



ORDINARY COUNCIL MEETING

LATE ITEMS

17 DECEMBER 2024

LATE ITEMS

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5 GENERAL REPORTS

5.16 RESPONSES TO QUESTIONS TAKEN ON NOTICE

RECORD NUMBER: 2024/1879

AUTHOR: David Waddell, Chief Executive Officer

EXECUTIVE SUMMARY

This report provides responses below to Questions Taken on Notice relating to Sister Cities as circulated to Councillors via email on 12 November 2024. This has been the only response to a question taken on notice since the reporting matter was raised on 20 August 2024.

LINK TO DELIVERY/OPERATIONAL PLAN

The recommendation in this report relates to the Delivery/Operational Plan strategy “18.1. Provide representative, responsible and accountable community governance”.

FINANCIAL IMPLICATIONS

Nil.

POLICY AND GOVERNANCE IMPLICATIONS

Nil.

RECOMMENDATION

That the information contained in the report on responses to Questions Taken on Notice be acknowledged.

SUPPORTING INFORMATION

CCL 20 NOVEMBER 2024

QUESTION TAKEN ON NOTICE

Cr Kinghorne asked for an update to be provided on the installation of Smart Meters, which would contribute to a saving of \$750k in water meter reading fees.

Overall we have approximately 2,000 smart meters installed across the network and have been changing them out with the regular meter replacements that are generally swapped over on a 12-15 year cycle. The Water Services team have recognised that these regular replacements have slipped with the availability of qualified resources the main contributor. Moving forward the team are setting themselves an ambitious target to replace the remaining meters to smart meters in the next five years.

Talking to the finance team, that manage the meter reading contract, there will always be a need for some ground truthing (physical meter reading) but as the transition to smart meters continues this may be a service that can be delivered in-house.

CCL 3 DECEMBER 2024**QUESTION TAKEN ON NOTICE Cr M McDonell**

Cr McDonell asked for clarification on valid attendance at Council Meetings noting Cr Duffy arrived at the last meeting at 6.31pm and left the meeting at 6.31pm.

Attendance is taken during a Council Meeting once it has commenced. Once a Meeting has commenced, attendance at the meeting is noted in the Minutes, whether this was for general attendance or whether a Councillor left the room during the meeting and returned.

Section 234(d) of the Act outlines when a vacancy in civic office occurs –

(d) is absent from 3 consecutive ordinary meetings of the council (unless the holder is absent because he or she has been suspended from office under this Act or because the council has been suspended under this Act or as a consequence of a compliance order under section 438HA) without—

(i) prior leave of the council, or

(ii) leave granted by the council at any of the meetings concerned.

Absence for part of a meeting is not provided for in the Act. The Minutes outline what occurred at the meeting noting the arrival and departure times of all Councillors (except where they are present for the whole meeting).

Section 329 of the Act outlines the reasons for a Councillor can be dismissed from civic office – 329(1) - *Any person may apply to the Civil and Administrative Tribunal for an order that a person be dismissed from civic office.*

CCL 3 DECEMBER 2024**QUESTION TAKEN ON NOTICE Cr K Duffy**

Cr Duffy asked how much money is currently available in unrestricted reserves.

Council's Unaudited operating cash is being utilised by the current major construction projects (Conservatorium, Sporting Precinct, Southern Feeder, Clergate Road). The advance funding for these projects has been expended and Council are now cash flowing the projects. In order to mitigate these impacts Council has established a short-term credit facility with Commonwealth Bank of \$5M, is closely monitoring and planning investments to ensure sufficient cash availability and applied for the internal loan in April 2024. The proposed loan from Water and Sewer funds for the construction of the Conservatorium will significantly improve the operating cash position. Also noting that internal restrictions are held on the Chief Executive Officer's judgement of facilitating current and future Council sustainability.

5.17 2023/2024 FINANCIAL STATEMENTS

RECORD NUMBER: 2024/1858

AUTHOR: Claire Wright, Senior Management Accountant

EXECUTIVE SUMMARY

Presented to Council are the 2023/2024 Annual Financial Statements. It is recommended that Council endorse the General Purpose and Special Purpose Financial Statements for signing and refer them to the NSW Audit Office for finalisation of the 2023/2024 Audit.

LINK TO DELIVERY/OPERATIONAL PLAN

The recommendation in this report relates to the Delivery/Operational Plan strategy “18.2. Ensure financial stability and support efficient ongoing operation”.

FINANCIAL IMPLICATIONS

Nil

POLICY AND GOVERNANCE IMPLICATIONS

Under Section 413 of the Local Government Act 1993, Council must prepare financial reports for each year and must refer them for audit as soon as practicable after the end of that year. Section 416(1) sets a maximum time limit of 4 months after the end of the year (30 November) for the audit to be conducted.

An extension was granted by the Office of Local Government to submit the statements by 20 December 2024. A further short extension to 31 January 2025 has been requested to facilitate finalisation of the statements.

Intentus (contracted by the Audit Office of NSW) commenced their audit on 13 November 2024 and completed onsite work on 22 November 2024.

