	7,080	12,909	5,829	82% F
Favourable weather conditions allowed for increased construction activity, leading to a higher issuance of Development Application (DA) fees and greater use of waste facilities for demolition debris. These weather patterns also contributed to higher water usage. Additionally, pool usage rose due to a newly established aqua sports competition and expanded Learn-to-Swim (LTS) lessons. The increase in construction facilitated additional water connection installations, and mining tonnage fees also exceeded expectations.				
Other revenues	2,158	2,958	800	37% F
Favourable variance mainly due to a new café venture at the Narrabri Pool which was not anticipated during the original budget planning, room hire and catering demand increased and a one-off payment of \$500k received for Federation Farm shared profits.				
Operating grants and contributions	10,525	20,476	9,951	95% F
Favourable variance mainly due to unbudgeted grants like RERRF (\$5m), two years of R2R income received in 2024.				
Capital grants and contributions	27,405	15,812	(11,593)	(42)% U
The unfavorable variance is primarily due to grants that were not received, including \$3 million initially budgeted for Santos VPA agreements and \$2.8 million for the West Precinct Freight Link, which was withdrawn. Additionally, several capital works projects experienced delays as other projects were prioritized, resulting in a lower rate of acquittal. This includes the Pilliga Road project, budgeted at \$4.4 million.				
Interest and investment revenue	2,080	3,512	1,432	69% F
Conservative original estimates due to the fiscal environment at the time meant that Council did not budget for the large improvement in interest received from investments. An increase in the size of the investment portfolio was also a contributing factor to increased income.				
Net gains from disposal of assets	171	–	(171)	(100)% U
The expected gain on fleet assets is offset by a loss incurred from the disposal of transport assets under net losses from disposals.				
Other income	196	147	(49)	(25)% U
Unfavourable variance as the rental properties were vacant for periods throughout the year.				

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

B5-1 Material budget variations (continued)

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----
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Expenses

Materials and services	19,245	23,245	(4,000)	(21)%	U
The unfavourable variance is primarily due to additional RMS work requested for Culgoora Road (\$1.5 million), \$800k spent on reactive road maintenance, \$700k for engaging a contractor to assist with flood damage assessments, and \$635k spent on employment contractors due to unfilled specialist positions.					

Borrowing costs	249	193	56	22%	F
Refinancing occurred which was not included as part of the original budget due to timing.					

Net losses from disposal of assets	–	4,893	(4,893)	∞	U
Unfavourable variance largely due to transport asset disposals related to capitalisation of renewal works.					

Statement of cash flows

Cash flows from investing activities	(28,196)	(23,908)	4,288	(15)%	F
The favorable variance is primarily due to lower-than-budgeted spending on IPPE.					

Cash flows from financing activities	(730)	(574)	156	(21)%	F
Incorrect budgeting did not allow for refinancing that occurred in previous year.					

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

	2024 \$ '000	2023 \$ '000
Cash assets		
Cash on hand and at bank	8,197	1,950
Cash equivalent assets		
– Deposits at call	2,000	900
Total cash and cash equivalents	10,197	2,850

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	10,197	2,850
Balance as per the Statement of Cash Flows	10,197	2,850

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.

C1-2 Financial investments

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Debt securities at amortised cost				
Term deposits	58,000	–	60,000	–
Total	58,000	–	60,000	–
Total financial investments	58,000	–	60,000	–
Total cash assets, cash equivalents and investments	68,197	–	62,850	–

Material accounting policy information

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

On initial recognition, all financial instruments are measured at fair value.

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.

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

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

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
(a) Externally restricted cash, cash equivalents and investments				
Total cash, cash equivalents and investments	68,197	–	62,850	–
Less: Externally restricted cash, cash equivalents and investments	(53,242)	–	(53,814)	–
Cash, cash equivalents and investments not subject to external restrictions	14,955	–	9,036	–
			2024 \$ '000	2023 \$ '000

External restrictions

External restrictions – included in liabilities

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

Specific Purpose Unexpended Grants - general fund	13,747	21,135
Kamilaroi Highway Group Funds	99	80
Leards Forest Environmental Trust	167	188
External restrictions – included in liabilities	14,013	21,403

External restrictions – other

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

Developer Contributions - general	10,347	10,912
Specific Purpose Unexpended Grants (recognised as revenue) - general fund	8,404	4,442
Water fund	10,898	9,909
Sewer fund	8,295	6,041
Domestic waste management	1,285	1,107
External restrictions – other	39,229	32,411
Total external restrictions	53,242	53,814

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.

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

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

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
(b) Internal allocations				
Cash, cash equivalents and investments not subject to external restrictions	14,955	–	9,036	–
Less: Internally restricted cash, cash equivalents and investments	<u>(5,261)</u>	<u>–</u>	<u>(1,415)</u>	<u>–</u>
Unrestricted and unallocated cash, cash equivalents and investments	<u>9,694</u>	<u>–</u>	<u>7,621</u>	<u>–</u>

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

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

	2024 \$ '000	2023 \$ '000
Internal allocations		
At 30 June, Council has internally allocated funds to the following:		
Employees Leave Entitlements	494	605
Deposits, retentions and bonds	112	266
Airport Reserve	464	406
Buildings Infrastructure	91	117
Crown Reserves Management	20	20
Election Costs	139	39
Friends of the Crossing Theatre	59	59
Narrabri CBD Masterplan	92	92
Parks & Gardens (Bulk Water Sale Reserve)	53	53
Quarries Restoration and Improvements	243	235
Risk Management	98	90
Roads Infrastructure (Stormwater) Reserve	339	268
Roads Infrastructure Reserve	1,749	290
Roads: Narrabri West (Old Turrawan Rd) Masterplan	150	150
Swimming Pools	381	469
Tonnage Payments – Gravel (upgrade)	1,135	504
Waste Management	1,309	452
Less: Land Acquisition for N2IP (borrowed from internal restrictions) ^{1,2}	(1,667)	(2,700)
Total internal allocations	5,261	1,415

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

- (1) Rather than borrow externally, Council has borrowed from IPPE internal restrictions to fund land purchases for its Northern NSW Inland Port (N2IP) project. The loan is over 4 years at 2%. This option provides the flexibility to repay the internal loan off sooner as land is sold.
- (2) Rather than borrow externally, Council has borrowed from IPPE internal restrictions to fund land purchases for its Northern NSW Inland Port (N2IP) project. The loan is over 10 years at 4.45%. This option provides the flexibility to repay the internal loan off sooner as land is sold.

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
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(c) Unrestricted and unallocated

Unrestricted and unallocated cash, cash equivalents and investments

9,694	–	7,621	–
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Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

C1-4 Receivables

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Rates and annual charges	3,543	–	3,213	–
Interest and extra charges	593	–	433	–
User charges and fees	2,125	–	2,209	–
Accrued revenue				
– Interest on investments	1,277	–	890	–
– Other income accruals	1,317	–	193	–
Government grants and subsidies	150	–	2,598	–
Net GST receivable	550	–	165	–
Other debtors	116	–	128	–
Total	9,671	–	9,829	–
Less: provision for impairment				
Rates and annual charges	(112)	–	(78)	–
Interest and extra charges	(52)	–	(38)	–
User charges and fees	(30)	–	(50)	–
Other debtors	–	–	(34)	–
Total provision for impairment – receivables	(194)	–	(200)	–
Total net receivables	9,477	–	9,629	–

	2024 \$ '000	2023 \$ '000
Movement in provision for impairment of receivables		
Balance at the beginning of the year	200	184
+ new provisions recognised during the year	47	39
– amounts already provided for and written off this year	(53)	(23)
Balance at the end of the year	194	200

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, including forward-looking information.

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

When considering the ECL for rates and annual charge 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, ie. rates and annual charges are secured against the property.

Credit losses are measured as 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.

Notes to the Financial Statements

for the year ended 30 June 2024

C1-4 Receivables (continued)

Council writes off a receivable when there is information indicating that the debtor is in severe financial difficulty and / or there is no realistic prospect of recovery, eg. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Receivables that have been written off are not 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.

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

C1-5 Inventories

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
(i) Inventories at cost				
Real estate for resale	4,510	–	4,815	–
Stores and materials	903	–	804	–
Trading stock	2,799	–	1,138	–
Total inventories	8,212	–	6,757	–

(i) Other disclosures

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Notes				
(a) Details for real estate development				
Residential (Shannon Estate)	–	–	305	–
Industrial / commercial (N2IP Land)	4,510	–	4,510	–
Total real estate for resale	4,510	–	4,815	–

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

Represented by:

Acquisition costs	4,510	–	4,815	–
Total costs	4,510	–	4,815	–
Total real estate for resale	4,510	–	4,815	–

Movements:

Real estate assets at beginning of the year	4,815	–	5,595	–
– WDV of sales (expense)	(305)	–	(780)	–
– Write-down of inventory valuation	–	–	–	–
Total real estate for resale	4,510	–	4,815	–

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. When development is completed, borrowing costs and other holding charges are expensed as incurred.

C1-6 Contract assets and Contract cost assets

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Contract assets	3,358	–	5,392	–

continued on next page ...

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

C1-6 Contract assets and Contract cost assets (continued)

Total contract assets and contract cost assets	3,358	—	5,392	—
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	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
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Contract assets

Government grants	3,358	—	5,392	—
Total contract assets	3,358	—	5,392	—

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.

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2023			Asset movements during the reporting period							At 30 June 2024		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increment/(decrement) to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress	16,332	–	16,332	24,308	3,526	–	–	(23,901)	(592)	–	19,673	–	19,673
Plant and equipment	17,537	(7,344)	10,193	–	–	(577)	(1,318)	4,819	–	–	21,111	(7,994)	13,117
Office equipment	2,562	(1,826)	736	–	–	–	(177)	209	–	–	2,771	(2,003)	768
Furniture and fittings	1,934	(1,356)	578	–	–	–	(88)	172	(1)	–	2,106	(1,445)	661
Land:													
– Operational land	10,632	–	10,632	–	–	–	–	–	–	14,711	25,343	–	25,343
– Community land	1,772	–	1,772	–	–	–	–	–	(533)	(276)	963	–	963
– Crown land	5,430	–	5,430	–	–	–	–	–	533	1,084	7,049	–	7,049
– Land improvements (depreciable)	32,547	(5,962)	26,585	–	–	–	(543)	56	–	852	33,667	(6,717)	26,950
Infrastructure:													
– Bulk earthworks (non-depreciable)	79,586	–	79,586	–	–	(50)	–	108	–	4,249	83,893	–	83,893
– Buildings	59,859	(25,043)	34,816	–	–	(325)	(1,260)	1,838	–	28,914	86,524	(22,541)	63,983
– Swimming pools	10,053	(3,156)	6,897	–	–	(47)	(145)	85	–	222	10,421	(3,409)	7,012
– Other open space / recreational assets	4,700	(1,340)	3,360	–	–	–	(156)	65	–	106	4,919	(1,544)	3,375
– Other structures	22,704	(5,243)	17,461	–	–	(92)	(1,120)	577	–	549	23,809	(6,434)	17,375
– Roads	278,386	(81,948)	196,438	–	–	(4,191)	(6,169)	8,630	–	10,483	293,459	(88,268)	205,191
– Bridges	50,627	(15,249)	35,378	–	–	(273)	(569)	6,582	–	2,208	59,993	(16,667)	43,326
– Footpaths	9,119	(3,095)	6,024	–	–	–	(140)	692	–	353	10,338	(3,409)	6,929
– Stormwater drainage	18,932	(10,669)	8,263	–	–	–	(235)	–	–	261	19,549	(11,260)	8,289
– Water supply network	89,069	(36,390)	52,679	–	–	–	(1,351)	68	–	2,606	93,656	(39,654)	54,002
– Sewerage network	108,962	(47,163)	61,799	–	–	–	(1,626)	–	–	3,050	114,486	(51,263)	63,223
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):													
– Landfill and transfer station assets	2,423	(677)	1,746	–	–	(368)	(251)	–	–	–	2,055	(928)	1,127
Total infrastructure, property, plant and equipment	823,166	(246,461)	576,705	24,308	3,526	(5,923)	(15,148)	–	(593)	69,372	915,785	(263,536)	652,249

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

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

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

By aggregated asset class	At 1 July 2022 ²			Asset movements during the reporting period										At 30 June 2023		
	Gross carrying amount ²	Accumulated depreciation and impairment ²	Net carrying amount ²	Additions renewals ¹	Additions new assets	Carrying value of disposals ²	Depreciation expense	Impairment loss / revaluation decrements (recognised in equity)	WIP transfers ²	Adjustments and transfers	Transfer to material and services ²	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount ²	Accumulated depreciation and impairment ²	Net carrying amount
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress	18,741	—	18,741	12,226	3,267	—	—	—	(17,902)	—	—	—	—	16,332	—	16,332
Plant and equipment	17,465	(6,521)	10,944	—	—	(302)	(1,292)	—	842	1	—	—	—	17,537	(7,344)	10,193
Office equipment	2,537	(1,669)	868	—	—	—	(158)	—	25	1	—	—	—	2,562	(1,826)	736
Furniture and fittings	1,824	(1,254)	570	—	—	—	(102)	—	110	—	—	—	—	1,934	(1,356)	578
Land:																
– Operational land	9,731	—	9,731	—	—	—	—	—	—	(1)	—	—	902	10,632	—	10,632
– Community land	1,421	—	1,421	—	—	—	—	—	—	—	—	—	351	1,772	—	1,772
– Crown land	4,537	—	4,537	—	—	—	—	—	—	—	—	—	892	5,430	—	5,430
– Land improvements (depreciable)	30,986	(5,184)	25,802	—	—	(45)	(491)	—	27	—	—	—	1,292	32,547	(5,962)	26,585
Infrastructure:																
– Buildings	55,435	(22,377)	33,058	—	—	(4)	(1,009)	—	447	2	—	—	2,322	59,859	(25,043)	34,816
– Swimming pools	9,494	(2,714)	6,780	—	—	—	(289)	—	71	—	—	—	335	10,053	(3,156)	6,897
– Other open space / recreational assets	4,372	(1,096)	3,276	—	—	—	(179)	—	99	—	—	—	164	4,700	(1,340)	3,360
– Other structures	18,083	(4,264)	13,819	—	—	—	(724)	—	3,518	—	—	—	848	22,704	(5,243)	17,461
– Roads	233,598	(34,899)	198,699	—	—	(2,903)	(4,831)	(7,426)	10,837	1	—	—	2,060	278,386	(81,948)	196,438
– Bulk earthworks (non-depreciable)	100,896	—	100,896	—	—	(885)	—	—	1,071	—	—	(21,496)	—	79,586	—	79,586
– Bridges	46,273	(13,506)	32,767	—	—	—	(522)	—	—	—	—	—	3,133	50,627	(15,249)	35,378
– Footpaths	9,111	(3,666)	5,445	—	—	—	(153)	—	588	(1)	—	—	145	9,119	(3,095)	6,024
– Stormwater drainage	11,154	(5,868)	5,286	—	—	—	(137)	—	1	—	—	—	3,113	18,932	(10,669)	8,263
– Water supply network	87,509	(43,139)	44,370	—	3	—	(1,238)	—	194	327	—	—	9,025	89,069	(36,390)	52,679
– Sewerage network	119,813	(74,545)	45,268	—	—	—	(1,384)	—	72	(327)	—	—	18,170	108,962	(47,163)	61,799
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):																
– Landfill and transfer station assets	2,126	(388)	1,738	297	—	—	(289)	—	—	—	—	—	—	2,423	(677)	1,746
Total infrastructure, property, plant and equipment	785,106	(221,090)	564,016	12,523	3,270	(4,139)	(12,798)	(7,426)	—	3	—	(21,496)	42,752	823,166	(246,461)	576,705

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

(2) Restated refer to Note G4-1

Notes to the Financial Statements

for the year ended 30 June 2024

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

Material accounting policy information

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

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

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

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

Useful lives of IPPE

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

Plant and equipment	Years	Other equipment	Years
Office equipment	2 to 10	Playground equipment	10 to 20
Office furniture	5 to 30	Benches, seats etc.	10 to 30
Computer equipment	2 to 5		
Vehicles	3 to 5	Buildings	
Heavy plant/road making equipment	10 to 15	Buildings: masonry	50 to 150
Other plant and equipment	5 to 15	Buildings: other	10 to 60
Water and sewer assets		Stormwater assets	
Reservoirs	80 to 100	Drains	80
Bores	60	Culverts	80
Reticulation pipes: PVC	80	Flood control structures	80
Reticulation pipes: other	50 to 100		
Pumps and telemetry	15 to 30		
Water Meters	10 to 15		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	20	Bulk earthworks	Infinite
Sealed roads: structure	90	Swimming pools	20 to 60
Unsealed roads	30	Other open space / recreational assets	10 to 40
Bridges: concrete	100	Other infrastructure	10 to 50
Bridges: other	100		
Footpaths: bitumen	20		
Footpaths: concrete	90		
Kerb and gutter	50 to 140		

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

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

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

Revaluation model

Infrastructure, property, plant and equipment are held at fair value. Comprehensive valuations are performed at least every five years, however the carrying amount of assets are assessed by Council at each reporting date to confirm that they are 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.

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 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".

However, Council are firmly of the view that it does not have control over these assets and they are therefore not recognised as assets of Council in these financial statements. Council has also taken the view it does not control the RFS buildings and derecognised the assets that were on Council books.

C1-8 Intangible assets

Intangible assets are as follows:

	2024 \$ '000	2023 \$ '000
Water licenses		
Opening values at 1 July		
Gross book value	610	536
Net book value – opening balance	610	536
Movements for the year		
Revaluation	153	74
Closing values at 30 June		
Gross book value	763	610
Total Water licenses – net book value	763	610

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

C1-8 Intangible assets (continued)

Total intangible assets – net book value	763	610
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Water licenses

Council has purchased water licences to service its Northern NSW Inland Port (N2IP) project. The water licences are tradable on an open market.

The licences are initially recorded in Council's accounts at cost, and going forward they will be valued at fair value based on estimated market valuations at balance date. No amortisation costs are applicable, as the water licences have an indefinite life.

C1-9 Other

Other assets

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Prepayments	438	–	426	–
Total other assets	438	–	426	–

C2 Leasing activities

C2-1 Council as a lessor

Operating leases

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

Council provides operating leases on Council buildings mainly for staff housing, but also other minor miscellaneous purposes.

Lease income (excluding variable lease payments not dependent on an index or rate)	154	129
Total income relating to operating leases for Council assets	154	129

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.

If the lease contains lease and non-lease components then 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 for finance leases.