RECOMMENDATION

That Council resolves:

- 1 To authorise the Mayor, Chairperson of Finance Policy Committee, Chief Executive Officer and Responsible Accounting Officer to sign the Statement by Councillors and Management for the General Purpose and Special Purpose Financial Statements in order for Council’s Auditors to conduct the audit and upon completion of the audit, issue an audit statement in accordance with section 413(2)(c) of the Local Government Act 1993.**
- 2 That Council refers the General Purpose and Special Purpose Financial Statements to the Audit Office of NSW for audit.**
- 3 That Council’s Auditor be invited to present the Audit Report to Council.**

FURTHER CONSIDERATIONS

Consideration has been given to the recommendation’s impact on Council’s service delivery; image and reputation; political; environmental; health and safety; employees; stakeholders and project management; and no further implications or risks have been identified.

SUPPORTING INFORMATION

Attached are the draft Income Statements and Balance Sheets for both the General Purpose Financial Statements and Special Purpose Financial Statements. As part of the audit process, these financial reports may be subject to change.

The General Purpose Financial Statements and the Special Purpose Financial Statements for the year ending 30 June 2024 have both been prepared in accordance with:

- The Local Government Act 1993
- The Australian Accounting Standards and Professional pronouncements
- The Local Government Code of Accounting Practice and Financial Reporting

ARIC endorsed the process of preparation at an extraordinary meeting on 4 December 2024 following presentation of draft General Purpose and Special Purpose Financial Statements and reports from Finance and Intentus.

Council's preliminary result is a consolidated Net Operating result of \$38.815m surplus and a Net Operating Result before grants and contribution provided for capital purposes is an \$11.6m deficit.

The Auditor will be invited to make a presentation to Council upon completion of the audit process.

ATTACHMENTS

- 1 Draft Combined General Purpose Financial Statements and Special Purpose Financial Statements for period ending 30 June 2024, D24/140555 [↓](#)

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Orange City Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2024

*A proud, vibrant community that embraces, fosters and
supports natural, social, cultural and economic diversity*



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Orange City Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2024

*A proud, vibrant community that embraces, fosters and
supports natural, social, cultural and economic diversity*



Orange City Council

General Purpose Financial Statements

for the year ended 30 June 2024

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Overview

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

135 Byng Street
ORANGE NSW 2800

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

Orange City 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 dd MMMM yyyy.

Cr D A Mileto
Mayor
dd MMMM yyyy

[Councillor]
Councillor
dd MMMM yyyy

Mr T D Waddell
Chief Executive Officer
dd MMMM yyyy

Ms C Wright
Responsible Accounting Officer
dd MMMM yyyy

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Orange City Council | Income Statement | for the year ended 30 June 2024

Orange City Council

Income Statement

for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Actual 2023
Income from continuing operations				
54,850	Rates and annual charges	B2-1	65,790	60,743
41,052	User charges and fees	B2-2	33,337	30,875
7,277	Other revenues	B2-3	7,268	6,597
12,890	Grants and contributions provided for operating purposes	B2-4	14,350	15,228
60,605	Grants and contributions provided for capital purposes	B2-4	50,388	20,270
8,842	Interest and investment income	B2-5	11,737	6,993
—	Other income	B2-6	1,987	1,838
1,000	Net gain from the disposal of assets	B4-1	—	—
186,516	Total income from continuing operations		184,857	142,544
Expenses from continuing operations				
48,039	Employee benefits and on-costs	B3-1	50,125	43,824
40,744	Materials and services	B3-2	48,539	40,097
1,007	Borrowing costs	B3-3	673	525
23,276	Depreciation, amortisation and impairment of non-financial assets	B3-4	25,056	23,187
6,393	Other expenses	B3-5	1,168	1,702
—	Net loss from the disposal of assets	B4-1	20,481	40,315
119,459	Total expenses from continuing operations		146,042	149,650
67,057	Operating result from continuing operations		38,815	(7,106)
67,057	Net operating result for the year attributable to Council		38,815	(7,106)
Net operating result for the year before grants and contributions provided for capital purposes				
6,452			(11,573)	(27,376)

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

Orange City Council | Statement of Comprehensive Income | for the year ended 30 June 2024

Orange City Council

Statement of Comprehensive Income

for the year ended 30 June 2024

\$ '000	Notes	2024	2023
Net operating result for the year – from Income Statement		38,815	(7,106)
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	52,617	162,713
Total items which will not be reclassified subsequently to the operating result		52,617	162,713
Total other comprehensive income for the year		52,617	162,713
Total comprehensive income for the year attributable to Council		91,432	155,607

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

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Orange City Council | Statement of Financial Position | as at 30 June 2024