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

C3 Liabilities of Council

C3-1 Payables

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Goods and services – operating expenditure	2,143	–	939	–
Accrued expenses:				
– Salaries and wages	15	–	561	–
– Other expenditure accruals	5,418	–	2,404	–
Government departments and agencies	21	–	12	–
Prepaid rates	1,130	–	1,023	–
Security bonds, deposits and retentions	112	–	75	191
Friends of The Crossing Theatre funds	59	–	59	–
Kamilaroi Highway Group funds	99	–	80	–
Leards Forest Environmental trust	167	–	188	–
Other	200	–	52	–
Total payables	9,364	–	5,393	191

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

	2024 \$ '000	2023 \$ '000
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	48	36
Other liabilities	249	258
Total payables	297	294

Material accounting policy information

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

Payables

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

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

C3-2 Contract Liabilities

	Notes	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	11,841	–	19,987	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	1,845	–	1,078	–
Unexpended capital contributions (to construct Council controlled assets)	(i)	41	–	43	–
Unexpended operating contributions (received prior to performance obligation being satisfied)	(ii)	34	–	40	–
Total grants received in advance		13,761	–	21,148	–
Total contract liabilities		13,761	–	21,148	–

Notes

(i) Council has received funding to construct infrastructure assets. 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 being satisfied since the performance obligations are ongoing.

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

	2024 \$ '000	2023 \$ '000
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	9,429	3,271
Operating grants (received prior to performance obligation being satisfied)	322	1,419
Total revenue recognised that was included in the contract liability balance at the beginning of the period	9,751	4,690

Significant changes in contract liabilities

The reduction in contract liabilities is mainly attributed to a significant amount of grants being recognized as revenue as the Council completed the construction of these assets. These include the Yarrie Lake Rd to Pilliga Rd Freight Route (\$3.5M), R4R9-018 Resources for Regions grants (\$2.4m), LRCI (\$1.2m), Fixing Local Roads (\$972k).

Material accounting policy information

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

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

C3-3 Borrowings

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Loans – secured ¹	490	2,357	624	2,797
Total borrowings	490	2,357	624	2,797

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

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

(a) Changes in liabilities arising from financing activities

	2023		Non-cash movements				2024
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	3,421	(574)	–	–	–	–	2,847
Total liabilities from financing activities	3,421	(574)	–	–	–	–	2,847

	2022		Non-cash movements				2023
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	4,021	(600)	–	–	–	–	3,421
Total liabilities from financing activities	4,021	(600)	–	–	–	–	3,421

(b) Financing arrangements

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

Total facilities

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

Credit cards/purchase cards

	300	300
--	-----	-----

Total financing arrangements

Drawn facilities

Financing facilities drawn down at the reporting date are:

– Credit cards/purchase cards

	20	20
--	----	----

Total drawn financing arrangements

Undrawn facilities

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

– Credit cards/purchase cards

	280	280
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Total undrawn financing arrangements

Additional financing arrangements information

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

C3-3 Borrowings (continued)

Breaches and defaults

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

Security over loans

Loans are secured over future cash flows.

Material accounting policy information

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

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

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

C3-4 Employee benefit provisions

	2024 Current \$ '000	2024 Non-current \$ '000	2023 Current \$ '000	2023 Non-current \$ '000
Annual leave	1,282	–	1,134	–
Sick leave	238	–	231	–
Long service leave	1,835	249	1,342	182
Other leave (TIL, RDO)	162	–	134	–
Total employee benefit provisions	3,517	249	2,841	182

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

	2024 \$ '000	2023 \$ '000
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	1,852	1,261
	1,852	1,261

Material accounting policy information

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

Short-term obligations

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

Other long-term employee benefit obligations

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

C3-4 Employee benefit provisions (continued)

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

On-costs

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

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

C3-5 Provisions

	2024 Current \$ '000	2024 Non-Current \$ '000	2023 Current \$ '000	2023 Non-Current \$ '000
Asset remediation/restoration:				
Asset remediation/restoration (future works)	84	2,198	81	2,466
Sub-total – asset remediation/restoration	84	2,198	81	2,466
Total provisions	84	2,198	81	2,466

Description of and movements in non-employee benefit provisions

	Asset remediation \$ '000	Total \$ '000
2024		
At beginning of year	2,547	2,547
Unwinding of discount	103	103
Remeasurement effects	(368)	(368)
Total provisions at end of year	2,282	2,282
2023		
At beginning of year	2,187	2,187
Unwinding of discount	63	63
Remeasurement effects	297	297
Total provisions at end of year	2,547	2,547

Nature and purpose of provisions

Asset remediation

Council has a legal / public obligation to make, restore, rehabilitate and reinstate the Council landfill and quarries.

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.

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

C3-5 Provisions (continued)

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 Council'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 interest expense.

Asset remediation – tips and quarries

Restoration

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 costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, eg. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

Rehabilitation

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each reporting date, and the cost is charged to the Income Statement.

Provision is made for the estimated present value of the costs of environmental clean-up obligations outstanding at the reporting date. These costs are charged to the Income Statement. Movements in the environmental clean-up provisions are presented as an operating cost, except for the unwinding of the discount which is shown as a borrowing cost.

Remediation procedures generally commence soon after the time the damage, remediation process, and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

As noted above, 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. 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 property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

Close-down and restoration costs are a normal consequence of landfill operations, and the majority of close-down and restoration expenditure is incurred at the end of the life of the operations. Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

C4 Reserves

C4-1 Revaluation 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.

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

D Council structure

D1 Results by fund

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

D1-1 Income Statement by fund

	General 2024 \$ '000	Water 2024 \$ '000	Sewer 2024 \$ '000
Income from continuing operations			
Rates and annual charges	17,905	2,181	3,743
User charges and fees	9,807	2,973	129
Interest and investment revenue	2,286	625	601
Other revenues	2,380	65	513
Grants and contributions provided for operating purposes	20,476	—	—
Grants and contributions provided for capital purposes	15,812	—	—
Other income	147	—	—
Total income from continuing operations	68,813	5,844	4,986
Expenses from continuing operations			
Employee benefits and on-costs	18,521	1,424	517
Materials and services	17,851	3,338	2,056
Borrowing costs	193	—	—
Depreciation, amortisation and impairment of non-financial assets	12,127	1,384	1,637
Other expenses	1,154	19	34
Net losses from the disposal of assets	4,893	—	—
Total expenses from continuing operations	54,739	6,165	4,244
Operating result from continuing operations	14,074	(321)	742
Net operating result for the year	14,074	(321)	742
Net operating result attributable to each council fund	14,074	(321)	742
Net operating result for the year before grants and contributions provided for capital purposes	(1,738)	(321)	742

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

D1-2 Statement of Financial Position by fund

	General 2024 \$ '000	Water 2024 \$ '000	Sewer 2024 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	7,004	1,898	1,295
Investments	42,000	9,000	7,000
Receivables	7,506	1,317	654
Inventories	8,212	—	—
Contract assets and contract cost assets	3,358	—	—
Other	438	—	—
Total current assets	68,518	12,215	8,949
Non-current assets			
Infrastructure, property, plant and equipment	530,895	55,354	66,000
Intangible assets	763	—	—
Investments accounted for using the equity method	252	—	—
Total non-current assets	531,910	55,354	66,000
Total assets	600,428	67,569	74,949
LIABILITIES			
Current liabilities			
Payables	9,280	66	18
Contract liabilities	13,611	150	—
Borrowings	490	—	—
Employee benefit provision	3,517	—	—
Provisions	84	—	—
Total current liabilities	26,982	216	18
Non-current liabilities			
Borrowings	2,357	—	—
Employee benefit provision	249	—	—
Provisions	2,198	—	—
Total non-current liabilities	4,804	—	—
Total liabilities	31,786	216	18
Net assets	568,642	67,353	74,931
EQUITY			
Accumulated surplus	217,987	32,149	17,789
Revaluation reserves	350,654	35,205	57,142
Council equity interest	568,641	67,354	74,931
Total equity	568,641	67,354	74,931

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

D2 Interests in other entities

D2-1 Interests in associates

Net carrying amounts – Council's share

	Place of business	Nature of relationship	Interest in ownership			
			2024	2023	2024 \$ '000	2023 \$ '000
Central Northern Regional Libraries	Tamworth	Associate	14%	14%	252	260
Total carrying amounts – material associates					252	260

Central Northern Regional Libraries

Central Northern Regional Library provides library services to six local government areas in Northern NSW. Tamworth Regional Council is the executive council with Gwydir Shire, Liverpool Plains Shire, Narrabri Shire, Uralla Shire and Walcha Council all participating.

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.

Details

Principal activity		Measurement method
Central Northern Regional Libraries	Public Library Services	Equity method

Relevant interests and fair values

	Interest in outputs		Proportion of voting power	
	2024	2023	2024	2023
Central Northern Regional Libraries	14%	14%	14%	14%

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

D2-1 Interests in associates (continued)

Summarised financial information for associates

	Central Northern Regional Libraries	
	2024 \$ '000	2023 \$ '000
Statement of financial position		
Current assets		
Cash and cash equivalents	1,074	830
Non-current assets	889	986
Current liabilities		
Contract Liabilities ¹	213	14
Net assets	1,750	1,802
Statement of comprehensive income		
Income	1,681	1,655
Interest income	39	24
Depreciation and amortisation	(441)	(435)
Other expenses	(1,332)	(1,219)
Profit/(loss) from continuing operations	(53)	25
Total comprehensive income	(53)	25
Share of income – Council (%)	14%	14%
Profit/(loss) – Council (\$)	(8)	4
Total comprehensive income – Council (\$)	(8)	4
Reconciliation of the carrying amount		
Opening net assets (1 July)	1,803	1,792
Profit/(loss) for the period	(53)	11
Closing net assets	1,750	1,803
Council's share of net assets (%)	14%	14%
Council's share of net assets (\$)	252	260

(1) Voluntary changes in accounting policies , recognition of contract liabilities

Material accounting policy information

Interests in associates are accounted for using the equity method where the investment is initially recognised as a cost and the carrying amount is increased or decreased to recognise Council's share of profit or loss and other comprehensive income of the investee after the date of acquisition.

If Council's share of losses of an associate equals or exceeds its interest in the associate, Council discontinues recognising its share of further losses. Council's share in the associates gains or losses arising from transactions between itself and its associate are eliminated.

Adjustments are made to the associates accounting policies where they are different from those of Council, for the purposes of the consolidated financial statements.

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

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

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

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

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

	Carrying value 2024 \$ '000	Carrying value 2023 \$ '000	Fair value 2024 \$ '000	Fair value 2023 \$ '000
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	10,197	2,850	10,197	2,850
Receivables	9,477	9,629	9,477	9,629
Investments				
– Term Deposits	58,000	60,000	58,000	60,000
Contract assets	3,358	5,393	3,358	5,393
Total financial assets	81,032	77,872	81,032	77,872
Financial liabilities				
Payables	9,364	5,584	9,364	5,584
Contract liabilities	13,761	21,148	13,761	21,148
Loans/advances	2,847	3,421	2,847	3,421
Total financial liabilities	25,972	30,153	25,972	30,153

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings** – are based upon estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.

The risks associated with the financial instruments held are:

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

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

(a) Market risk – interest rate risk

continued on next page ...

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

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

	2024 \$ '000	2023 \$ '000
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	580	600

(b) Credit risk

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

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

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

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

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.

	Not yet overdue \$ '000	Overdue \$ '000	Total \$ '000
2024			
Overdue	–	3,543	3,543
2023			
Overdue	–	3,213	3,213

Receivables - non-rates and annual charges and contract assets

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

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

	Not yet overdue \$ '000	0 - 30 days \$ '000	31 - 60 days \$ '000	61 - 90 days \$ '000	> 91 days \$ '000	Total \$ '000
2024						
Gross carrying amount	9,331	57	40	58	–	9,486

Notes to the Financial Statements

for the year ended 30 June 2024

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

	Not yet overdue \$ '000	0 - 30 days \$ '000	31 - 60 days \$ '000	61 - 90 days \$ '000	> 91 days \$ '000	Total \$ '000
Expected loss rate (%)	0.00%	0.00%	13.00%	6.00%	67.00%	0.09%
ECL provision	–	–	5	3	–	8
2023						
Gross carrying amount	9,385	104	734	1,785	–	12,008
Expected loss rate (%)	0.00%	0.00%	13.00%	6.00%	67.00%	1.69%
ECL provision	–	–	95	107	–	202

(c) Liquidity risk

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

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

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

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

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

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

	Weighted average interest rate %	Subject to no maturity \$ '000	≤ 1 Year \$ '000	payable in: 1 - 5 Years \$ '000	> 5 Years \$ '000	Total cash outflows \$ '000	Actual carrying values \$ '000
2024							
Payables	0.00%	112	9,252	–	–	9,364	9,364
Borrowings	2.29%	–	490	2,357	–	2,847	2,847
2023							
Payables	0.00%	266	5,305	–	–	5,571	5,584
Borrowings	2.53%	–	625	2,304	492	3,421	3,421

Notes to the Financial Statements

for the year ended 30 June 2024

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).

\$ '000	Fair value measurement hierarchy							
	Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Recurring fair value measurements (IPP&E)								
Plant & Equipment	30/06/24	30/06/23	–	–	13,117	10,193	13,117	10,193
Office Equipment	30/06/24	30/06/23	–	–	768	736	768	736
Furniture & Fittings	30/06/24	30/06/23	–	–	661	578	661	578
Operational Land	30/06/24	30/06/22	25,343	10,632	–	–	25,343	10,632
Community Land	30/06/24	30/06/18	–	–	963	1,772	963	1,772
Crown Land	30/06/24	30/06/19	–	–	7,048	5,430	7,048	5,430
Land Improvements	30/06/21	30/06/21	–	–	26,950	26,586	26,950	26,586
Buildings	30/06/24	30/06/18	1,420	–	62,564	34,816	63,984	34,816
Other Structures	30/06/21	30/06/21	–	–	17,375	17,461	17,375	17,461
Swimming Pools	30/06/21	30/06/21	–	–	7,012	6,897	7,012	6,897
Other Open Space / Recreational Assets	30/06/21	30/06/21	–	–	3,376	3,360	3,376	3,360
Roads	30/06/23	30/06/23	–	–	205,191	196,438	205,191	196,438
Bridges	30/06/23	30/06/23	–	–	43,325	35,378	43,325	35,378
Footpaths	30/06/23	30/06/23	–	–	6,928	6,024	6,928	6,024
Bulk Earthworks	30/06/23	30/06/23	–	–	83,893	79,586	83,893	79,586
Stormwater Drainage	30/06/23	30/06/23	–	–	8,290	8,263	8,290	8,263
Water Supply Network	30/06/23	30/06/23	–	–	54,002	52,494	54,002	52,494
Sewerage Network	30/06/23	30/06/23	–	–	63,223	62,162	63,223	62,162
Reinstatement, rehabilitation & restoration of tip assets	30/06/21	30/06/21	–	–	1,127	1,746	1,127	1,746
Total infrastructure, property, plant & equipment			26,763	10,632	605,813	549,920	632,576	560,552

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 3 inputs are as follows:

Notes to the Financial Statements

for the year ended 30 June 2024

E2-1 Fair value measurement (continued)

Infrastructure, property, plant and equipment (IPPE)

Plant & Equipment, Office Equipment and Furniture & Fittings

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

- Plant and Equipment - Graders, trucks, rollers, tractors and motor vehicles.
- Office Equipment - Computers, photocopiers, calculators etc.
- Furniture & Fittings - Chairs, desks and display boards.

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

Crown, Operational & Community Land

Crown & Community Land are based on either the Land Value provided by the Valuer General or an average unit rate based on the Land Value for similar properties where the Valuer General did not provide a Land Value having regard to the highest and best use for the land. As these rates were not considered to be observable market evidence, they have been classified a level 3. Operational Land is valued using market approach where there is a principal market which provides observable evidence of the value of asset based on recent sales. Inputs used to value these assets have been based on observable market evidence, they have been classified as level 2 assets.

Crown Land & Community land asset are revalued internally in 2023/24 based on land values provided by the Valuer General. Council engaged an independent valuation firm APV Valuers & Asset Management to perform a comprehensive valuation of Operational Land assets as of 30 June 2024.

Land Improvements

Land Improvements include the Wee Waa Levee, sporting ovals, cemeteries, etc. The cost approach has been utilised whereby replacement cost was estimated for each asset by taking into account a range of factors. No market based evidence (level 2) could be supported, therefore these assets were all classified as having been valued using level 3 valuation inputs.

During 2023/2024 Council applied an indexation of 3.26%, based on the ABS Producer price indexes change from the last revaluation date to 30 June 2024 - this reflected an increase in fair value of these assets.

Buildings

Buildings assets are valued using cost approach where replacement cost of the modern equivalent is determined and then adjusted for the level of consumed obsolescence. Inputs used to value these assets are based on range of assumptions, and due to which these assets have been classified as level 3 valuation inputs.

Council engaged an independent valuation firm APV Valuers & Asset Management to perform a comprehensive valuation of Building assets as of 30 June 2024 - this reflected an increase in fair value of these assets.

Other Structures

Other Structures comprise of Aerodrome runway, lighting, irrigation systems, fencing etc. The cost approach has been utilised whereby replacement cost was estimated for each asset by taking into account a range of factors. No market based evidence (level 2) could be supported, therefore these assets were all classified as having been valued using level 3 valuation inputs.

During 2023/2024 Council applied an indexation of 3.26% based on the ABS Producer price indexes change from the last revaluation date to 30 June 2024 - this reflected an increase in fair value of these assets.

Roads, Bridges, Footpaths and Bulk Earthworks

Roads comprise road carriageway, roadside shoulders, kerb & gutter.

All roads, bridges, footpaths and bulk earthwork assets were valued using level 3 valuation inputs using the cost approach. This approach estimates the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors.

Notes to the Financial Statements

for the year ended 30 June 2024

E2-1 Fair value measurement (continued)

While unit rates are based on quantitative dimensional units such as square metres or lineal metres and can be supported from market evidence (level 2), other inputs such as estimates of useful lives, remaining life profiles and asset conditions require extensive professional judgement which impacts significantly on the final determination of the assets fair value.

As a result, the valuation is classified as having been valued using level 3 valuation inputs.

This class of asset is externally revalued by an independent valuation firm AssetVal in 202/2023 financial year. During 2023/2024 Council applied an indexation of 5.37% based on the ABS Producer price indexes change from the last revaluation date to 30 June 2024 - this reflected an increase in fair value of these assets.

Stormwater Drainage

Assets within this class comprise pits and pipes.

The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar could be supported from market evidence, other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally, due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets.

This class of asset is externally revalued by an independent valuation firm AssetVal in 202/2023 financial year. During 2023/2024 Council applied an indexation of 3.26% based on the ABS Producer price indexes change from the last revaluation date to 30 June 2024 - this reflected an increase in fair value of these assets.

Water Supply Network

Assets within this class comprise reservoirs, pumping stations and water pipelines.