Orange City Council

Statement of Financial Position

as at 30 June 2024

\$ '000	Notes	2024	2023
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	22,819	23,319
Investments	C1-2	166,155	133,838
Receivables	C1-4	21,213	20,786
Inventories	C1-5	11,747	2,237
Contract assets and contract cost assets	C1-6	3,825	–
Other		193	190
Total current assets		225,952	180,370
Non-current assets			
Investments	C1-2	59,213	88,985
Receivables	C1-4	–	281
Inventories	C1-5	1	9,493
Infrastructure, property, plant and equipment (IPPE)	C1-7	1,519,570	1,447,983
Right of use assets	C2-1	63	148
Total non-current assets		1,578,847	1,546,890
Total assets		1,804,799	1,727,260
LIABILITIES			
Current liabilities			
Payables	C3-1	10,274	10,862
Income received in advance	C3-1	902	–
Contract liabilities	C3-2	10,387	21,655
Lease liabilities	C2-1	26	53
Borrowings	C3-3	4,812	4,884
Employee benefit provisions	C3-4	8,789	7,927
Total current liabilities		35,190	45,381
Non-current liabilities			
Lease liabilities	C2-1	89	115
Borrowings	C3-3	9,784	14,667
Employee benefit provisions	C3-4	1,018	840
Provisions	C3-5	1,057	1,057
Total non-current liabilities		11,948	16,679
Total liabilities		47,138	62,060
Net assets		1,757,661	1,665,200
EQUITY			
Accumulated surplus	C4-1	904,836	864,992
IPPE revaluation reserve	C4-1	852,825	800,208
Total equity		1,757,661	1,665,200

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

Orange City Council | Statement of Changes in Equity | for the year ended 30 June 2024

Orange City Council

Statement of Changes in Equity

for the year ended 30 June 2024

\$ '000	Notes	2024			2023		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		864,992	800,208	1,665,200	866,544	643,049	1,509,593
Restated opening balance		864,992	800,208	1,665,200	866,544	643,049	1,509,593
Net operating result for the year		38,815	–	38,815	(7,106)	–	(7,106)
Other comprehensive income							
Gain (loss) on revaluation of IPP&E	C1-7	–	52,617	52,617	–	162,713	162,713
Total comprehensive income		38,815	52,617	91,432	(7,106)	162,713	155,607
Transfers between equity items		1,029	–	1,029	5,554	(5,554)	–
Closing balance at 30 June		904,836	852,825	1,757,661	864,992	800,208	1,665,200

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

Orange City Council | Statement of Cash Flows | for the year ended 30 June 2024

Orange City Council

Statement of Cash Flows

for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Actual 2023
Cash flows from operating activities				
Receipts:				
53,731	Rates and annual charges		64,624	60,234
40,870	User charges and fees		33,431	31,602
8,842	Interest received		9,787	4,717
73,495	Grants and contributions		33,702	32,831
-	Bonds, deposits and retentions received		134	-
7,277	Other		12,094	12,903
Payments:				
(48,039)	Payments to employees		(48,418)	(45,015)
(41,200)	Payments for materials and services		(50,118)	(37,376)
(1,007)	Borrowing costs		(586)	(582)
-	Bonds, deposits and retentions refunded		-	(25)
(4,636)	Other		(1,188)	(5,466)
89,333	Net cash flows from operating activities	G1-1	53,462	53,823
Cash flows from investing activities				
Receipts:				
-	Redemption of term deposits		85,703	93,780
381	Sale of real estate assets		4,057	4,507
1,000	Proceeds from sale of IPPE		1,028	1,365
-	Deferred debtors receipts		281	-
Payments:				
-	Purchase of investments		(28,000)	(35,498)
-	Acquisition of term deposits		(60,203)	(85,990)
(90,022)	Payments for IPPE		(52,849)	(33,958)
-	Purchase of real estate assets		-	(86)
(88,641)	Net cash flows from investing activities		(49,983)	(55,880)
Cash flows from financing activities				
Payments:				
(709)	Repayment of borrowings		(4,955)	(5,114)
-	Principal component of lease payments		(53)	(277)
-	Other- Equity Reserve Transfer		1,031	-
(709)	Net cash flows from financing activities		(3,977)	(5,391)
(17)	Net change in cash and cash equivalents		(498)	(7,448)
-	Cash and cash equivalents at beginning of year		23,319	30,767
(17)	Cash and cash equivalents at end of year	C1-1	22,821	23,319

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

Orange City Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on dd MMMM yyyy. 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 policies adopted in the preparation of these consolidated financial statements are set out below.

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

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

Historical cost convention

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

Significant accounting estimates and judgements

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-7
- (ii) estimated tip remediation provisions – refer Note C3-5
- (iii) employee benefit provisions – refer Note C3-4

Monies and other assets received by Council

The Consolidated Fund

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

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

- General purpose operations
- Water service
- Sewerage service

The Trust Fund

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

Trust monies and property not subject to Council's control have not been included in these reports.

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

New accounting standards and interpretations issued but not yet effective

continued on next page ...

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A1-1 Basis of preparation (continued)

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

Council's assessment of these new standards and interpretations (where they have been deemed as having a material impact on Council's future financial performance, financial position and cash flows) are set out below:

AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities

This Standard amends AASB 13, including adding authoritative implementation guidance and providing related illustrative examples, for application by not-for-profit public sector entities.

In particular, this standard provides guidance on:

- (a) highest and best use
- (b) financially feasible uses
- (c) use of assumptions
- (d) nature of costs to include in the replacement cost of a reference asset and on the identification of economic obsolescence when using the cost approach.

The standard applies prospectively to annual periods beginning on or after 1 January 2024; i.e. Council's financial statements for the year ended 30 June 2025, with earlier application not permitted.

Council will assess any impact of the modifications to AASB 13 ahead of the 2024-25 reporting period.