The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar may be supported from market evidence, other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally, due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. These assets are indexed each year in line with the NSW Reference Rates Manual as published by the Office of Water.

This class of asset is externally revalued by an independent valuation firm Australis Advisory group in 2022/2023 financial year. During 2023/2024 Council applied an indexation of 5.07% in line with the NSW Reference Rates Manual as published by the Office of Water, this reflected an increase in fair value of these assets.

Sewerage Network

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

The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar may be supported from market evidence, other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally, due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. These assets are indexed each year in line with the NSW Reference Rates Manual as published by the Office of Water.

This class of asset is externally revalued by an independent valuation firm Australis Advisory group in 2022/2023 financial year. During 2023/2024 Council applied an indexation of 5.07% in line with the NSW Reference Rates Manual as published by the Office of Water, this reflected an increase in fair value of these assets.

Swimming Pools

Assets within this class comprise Council's Aquatic Centre and other outdoor swimming pools.

Notes to the Financial Statements

for the year ended 30 June 2024

E2-1 Fair value measurement (continued)

Swimming pools were valued in-house by experienced staff using the cost approach. The approach estimated the replacement cost for each pool by componentising its significant parts.

While some elements of gross replacement values may be supported from market evidence (level 2 input) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value.

During 2023/2024 Council applied an indexation of 3.26% based on the ABS Producer price indexes change from the last revaluation date to 30 June 2024 - this reflected an increase in fair value of these assets.

Other Open Space / Recreational Assets

Assets within this class comprise playground equipment, BBQs, outdoor fitness facilities, etc. The cost approach has been utilised whereby replacement cost was estimated for each asset by taking into account a range of factors. No market based evidence (level 2) could be supported as such these assets were all classified as having been valued using level 3 valuation inputs.

During 2023/2024 Council applied an indexation of 3.26% based on the ABS Producer price indexes change from the last revaluation date to 30 June 2024 - this reflected an increase in fair value of these assets.

Reinstatement, Rehabilitation and Restoration of Tip Assets

Assets within this class are recognised to establish a provision for the expected value of restoration costs of landfill sites throughout the Shire.

Assets were valued using level 3 valuation inputs using the cost approach. Unit rates are based on quantitative dimensional units such as cubic metres; and time and resources required; and is supported from market evidence (level 2) and a documented waste facilities closure plan (timeline).

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

Fair value measurements using significant unobservable inputs (level 3)

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

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

	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment		
Plant & Equipment, Office Equipment and Furniture & Fittings	Cost used to approximate fair value	<ul style="list-style-type: none"> • Depreciated Historical Cost • Remaining Useful Life • Residual Value
Community Land and Crown Land	Land values obtained from NSW Valuer-General	<ul style="list-style-type: none"> • Land Value (price per m²)
Land Improvements, Buildings, Other Structures, Swimming Pools and Other Open Space / Recreational Assets	Cost used to approximate fair value	<ul style="list-style-type: none"> • Gross Replacement Cost • Asset Condition • Remaining Useful Life • Residual Value
Roads, Bridges and Footpaths	Unit rates per m ² or length	<ul style="list-style-type: none"> • Gross Replacement Cost • Asset Condition • Remaining Useful Life • Residual Value
Bulk Earthworks	Cost used to approximate fair value	<ul style="list-style-type: none"> • Gross Replacement Cost • Asset Condition • Remaining Useful Life • Residual Value

Notes to the Financial Statements

for the year ended 30 June 2024

E2-1 Fair value measurement (continued)

	Valuation technique/s	Unobservable inputs
Stormwater Drainage, Water Supply and Sewerage Networks	Cost used to approximate fair value	<ul style="list-style-type: none">• Gross Replacement Cost• Asset Condition• Remaining Useful Life
Reinstatement, Rehabilitation and Restoration of Tip Assets	Cost used to approximate fair value	<ul style="list-style-type: none">• Asset Condition• Remaining Useful Life

Highest and best use

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

Notes to the Financial Statements
for the year ended 30 June 2024

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).

Funding arrangements:

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

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

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

* For 180 Point Members, employers were required to contribute 8.5% of salaries for the year ending 30 June 2024 (increasing to 9% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

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

The adequacy of contributions is assessed at each triennial actuarial investigation, the next of which is due effective 30 June 2024, and monitored annually between triennials. It is estimated that there are \$2,001.65 in past service contributions remaining.

Extent to which Council can be liable 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

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

E3-1 Contingencies (continued)

of outstanding past service contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of Council.

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

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 \$15,875.11.

The last formal valuation of the Scheme was performed by Mr Richard Boyfield (FIAA) as at 30 June 2023.

Council's expected contribution to the plan for the next annual reporting period is \$3,952.01.

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

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

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

Based on a Past Service Liabilities methodology, the share of this deficit that is broadly attributed to Council is 0.02%.

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.

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other guarantees

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

2. Other liabilities

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

E3-1 Contingencies (continued)

(i) Third party claims

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 such claims through its insurance coverage.

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 June 2008.

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

	2024 \$ '000	2023 \$ '000
Compensation:		
Short-term benefits	1,226	1,418
Post-employment benefits	106	132
Total	1,332	1,550

Other transactions with KMP and their related parties

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

There are no other material disclosures made by KMP.

F1-2 Councillor and Mayoral fees and associated expenses

	2024 \$ '000	2023 \$ '000
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	42	40
Councillors' fees	174	102
Other Councillors' expenses (including Mayor)	38	17
Total	254	159

F2 Other relationships

F2-1 Audit fees

	2024 \$ '000	2023 \$ '000
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
NSW Auditor General: Audit and review of financial statements	213	81
Total audit fees	213	81

Notes to the Financial Statements

for the year ended 30 June 2024

G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of Operating Result

	2024 \$ '000	2023 \$ '000
Net operating result from Income Statement	14,495	10,734
Add / (less) non-cash items:		
Depreciation and amortisation	15,148	12,798
(Gain) / loss on disposal of assets	4,893	3,687
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Write-down of inventories held for sale	–	–
Unwinding of discount rates on reinstatement provisions	103	63
Share of net (profits)/losses of associates/joint ventures using the equity method	8	(4)
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	158	(3,634)
Increase / (decrease) in provision for impairment of receivables	(6)	16
(Increase) / decrease of inventories	(1,760)	(443)
(Increase) / decrease of other current assets	(12)	(125)
(Increase) / decrease of contract asset	2,034	2,584
Increase / (decrease) in payables	1,204	516
Increase / (decrease) in accrued interest payable	–	(2)
Increase / (decrease) in other accrued expenses payable	2,468	1,943
Increase / (decrease) in other liabilities	108	(51)
Increase / (decrease) in contract liabilities	(7,387)	11,829
Increase / (decrease) in employee benefit provision	743	(555)
Increase / (decrease) in other provisions	(368)	297
Net cash flows from operating activities	31,829	39,653

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

G2-1 Commitments

Capital commitments (exclusive of GST)

	2024	2023
	\$ '000	\$ '000

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Property, plant and equipment

Roads	2,836	–
Bridges	–	2,607
Other open space / recreational assets	1,826	–
Footpaths	586	–
Water supply network	656	–
Sewerage network	60	–
Total commitments	5,964	2,607

These expenditures are payable as follows:

Within the next year	5,964	2,607
Total payable	5,964	2,607

Sources for funding of capital commitments:

Future grants and contributions	5,248	2,020
Externally restricted reserves	716	116
Internally restricted reserves	–	471
Total sources of funding	5,964	2,607

Details of capital commitments

Council has contractual commitments for the following projects: New grandstand Infrastructure at dangar park, Oval lighting replacement across the shire, Yarrie Lake to Pilliga road freight route upgrade, Selina and Guest St shared path, Boggabri shared path, Old Narrabri road intersection upgrade, Water main renewals across the shire, Narrabri STP earthworks and environmental upgrades. All projects are expected to be completed in the 2024/25 financial year.

G3-1 Events occurring after the reporting date

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

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

G4 Statement of developer contributions

G4-1 Summary of developer contributions

	Opening balance at 1 July 2023 \$ '000	Contributions received during the year			Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2024 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000	Non-cash Other \$ '000					
Roads	7	–	–	–	–	–	–	7	–
Parking	20	–	–	–	–	–	–	20	–
Open spaces	33	–	–	–	–	–	–	33	–
Community facilities	24	–	–	–	1	–	–	25	–
Other	44	–	–	–	–	–	–	44	–
Bushfire	19	–	–	–	–	–	–	19	–
S7.11 contributions – under a plan	147	–	–	–	1	–	–	148	–
S7.12 levies – under a plan	3,860	321	–	–	19	(709)	–	3,491	–
Total S7.11 and S7.12 revenue under plans	4,007	321	–	–	20	(709)	–	3,639	–
S7.4 planning agreements	6,905	–	–	–	30	(227)	–	6,708	–
Total contributions	10,912	321	–	–	50	(936)	–	10,347	–

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.