Apart from the standards listed above there are no other released standards and interpretations (with future effective dates) that are expected to have a material impact on Council.

Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2023.

New accounting standards adopted during the year

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

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

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

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

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

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

Council has assessed and does not expect any material impact from the above adoption.

Orange City Council | Notes to the Financial Statements 30 June 2024

B Financial Performance**B1 Functions or activities****B1-1 Functions or activities – income, expenses and assets**

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Functions or activities										
Collaborate	56,841	45,414	25,289	11,915	31,552	33,499	9,769	6,195	402,845	391,142
Live	26,488	26,726	36,144	39,767	(9,656)	(13,041)	12,877	14,359	160,969	69,839
Prosper	9,944	4,618	16,993	5,199	(7,049)	(581)	3,297	902	73,933	156,449
Preserve	91,585	65,786	67,621	92,769	23,964	(26,983)	38,796	14,042	1,167,037	1,109,817
Other	–	–	–	–	–	–	(1)	–	15	13
Total functions and activities	184,858	142,544	146,047	149,650	38,811	(7,106)	64,738	35,498	1,804,799	1,727,260

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B1-2 Components of functions or activities

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

Collaborate

The Orange community will embrace and support strong, accountable leadership to ensure effective, long-term, inclusive planning and decision making within the region. Functional areas - governance, finance, people and culture, communications, information technology and executive management.

Live

The Orange community will support and enhance a healthy, safe and liveable City with a range of recreational, cultural and community services to cater for a diverse population. Functional areas - parks and sportsgrounds management, aged and disability services, childrens' services, theatre and function centre management, library services, art gallery and museum, aquatic centre management.

Prosper

The Orange community will plan and grow an innovative, diverse and balanced economy while protecting the character of the City and region. Functional areas - land development, Colour City Caravan Park, airport and, tourism and visitor services.

Preserve

The Orange community will pursue the balance of growth and development with the protection and enhancement of the built and natural environment while recognising climate impacts and the diverse needs of the urban, village and rural communities. Functional areas - roads and traffic management, building services, Waste services, water supply management and sewerage operations.

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B2 Sources of income**B2-1 Rates and annual charges**

\$ '000	2024	2023
Ordinary rates		
Residential	27,907	26,643
Farmland	783	751
Business	9,045	8,722
Less: pensioner rebates (mandatory)	(298)	(301)
Less: pensioner rebates (Council policy)	(506)	(506)
Pensioner rate subsidies received	298	301
Total ordinary rates	37,229	35,610
Special rates		
Town improvement	772	745
Total special rates	772	745
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	9,841	9,295
Water supply services	8,633	6,113
Sewerage services	9,776	9,413
Section 611 charges	18	47
Less: pensioner rebates (mandatory)	(329)	(332)
Less: pensioner rebates (Council policy)	(480)	(480)
Annual charges levied	27,459	24,056
Pensioner annual charges subsidies received:		
– Water	126	127
– Sewerage	126	127
– Domestic waste management	78	78
Total annual charges	27,789	24,388
Total rates and annual charges	65,790	60,743

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

Material accounting policy information

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

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

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

B2-2 User charges and fees

\$ '000	2024	2023
User charges		
Water supply services	10,372	9,385
Sewerage services	2,592	2,339
Waste management services (non-domestic)	3,104	3,349
Stormwater levy	450	446
Total user charges	16,518	15,519
Fees		
(i) Fees and charges – statutory and regulatory functions		
Private works – section 67	1,170	518
Section 10.7 certificates (EP&A Act)	117	102
Section 603 certificates	96	84
Other	117	139
Building approvals	371	409
Companion animals	120	93
Development assessments	675	571
Total fees	2,666	1,916
(ii) Fees and charges – other		
Aerodrome	1,975	1,669
Aged care	335	313
Caravan park	715	673
Cemeteries	418	469
Child care	5,805	5,798
Library and art gallery	2	1
Transport for NSW works (state roads not controlled by Council)	60	112
Aquatic centre	1,746	1,684
Carparks	781	680
Development contribution administration	307	141
Drainage service diagrams	137	111
Environmental health	6	7
Function centre	34	81
Heritage and promotion	5	6
Library	14	10
Parks / sportsgrounds	83	56
Showground	41	101
Other	30	28
Theatre	1,656	1,498
Hall hire	3	2
Total fees	14,153	13,440
Total other user charges and fees	16,819	15,356
Total user charges and fees	33,337	30,875
Timing of revenue recognition for user charges and fees		
User charges and fees recognised over time	1,371	15,519
User charges and fees recognised at a point in time	31,966	15,356
Total user charges and fees	33,337	30,875

Material accounting policy information

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

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

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B2-2 User charges and fees (continued)

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

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

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B2-3 Other revenues

\$ '000	2024	2023
Legal fees recovery – rates and charges (extra charges)	2	2
Legal fees recovery – other	1	1,499
Diesel rebate	85	82
Insurance claims recoveries	75	374
Aged and disability services	2,214	196
Airport	2	3
Aquatic centre	582	486
Caravan park	7	9
Carpark management	88	88
Childcare	7	17
Community development	1	2
Enterprise growth and development	374	336
Environmental administration	72	42
Function centre	126	113
Gallery	53	51
Heritage promotion	1	9
Library	7	44
Migrant services	4	–
Parks / sportsgrounds	40	76
Private works	54	91
Public halls and community centres	5	5
Road safety program	96	96
Roads	59	190
Rural fire service	6	11
Sewerage services	7	6
Staff development and training	–	11
Theatre	207	207
Tourism	194	198
Waste	483	332
Water supply	179	25
Weeds management	6	14
Youth services	1	–
Contributions - Central West Libraries	1,221	1,176
Traineeship subsidy	447	91
Other	562	715
Total other revenue	7,268	6,597

Timing of revenue recognition for other revenue

Other revenue recognised over time	1,221	–
Other revenue recognised at a point in time	6,047	6,597
Total other revenue	7,268	6,597

Material accounting policy information for other revenue

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

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

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

B2-4 Grants and contributions

\$ '000	Operating 2024	Operating 2023	Capital 2024	Capital 2023
General purpose grants and non-developer contributions (untied)				
Current year allocation				
Financial assistance	243	1,050	–	–
Financial assistance – local roads component	82	365	–	–
Payment in advance - future year allocation				
Financial assistance – general component	3,865	4,280	–	–
Financial assistance – local roads component	1,336	1,485	–	–
Amount recognised as income during current year	5,526	7,180	–	–
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Aged care	1,232	2,804	–	–
Airport	–	–	109	191
Art gallery	80	80	–	1,222
Bushfire and emergency services	–	–	19	43
Child care	459	365	–	–
Community development	141	125	–	–
Community services	–	–	–	33
Economic development	1,211	–	177	–
Heritage and cultural	13	173	–	775
LCLI interest rate subsidy	36	20	–	–
Library	186	181	–	–
LIRS subsidy	15	91	–	–
Migrant services	150	131	–	–
Noxious weeds	48	54	–	–
Parks and sportsgrounds	77	1	9,968	8,220
Recreation and culture	–	–	1,742	–
Street lighting	117	117	–	–
Storm/flood damage	1,005	–	24	–
Tourism	19	326	–	750
Traffic route subsidy	524	514	–	–
Transport (other roads and bridges funding)	1,485	943	12,187	4,958
Transport (roads to recovery)	721	781	–	–
Waste	–	3	–	–
Water (excl. section 64 contributions)	–	–	141	169
Weeds	11	38	–	–
Youth services	333	268	–	–
Other specific grants	70	177	167	–
Bushfire services	636	623	–	175
Sewerage (excl. section 64 contributions)	–	–	3	3
Contributions to salaries	30	–	–	–
Other contributions	40	43	–	–
Non-cash contributions				
Artworks	–	–	–	68
Dedications – subdivisions (other than by s7.11) (General Fund)	–	–	13,184	–
Dedications – subdivisions (other than by s7.11 and s64) (Water Fund)	–	–	1,202	–
Dedications – subdivisions (other than by s7.11 and s64) (Sewer Fund)	–	–	1,947	–
Total special purpose grants and non-developer contributions (tied)	8,639	7,858	40,870	16,607
Total grants and non-developer contributions	14,165	15,038	40,870	16,607

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B2-4 Grants and contributions (continued)

\$ '000	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Comprising:				
– Commonwealth funding	2,609	10,038	6,698	1,015
– State funding	11,250	3,404	17,839	15,578
– Other funding	306	1,596	–	14
Subdivision Dedications	–	–	16,333	–
	14,165	15,038	40,870	16,607

Developer contributions

\$ '000	Notes	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Developer contributions:					
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):	G4				
Cash contributions					
S 7.4 – contributions using planning agreements		185	190	–	–
S 7.11 – contributions towards amenities/services		–	–	4,903	1,788
S 64 – water supply contributions		–	–	2,694	996
S 64 – sewerage service contributions		–	–	1,698	633
Total developer contributions – cash		185	190	9,295	3,417
Non-cash contributions					
S 7.11 – contributions towards amenities/services		–	–	223	112
S 64 – water supply contributions		–	–	–	80
S 64 – sewerage service contributions		–	–	–	54
Total developer contributions		185	190	9,518	3,663
Total grants and contributions		14,350	15,228	50,388	20,270
Timing of revenue recognition for grants and contributions					
Grants and contributions recognised over time		8,227	4,076	22,913	14,313
Grants and contributions recognised at a point in time		6,123	11,152	27,475	5,957
Total grants and contributions		14,350	15,228	50,388	20,270

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B2-4 Grants and contributions (continued)**Unspent grants and contributions**

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

\$ '000	Operating 2024	Operating 2023	Capital 2024	Capital 2023
Unspent grants and contributions				
Unspent funds at 1 July	2,291	5,004	16,820	22,375
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	—	—	—	—
Add: Funds received and not recognised as revenue in the current year	294	3,024	1,363	6,204
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(318)	(5,443)	(1,971)	(3,662)
Less: Funds received in prior year but revenue recognised and funds spent in current year	(1,199)	(294)	(7,288)	(8,097)
Unspent funds at 30 June	1,068	2,291	8,924	16,820

This contains:

Operating Grants

- Financial Assistance grants received in advance - both the untied (general) and roads component
- A number of grants received for the provision of services with aged care, youth services, migrant support, other minor grants and grants near completion.