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2024	Indicator 2024	2023	Indicators 2022	2021	Benchmark
1. Operating performance ratio						
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	3,580	5.61%	3.19%	1.44%	2.15%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	63,839					
2. Own source operating revenue ratio						
Total continuing operating revenue excluding all grants and contributions ¹	43,363	54.44%	50.24%	60.67%	56.43%	> 60.00%
Total continuing operating revenue	79,651					
3. Unrestricted current ratio						
Current assets less all external restrictions	34,469	3.07x	3.96x	3.92x	3.30x	> 1.50x
Current liabilities less specific purpose liabilities	11,236					
4. Debt service cover ratio						
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	18,921	24.67x	19.19x	16.79x	14.91x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	767					
5. Rates and annual charges outstanding percentage						
Rates and annual charges outstanding	3,972	14.37%	13.82%	11.47%	11.85%	< 10.00%
Rates and annual charges collectable	27,649					
6. Cash expense cover ratio						
Current year's cash and cash equivalents plus all term deposits	68,197	16.87 months	16.98 months	11.13 months	8.02 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	4,041					

(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

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

G5-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators ³		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}	5.96%	4.07%	(5.49)%	(4.76)%	14.88%	3.25%	> 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	47.27%	42.70%	100.00%	100.39%	100.00%	101.76%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	3.07x	3.96x	56.55x	206.52x	497.17x	3,471.00x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	20.18x	15.90x	∞	∞	∞	∞	> 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	18.28%	17.63%	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	16.08 months	16.18 months	∞	∞	∞	∞	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

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

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

(4) Restated - See Note G4-1

END OF AUDITED FINANCIAL STATEMENTS

End of the audited financial statements

Narrabri Shire Council

Notes to the Financial Statements

for the year ended 30 June 2024

H Additional Council disclosures (unaudited)

H1-1 Council information and contact details

Principal place of business:

46-48 Maitland Street
Narrabri NSW 2390

Contact details**Mailing Address:**

PO Box 261
Narrabri NSW 2390

Opening hours:

9.00am - 4:00pm
Monday to Friday

Telephone: 02 6799 6866

Facsimile: 02 6799 6888

Internet: www.narrabri.nsw.gov.au

Email: council@narrabri.nsw.gov.au

Officers**Interim General Manager**

Eloise Chaplain

Responsible Accounting Officer

Ted Harrington

Public Officer

Jason Townsend

Auditors

The Audit Office of New South Wales
Level 19, Darling Park Tower 2
201 Sussex Street
Sydney NSW 2000

Elected members**Mayor**

Darrell Tiemens

Councillors

Cr Catherine Redding
Cr Rohan Boehm
Cr Robert Browning
Cr John Clements
Cr Brett Dickinson
Cr Greg Lamont
Cr Lisa Richardson
Cr Ron Campbell

Other information

ABN: 95 717 801 656



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Narrabri Shire Council

To the Councillors of Narrabri Shire Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



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

12 December 2024
SYDNEY



Cr Darrell Tiemens
Mayor
Narrabri Shire Council
PO BOX 261
NARRABRI NSW 2390

Contact: Jan-Michael Perez
Phone no: 02 9275 7115
Our ref: R008-2124742775-10100 / 1767

12 December 2024

Dear Mayor

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

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

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

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

INCOME STATEMENT

Operating result

	2024 \$m	2023* \$m	Variance %
Rates and annual charges revenue	23.8	22.6	↑ 5.3
Grants and contributions revenue	36.3	34.2	↑ 6.1
Operating result from continuing operations	14.5	10.7	↑ 35.5
Net operating result before capital grants and contributions	-1.3	-1.9	↑ 31.6

Rates and annual charges revenue (\$23.8 million) increased by \$1.2 million (5.3 per cent) in 2023–24 due to a 15 per cent increase in annual charge for urban waste management, 5 per cent increase in other annual charges, and the rate peg increase of 3.7 per cent.

Grants and contributions revenue (\$36.3 million) increased by \$2.1 million (6.1 per cent) in 2023–24 due to:

- increase of \$6.9 million of grants recognised for Transport (other roads and bridges funding) assets mainly attributable to Pilliga road, Old Narrabri road and Bullawa Creek bridge
- increase of \$3.0 million of grants recognised for Roads to Recovery due to completion of claims relating to two financial years
- increase of \$1.0 million of grants recognised for recreation and culture mainly attributable to Stronger Country Communities funding

Offset by:

- decrease of \$4.9 million of developer contributions recognised during the year
- decrease of \$2.8 million of financial assistance grants due to receiving 85 per cent for 2024–25 in advance (100 per cent in 2022–23)
- decrease of \$1.0 million of other contributions attributable to one-off natural disaster recovery contribution received in previous financial year.

Council's operating result from continuing operations (\$14.5 million including depreciation, amortisation and impairment expense of \$15.1 million) was \$3.8 million higher than the 2022–23 result. This is mainly due to increases in grants and contributions of \$2.1 million and rates and annual charges revenue of \$1.2 million as noted above, in addition with increase in investment income of \$1.6 million and increase of \$5.3 million in user charges and fees mainly due to additional works completed on behalf of Transport for NSW, offset by:

- increase of \$3.2 million of employee benefits expenses mainly due to recruitment of staff in vacant positions from the previous year
- increase of \$2.4 million of depreciation expense as a result of increases in the carrying value of assets through revaluation or indexation
- increase of \$1.2 million of loss from disposal of assets relating to road disposals from asset renewals.

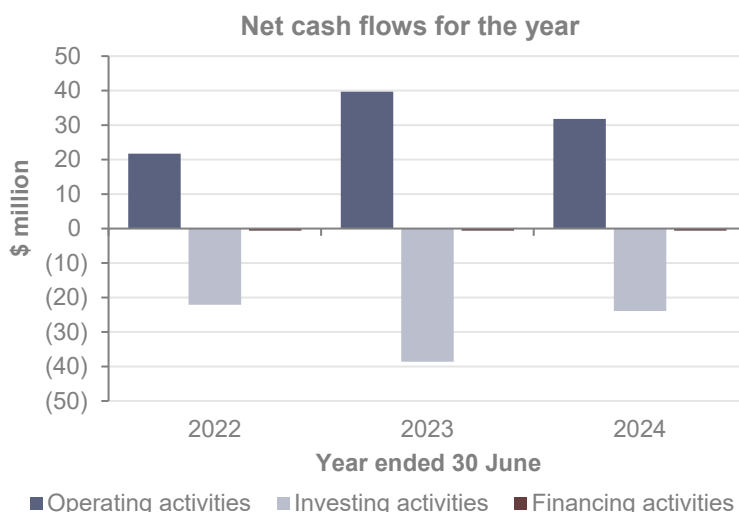
The net operating result before capital grants and contributions (deficit \$1.3 million) was \$615,000 higher than the 2022–23 result.

STATEMENT OF CASH FLOWS

Cash from operating activities decreased by \$7.8 million. This is mainly due to a decrease in cash receipts from grants and contributions of \$13.7 million. Offset by an increase in cash received from user charges due to an increase in charges received from RMCC works.

Cash outflows from investing activities decreased by \$14.7 million, notably due to a net decrease in acquisition of term deposits.

Cash outflows from financing activities remains consistent with prior years



FINANCIAL POSITION

Cash and investments

Cash and investments	2024	2023	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	68.2	62.9	Externally restricted balances comprise mainly of specific purpose unexpended grants, developer contributions, domestic waste management, 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. Their purposes are disclosed in note C1-3 of the financial statements.
• External restrictions	53.2	53.8	
• Internal allocations	5.3	1.4	

Debt

At 30 June 2024, Council had:

- \$2.8 million in secured loans (\$3.4 million in 2022-23)
- \$300,000 in credit card facility with \$20,000 used.

PERFORMANCE

Performance measures

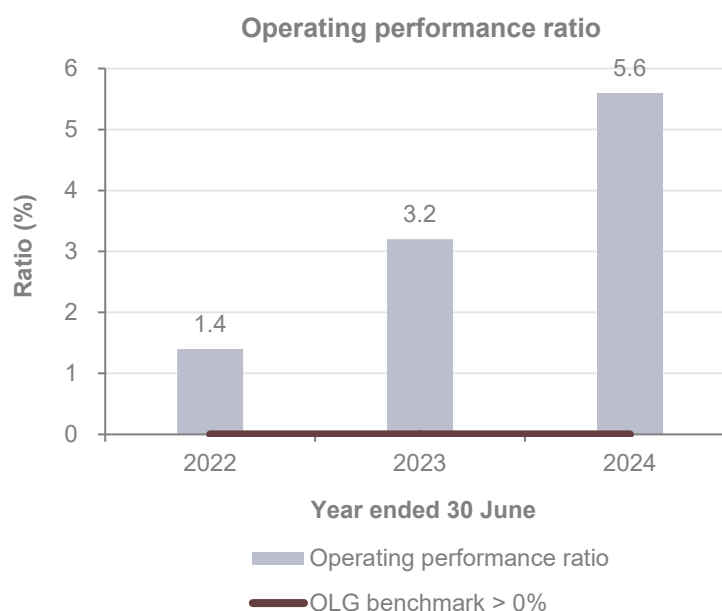
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning, Housing and Infrastructure.

Operating performance ratio

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.

Council exceeded the benchmark for the current reporting period.

The ratio has increased during the year mainly due to increase in user charges and fees revenue compared to corresponding increase in operational expenses.

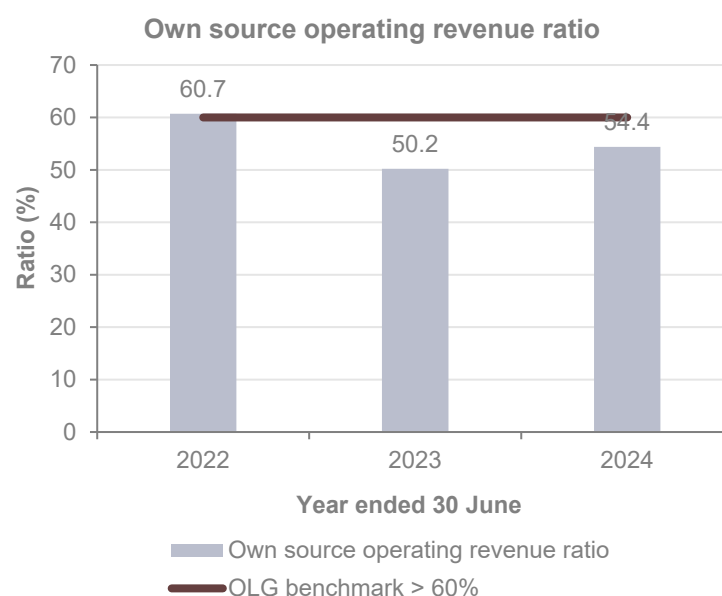


Own source operating revenue ratio

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.