Capital Grants

- Funding the for Orange Regional Conservatorium and Planetarium; Sir Jack Brabham Park sporting precinct; South Feeder Road, Huntley Road and Shiralee Road constructions; stormwater basins, Adventure Playground and Splash Park; and Lake Canobolas upgrades.

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B2-4 Grants and contributions (continued)

Material accounting policy information

Grant income under AASB 15

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligations is satisfied.

The performance obligations are varied based on 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 milestones for others.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

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.

Grant income

Assets arising from grants in the scope of AASB 1058 are recognised at the assets fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

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

Capital grants

Capital grants received to enable Council to acquire or construct an item of infrastructure, property, plant and equipment to identified specifications which will be under Council's control and which are enforceable are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

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

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*.

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

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

Other contributions

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

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

B2-5 Interest and investment income

\$ '000	2024	2023
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	706	401
– Cash and investments	11,031	6,592
Total interest and investment income (losses)	11,737	6,993

B2-6 Other income

Leaseback fees - council vehicles	384	371
Communication Tower Sites	131	286
Airport Hangar rentals	422	379
Land and Buildings	994	765
Other	11	37
Fair value increment on investments		
Fair value increment on investments through profit and loss	45	–
Total Fair value increment on investments	45	–
Total other income	1,987	1,838

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B3 Costs of providing services**B3-1 Employee benefits and on-costs**

\$ '000	2024	2023
Salaries and wages	38,188	34,781
Employee leave entitlements (ELE)	6,924	4,857
Superannuation	4,705	3,630
Workers' compensation insurance	1,331	1,339
Fringe benefit tax (FBT)	210	245
Payroll tax	260	249
Other	7	6
Total employee costs	51,625	45,107
Less: capitalised costs	(1,500)	(1,283)
Total employee costs expensed	50,125	43,824

Material accounting policy information

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

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

B3-2 Materials and services

\$ '000	Notes	2024	2023
Raw materials and consumables		93,653	62,416
Audit Fees	F2-1	255	194
Councillor and Mayoral fees and associated expenses	F1-2	517	477
Electricity and heating		3,439	3,374
Insurance		1,785	1,211
Street lighting		766	678
Telephone and communications		211	252
Other expenses		–	7
Legal expenses:			
Planning and development		5	15
Other		224	316
Leases:			
Expenses from leases of low value assets		230	312
Total materials and services		101,085	69,252
Less: capitalised costs		(52,546)	(29,155)
Total materials and services		48,539	40,097

B3-3 Borrowing costs

\$ '000	2024	2023
Interest on leases	9	10
Interest on loans	664	515
Total borrowing costs expensed	673	525

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

\$ '000	Notes	2024	2023
Depreciation and amortisation			
Plant and equipment		2,623	2,624
Office equipment		76	82
Furniture and fittings		51	78
Infrastructure:			
– Buildings	C1-6	4,185	4,088
– Other structures		687	666
– Roads		5,145	5,114
– Bridges		209	223
– Footpaths		343	320
– Stormwater drainage		1,145	1,085
– Water supply network		5,105	4,378
– Sewerage network		4,008	2,952
– Swimming pools		50	47
– Other open space/recreational assets		1,086	1,040
Right of use assets	C2-1	85	168
Other assets:			
– Library books		236	300
Reinstatement, rehabilitation and restoration assets:			
– Tip assets		22	22
Total depreciation and amortisation costs		25,056	23,187
Total depreciation, amortisation and impairment for non-financial assets		25,056	23,187

Material accounting policy information**Depreciation and amortisation**

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-7 for IPPE assets.

Impairment of non-financial assets

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

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

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

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

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

B3-5 Other expenses

\$ '000	Notes	2024	2023
Fair value decrement on investments			
Fair value decrement on investments through profit and loss		-	340
Total Fair value decrement on investments	C1-2	-	340
Contributions/levies to other levels of government			
- Emergency services levy (includes FRNSW, SES, and RFS levies)		1,082	1,300
Donations, contributions and assistance to other organisations (Section 356)		86	62
Total other expenses		1,168	1,702

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

\$ '000	Notes	2024	2023
Gain (or loss) on disposal of property (excl. investment property)	C1-7		
Proceeds from disposal – property		–	398
Less: carrying amount of property assets sold/written off		(12,175)	(610)
Gain (or loss) on disposal		(12,175)	(212)
Gain (or loss) on disposal of plant and equipment	C1-7		
Proceeds from disposal – plant and equipment		1,028	967
Less: carrying amount of plant and equipment assets sold/written off		(601)	(504)
Gain (or loss) on disposal		427	463
Infrastructure assets	C1-7		
Proceeds from disposal – Infrastructure assets		–	–
Less: carrying amount of infrastructure assets sold/written off		(10,832)	(716)
Gain (or loss) on disposal		(10,832)	(716)
Gain (or loss) on disposal of real estate assets held for sale	C1-5		
Proceeds from disposal – real estate assets		4,057	4,507
Less: carrying amount of real estate assets sold/written off		(1,958)	(5,332)
Gain (or loss) on disposal		2,099	(825)
Gain (or loss) on disposal of term deposits	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		–	93,780
Less: carrying amount of term deposits sold/redeemed/matured		–	(94,150)
Gain (or loss) on disposal		–	(370)
Disposal of Northern Distributor Road	C1-7		
Proceeds from disposal		–	–
Less: carrying amount of Northern Distributor Road acquired by NSW State Government		–	(38,655)
Gain (or loss) on disposal		–	(38,655)
Net gain (or loss) from disposal of assets		(20,481)	(40,315)