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

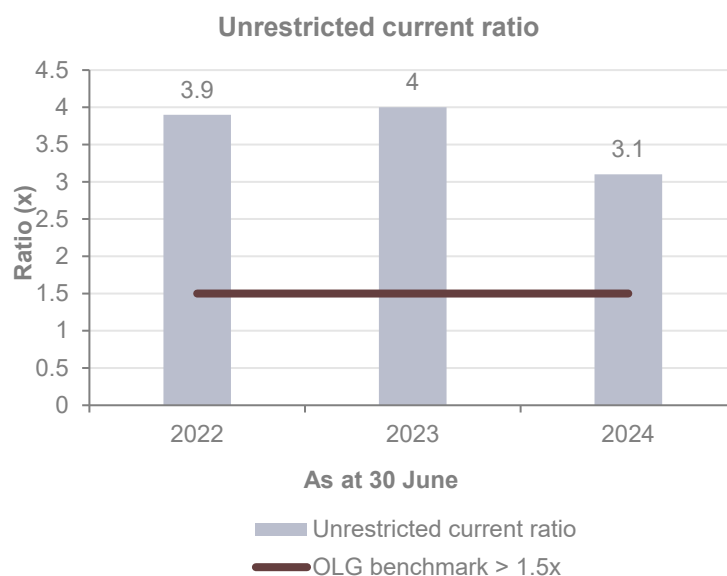
The ratio continued to be below the set benchmark due to Council's reliance on grants and contributions revenue.



Unrestricted current ratio

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.

Council exceeded the benchmark for the current reporting period.

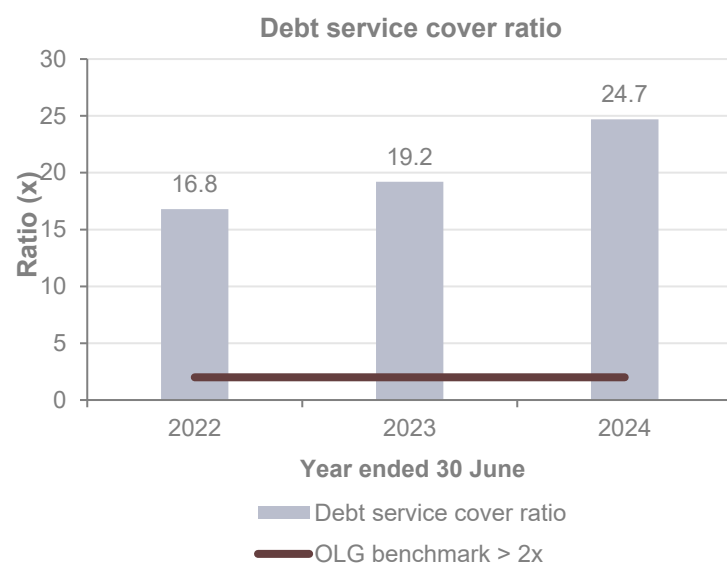


Debt service cover ratio

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.

Council exceeded the benchmark for the current reporting period.

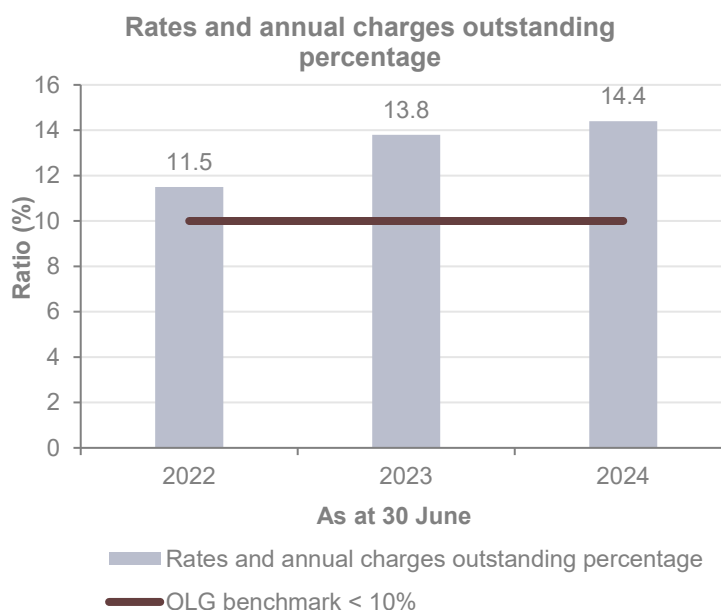
The ratio has increased during the year due to improved net operating result before capital grants and contributions.



Rates and annual charges outstanding percentage

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.

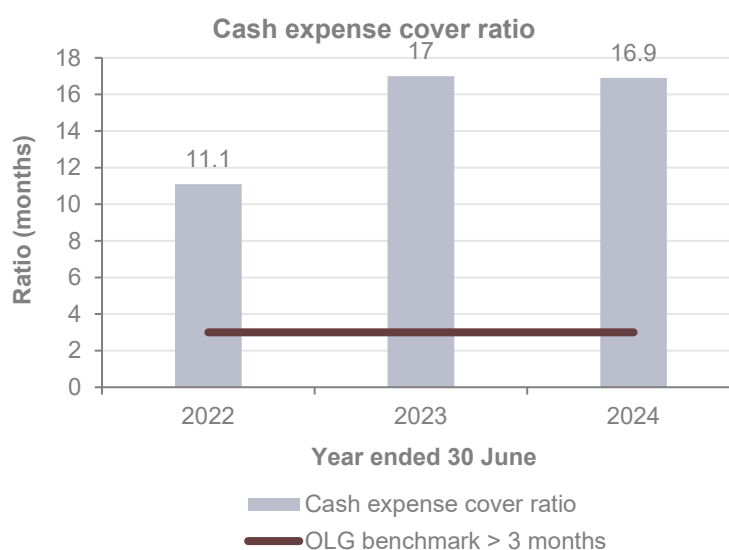
Council did not meet the benchmark for the current reporting period



Cash expense cover ratio

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.

Council exceeded the benchmark for the current reporting period



Infrastructure, property, plant and equipment renewals

Council renewed \$24.3 million of infrastructure, property, plant and equipment during the 2023-24 financial year. This was mainly spent on renewals for roads, bridges and buildings. A further \$3.5 million was spent on construction of new assets.

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.



Jan-Michael Perez
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

Narrabri Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS for the year ended 30 June 2024

*Narrabri Shire will be a strong and vibrant regional growth
centre providing a quality living environment for the entire
Shire community*



Special Purpose Financial Statements

for the year ended 30 June 2024

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Income Statement of sewerage business activity	5
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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).

Narrabri Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2024

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

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


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

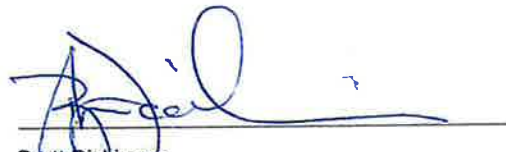
To the best of our knowledge and belief, these statements:

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


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

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



Darrell Tiemens
Mayor
27 November 2024

Brett Dickinson
Deputy Mayor
27 November 2024

Eloise Chaplain
Interim General Manager
27 November 2024

Ted Harrington
Responsible Accounting Officer
27 November 2024

Narrabri Shire Council

Income Statement of water supply business activity

for the year ended 30 June 2024

	2024 \$ '000	2023 \$ '000
Income from continuing operations		
Access charges	2,181	2,027
User charges	2,973	2,645
Interest and investment income	625	457
Grants and contributions provided for operating purposes	–	34
Other income	65	51
Total income from continuing operations	5,844	5,214
Expenses from continuing operations		
Employee benefits and on-costs	1,424	957
Materials and services	3,338	3,227
Depreciation, amortisation and impairment	1,384	1,256
Other expenses	19	22
Total expenses from continuing operations	6,165	5,462
Surplus (deficit) from continuing operations before capital amounts	(321)	(248)
Grants and contributions provided for capital purposes	–	(54)
Surplus (deficit) from continuing operations after capital amounts	(321)	(302)
Surplus (deficit) from all operations before tax	(321)	(302)
Surplus (deficit) after tax	(321)	(302)
Plus accumulated surplus	31,964	32,309
Plus/less: other adjustments	506	(43)
Closing accumulated surplus	32,149	31,964
Return on capital %	(0.6)%	(0.5)%
Subsidy from Council	321	248
Calculation of dividend payable:		
Surplus (deficit) after tax	(321)	(302)
Less: capital grants and contributions (excluding developer contributions)	–	54
Surplus for dividend calculation purposes	–	–
Potential dividend calculated from surplus	–	–