B5 Performance against budget**B5-1 Material budget variations**

Council's original budget was adopted by the Council on 20 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				
Operating grants and contributions	12,890	14,350	1,460	11% F
Operating grants are unpredictable in nature. This includes the reclassification of specific roads grants as operational (as per OLG determinations) that are capital in nature but not revenue under AASB 1058.				
Capital grants and contributions	60,605	50,388	(10,217)	(17)% U
Capital grant income is dependent on a number of factors and is reflective of the completion of Council's large capital works projects. Council is holding \$10m in Contract Liabilities for grants where income was received however not recognised in these financial statements.				
Interest and investment revenue	8,842	11,737	2,895	33% F
Council's investments have performed higher than anticipated due to the maintained rise in the cash rate over the year and Council's reinvestments yielding higher rates.				
Expenses				
Borrowing costs	1,007	673	334	33% F
Council did not draw down on anticipated loans.				
Net losses from disposal of assets	—	20,481	(20,481)	= U

C Financial position**C1 Assets we manage****C1-1 Cash and cash equivalents**

\$ '000	2024	2023
Cash on hand and at bank	5,665	777
Deposits at call	17,154	22,542
NCDs, FRNs	–	–
Total cash and cash equivalents	22,819	23,319

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	22,819	23,319
Balance as per the Statement of Cash Flows	22,819	23,319

C1-2 Financial investments

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Financial assets at fair value through the profit and loss				
Floating Rate Notes (with maturities > 3 months)	5,705	4,532	–	13,033
Debt securities at amortised cost				
Long term deposits	160,450	54,681	133,838	75,952
Total financial investments	166,155	59,213	133,838	88,985
Total cash assets, cash equivalents and investments	188,974	59,213	157,157	88,985

Material accounting policy information

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

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

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

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

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C1-2 Financial investments (continued)

Financial assets through profit or loss

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

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

Council's financial assets measured at fair value through profit or loss comprise of investments in Floating Rate Notes (FRN) in the Statement of Financial Position.

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

\$ '000	2024	2023
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	248,187	246,142
Less: Externally restricted cash, cash equivalents and investments	(204,803)	(195,956)
Cash, cash equivalents and investments not subject to external restrictions	43,384	50,186
External restrictions		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	8,950	17,586
Specific purpose unexpended loans – general	–	1,168
Specific purpose unexpended grants – water fund	1,042	613
External restrictions – included in liabilities	9,992	19,367
Developer contributions – general	16,567	15,263
Developer contributions – water fund	29,478	25,754
Developer contributions – sewer fund	15,189	13,674
Specific purpose unexpended grants (recognised as revenue) – general fund	–	912
Water fund	64,839	55,118
Sewer fund	53,292	48,718
Stormwater management	2,698	2,248
Domestic waste management	12,748	14,902
External restrictions – other	194,811	176,589
Total external restrictions	204,803	195,956

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.

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

\$ '000	2024	2023
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(b) Internal allocations

Cash, cash equivalents and investments not subject to external restrictions

43,384 50,186

Less: Internally restricted cash, cash equivalents and investments

(41,760) (41,916)

Unrestricted and unallocated cash, cash equivalents and investments

1,624 8,270

Internal allocations

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

Plant and vehicle replacement	2,930	3,028
Infrastructure replacement	295	378
Employees leave entitlement	3,468	3,488
Carry over works	7,765	5,606
Ageing/disability services	349	349
Airport operations	1,520	1,223
Asset renewal/capital reserve	6,246	6,394
Future Funds reserve	4,995	5,000
Childrens services	14	13
Community safety	7	7
Election expenses	295	185
Heritage and tourism promotion	60	60
Insurance incentive bonus	64	64
Land development	6,501	7,268
Library	4	4
Parks/sportsgrounds/recreation	40	40
Pool redevelopment	182	182
Quarry operation	138	114
Regional art gallery	22	22
Rural fire service	69	69
FAG received in advance	4,166	5,765
Other	2,630	2,657
Total internal allocations	41,760	41,916

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

\$ '000	2024	2023
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(c) Unrestricted and unallocated