Narrabri Shire Council

Income Statement of sewerage business activity

for the year ended 30 June 2024

	2024 \$ '000	2023 \$ '000
Income from continuing operations		
Access charges	3,743	3,498
User charges	125	—
Fees	4	—
Interest and investment income	601	314
Grants and contributions provided for operating purposes	—	—
Other income	513	—
Total income from continuing operations	4,986	3,812
Expenses from continuing operations		
Employee benefits and on-costs	517	427
Materials and services	2,056	1,830
Depreciation, amortisation and impairment	1,637	1,396
Other expenses	34	35
Total expenses from continuing operations	4,244	3,688
Surplus (deficit) from continuing operations before capital amounts	742	124
Grants and contributions provided for capital purposes	—	(66)
Surplus (deficit) from continuing operations after capital amounts	742	58
Surplus (deficit) from all operations before tax	742	58
Less: corporate taxation equivalent (25%) [based on result before capital]	(186)	(31)
Surplus (deficit) after tax	556	27
Plus accumulated surplus	16,819	17,000
Plus/less: other adjustments	228	(239)
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	186	31
Closing accumulated surplus	17,789	16,819
Return on capital %	1.1%	0.2%
Subsidy from Council	—	—
Calculation of dividend payable:		
Surplus (deficit) after tax	557	27
Less: capital grants and contributions (excluding developer contributions)	—	66
Surplus for dividend calculation purposes	557	93
Potential dividend calculated from surplus	278	47

Narrabri Shire Council

Statement of Financial Position of water supply business activity

as at 30 June 2024

	2024 \$ '000	2023 \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	1,898	1,909
Investments	9,000	8,000
Receivables	1,317	1,243
Total current assets	12,215	11,152
Non-current assets		
Infrastructure, property, plant and equipment ¹	55,354	53,465
Total non-current assets	55,354	53,465
Total assets	67,569	64,617
LIABILITIES		
Current liabilities		
Contract liabilities	150	—
Payables	66	54
Total current liabilities	216	54
Total liabilities	216	54
Net assets	67,353	64,563
EQUITY		
Accumulated surplus ¹	32,149	31,964
Revaluation reserves	35,205	32,599
Total equity	67,354	64,563

Narrabri Shire Council

Statement of Financial Position of sewerage business activity

as at 30 June 2024

	2024 \$ '000	2023 \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	1,295	1,041
Investments	7,000	5,000
Receivables	654	580
Contract assets and contract cost assets	—	321
Total current assets	8,949	6,942
Non-current assets		
Infrastructure, property, plant and equipment ¹	66,000	63,970
Total non-current assets	66,000	63,970
Total assets	74,949	70,912
LIABILITIES		
Current liabilities		
Payables	18	2
Total current liabilities	18	2
Total liabilities	18	2
Net assets	74,931	70,910
EQUITY		
Accumulated surplus ¹	17,789	16,819
Revaluation reserves	57,142	54,091
Total equity	74,931	70,910

Narrabri Shire Council

Material accounting policy information

for the year ended 30 June 2024

Note – Material accounting policy information

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

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

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

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

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1

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

a. Narrabri Shire Council Water Supplies

Supply operations servicing Baan Baa, Bellata, Boggabri, Gwabegar, Pilliga, Narrabri and Wee Waa.

b. Narrabri Shire Council Sewerage Service

Sewerage reticulation and treatment operations servicing Boggabri, Narrabri and Wee Waa.

Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs. However, where Council does not pay some taxes, which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in special purpose financial statements. For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

Notional rate applied (%)

Corporate income tax rate – 25% (LY 25%)

Narrabri Shire Council

Material accounting policy information

for the year ended 30 June 2024

Note – Material accounting policy information (continued)

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

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

In accordance with DCCEEW's regulatory and assurance framework, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

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

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

Income tax

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

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

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

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

Narrabri Shire Council

Material accounting policy information

for the year ended 30 June 2024

Note – Material accounting policy information (continued)

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.

A local government water supply and sewerage business is permitted to pay annual dividends from their water supply or sewerage business surpluses. Each dividend must be calculated and approved in accordance with DCCEEW's regulatory and assurance framework and must not exceed 50% of the relevant surplus in any one year, or the number of water supply or sewerage assessments at 30 June 2024 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Narrabri Shire Council

To the Councillors of Narrabri Shire Council

Opinion

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

The Declared Business Activities of the Council are:

- water supply
- sewerage.

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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

A handwritten signature in dark ink, appearing to read 'JMP', with a stylized loop at the end.

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

12 December 2024
SYDNEY

Narrabri Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2024

*Narrabri Shire will be a strong and vibrant regional growth
centre providing a quality living environment for the entire
Shire community*



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Narrabri Shire Council

Permissible income for general rates

	Notes	Calculation 2023/24 \$ '000	Calculation 2024/25 \$ '000
Notional general income calculation ¹			
Last year notional general income yield	a	14,290	14,865
Plus or minus adjustments ²	b	8	(30)
Notional general income	c = a + b	14,298	14,835
Permissible income calculation			
Percentage increase	d	3.70%	4.50%
Plus percentage increase amount ³	f = d x (c + e)	529	668
Sub-total	g = (c + e + f)	14,827	15,503
Plus (or minus) last year's carry forward total	h	5	(33)
Sub-total	j = (h + i)	5	(33)
Total permissible income	o = k + n	14,832	15,470
Less notional general income yield	l	14,865	15,469
Catch-up or (excess) result	m = k - l	(33)	1
Carry forward to next year ⁶	p = m + n + o	(33)	1

Notes

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



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Narrabri Shire Council

To the Councillors of Narrabri Shire Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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

A handwritten signature in dark ink, appearing to read 'JMP', is positioned above the printed name and title.

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

12 December 2024
SYDNEY

Narrabri Shire Council

Report on infrastructure assets as at 30 June 2024

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council ^a	2023/24 Required maintenance	2023/24 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Other	11,577	11,577	1,599	449	63,983	86,524	16.0%	31.0%	39.0%	13.0%	1.0%
	Sub-total	11,577	11,577	1,599	449	63,983	86,524	16.0%	31.0%	39.0%	13.0%	1.0%
Other structures	Other structures	147	147	434	540	17,375	23,808	61.0%	36.0%	3.0%	0.0%	0.0%
	Sub-total	147	147	434	540	17,375	23,808	61.0%	36.0%	3.0%	0.0%	0.0%
Open space / recreational assets	Swimming pools	2,308	2,308	260	102	10,387	15,340	30.0%	31.0%	12.0%	27.0%	0.0%
	Sub-total	2,308	2,308	260	102	10,387	15,340	30.0%	31.0%	12.0%	27.0%	0.0%
Roads	Other	45,202	168,785	4,457	5,894	339,339	447,683	43.0%	29.0%	22.0%	4.0%	2.0%
	Sub-total	45,202	168,785	4,457	5,894	339,339	447,683	43.0%	29.0%	22.0%	4.0%	2.0%
Stormwater drainage	Other	8,426	8,426	207	—	8,289	19,549	0.0%	27.0%	19.0%	49.0%	5.0%
	Sub-total	8,426	8,426	207	—	8,289	19,549	0.0%	27.0%	19.0%	49.0%	5.0%
Water supply network	Other	13,299	13,299	1,350	1,785	54,002	93,656	33.0%	30.0%	24.0%	12.0%	1.0%
	Sub-total	13,299	13,299	1,350	1,785	54,002	93,656	33.0%	30.0%	24.0%	12.0%	1.0%

Narrabri Shire Council

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

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council ^a	2023/24 Required maintenance	2023/24 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Sewerage network	Other	36,865	36,865	1,580	1,274	63,223	114,486	21.0%	13.0%	37.0%	14.0%	15.0%
	Sub-total	36,865	36,865	1,580	1,274	63,223	114,486	21.0%	13.0%	37.0%	14.0%	15.0%
	Total – all assets	117,824	241,407	9,887	10,044	556,598	801,046	35.0%	27.2%	25.4%	8.8%	3.6%

(a) The estimated cost to bring to the agreed level of service is high as Council is yet to undertake consultation on satisfactory condition of its assets with the community.

Infrastructure asset condition assessment 'key'

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

Narrabri Shire Council

Report on infrastructure assets as at 30 June 2024

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2024	Indicator 2024	2023	Indicators 2022	2021	Benchmark
Buildings and infrastructure renewals ratio						
Asset renewals ¹	24,308					
Depreciation, amortisation and impairment	12,771	190.34%	68.33%	223.00%	290.13%	> 100.00%
Infrastructure backlog ratio						
Estimated cost to bring assets to a satisfactory standard	117,824					
Net carrying amount of infrastructure assets	576,271	20.45%	18.31%	12.42%	7.29%	< 2.00%
Asset maintenance ratio						
Actual asset maintenance	10,044					
Required asset maintenance	9,887	101.59%	105.31%	107.34%	93.75%	> 100.00%
Cost to bring assets to agreed service level						
Estimated cost to bring assets to an agreed service level set by Council	241,407	30.14%	27.95%	17.25%	12.90%	
Gross replacement cost	801,046					

(*) 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.

Narrabri Shire Council

Report on infrastructure assets as at 30 June 2024

Infrastructure asset performance indicators (by fund)

	General fund		Water fund		Sewer fund		Benchmark
\$ '000	2024	2023	2024	2023	2024	2023	
Buildings and infrastructure renewals ratio							
Asset renewals ¹							
Depreciation, amortisation and impairment	248.19%	80.07%	0.00%	0.00%	0.00%	0.00%	> 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	14.74%	14.98%	24.63%	24.00%	58.31%	35.31%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	100.40%	110.19%	132.22%	126.37%	80.63%	68.58%	> 100.00%
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	32.26%	31.87%	14.20%	14.20%	32.20%	19.96%	

(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.