Unrestricted and unallocated cash, cash equivalents and investments

1,624 8,270

C1-4 Receivables

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Rates and annual charges	7,292	–	6,126	–
Interest and extra charges	743	–	391	–
User charges and fees	2,777	–	2,582	–
Accrued revenues				
– Interest on investments	4,355	–	2,757	–
– Other income accruals	–	–	489	–
Deferred debtors	1	–	1	281
Loans to sporting clubs	63	–	114	–
Net GST receivable	1,332	–	2,096	–
Airport	347	–	286	–
Community amenity	5	–	37	–
Community Planning	220	–	1,793	–
Finance	259	–	103	–
Netwaste	94	–	23	–
Organisational services	51	–	572	–
Recreation/culture	1,487	–	106	–
Rural fire service	27	–	27	–
Traffic and transport	697	–	1,183	–
Trust	–	–	8	–
Wages in advance	27	–	30	–
Water supplies	107	–	128	–
Tourism and promotion	3	–	–	–
Enterprise Development	496	–	1,571	–
Other debtors	978	–	511	–
Total	21,361	–	20,934	281
Less: provision for impairment				
Other debtors	(148)	–	(148)	–
Total provision for impairment – receivables	(148)	–	(148)	–
Total net receivables	21,213	–	20,786	281

\$ '000	2024	2023
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 9)	148	3,008
– amounts already provided for and written off this year	–	(6)
– amounts provided for but recovered during the year	–	(1,355)
Balance at the end of the year	148	1,647

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 determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating ECL, the Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment, and including forward-looking information.

continued on next page ...

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C1-4 Receivables (continued)

When considering the ECL for rates 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. For non-rates debtors, Council uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Council uses the presentation that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Council in full, without recourse by the Council to actions such as realising security (if any is held) or
- the financial assets (for non-rates debtors) are more than 90 days past due.

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.

On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

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

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

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

Rates and annual charges outstanding are secured against the property.

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C1-5 Inventories

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
(i) Inventories at cost				
Real estate for resale	11,007	–	1,617	9,493
Stores and materials	587	–	489	–
Trading stock	153	–	131	–
Total inventories at cost	11,747	–	2,237	9,493
(ii) Inventories at net realisable value (NRV)				
Real estate for resale	–	1	–	–
Total inventories at net realisable value (NRV)	–	1	–	–
Total inventories	11,747	1	2,237	9,493

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.

Real Estate for resale

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

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

C1-6 Contract assets and Contract cost assets

\$ '000	Notes	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Contract assets	C1-6	3,825	–	–	–
Total contract assets and contract cost assets		3,825	–	–	–

Contract assets

Work relating to infrastructure grants	3,805	–	–	–
Work relating to operational grants	20	–	–	–
Total contract assets	3,825	–	–	–

Significant changes in contract assets

The balance in 2024 includes significant infrastructure projects:

- \$1.2M for Southern Feeder Road Stage 4
- \$270k for the Orange Regional Conservatorium and Planetarium
- \$15k for Moulder Street and Hill Street Roundabout.

Orange City Council | Notes to the Financial Statements 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 new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Trs from/to real estate assets (Note C1-5)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	59,097	–	59,097	44,958	–	–	(32,649)	–	–	–	71,563	–	71,563
Plant and equipment	28,011	(16,343)	11,668	2,867	(601)	(2,623)	704	–	–	–	29,656	(17,641)	12,015
Office equipment	2,203	(1,882)	321	–	–	(76)	7	–	–	–	2,210	(1,958)	252
Furniture and fittings	1,618	(931)	687	–	–	(51)	81	–	–	–	1,699	(982)	717
Land:													
– Operational land	147,249	–	147,249	–	(12,164)	–	572	(2,136)	(1,856)	(11,388)	120,277	–	120,277
– Community land	51,619	–	51,619	–	(10)	–	10	(784)	–	2,384	53,219	–	53,219
– Crown land	24,025	–	24,025	–	–	–	–	–	–	1,127	25,152	–	25,152
– Land under roads (post 30/6/08)	7,107	–	7,107	51	–	–	–	2,920	–	470	10,548	–	10,548
Land improvements – non-depreciable	410	–	410	–	–	–	–	–	–	22	432	–	432
Infrastructure:													
– Buildings	255,236	(97,434)	157,802	379	(1,131)	(4,185)	2,916	–	–	9,218	272,571	(107,572)	164,999
– Other structures	62,960	(16,563)	46,397	144	(2,089)	(687)	3,417	–	–	3,177	68,807	(18,448)	50,359
– Roads	437,308	(170,403)	266,905	8,721	(3,788)	(5,145)	15,383	–	–	13,954	478,076	(182,046)	296,030
– Bridges	22,107	(7,383)	14,724	99	–	(209)	202	–	–	779	23,594	(7,999)	15,595
– Footpaths	33,262	(14,081)	19,181	1,268	(185)	(343)	1,055	–	–	1,003	37,009	(15,033)	21,976
– Bulk earthworks (non-depreciable)	45,425	–	45,425	–	–	–	–	–	–	2,439	47,864	–	47,864
– Stormwater drainage	192,801	(69,112)	123,689	7,660	(267)	(1,145)	648	–	–	6,213	210,580	(73,782)	136,798
– Water supply network	407,747	(143,557)	264,190	1,342	(1,402)	(5,105)	2,960	–	–	13,133	431,293	(156,175)	275,118
– Sewerage network	277,707	(103,814)	173,893	1,946	(1,394)	(4,008)	2,377	–	–	8,613	294,116	(113,289)	180,827
– Swimming pools	5,287	(1,464)	3,823	–	(16)	(50)	126	–	–	262	5,764	(1,619)	4,145
– Other open space/recreational assets	26,361	(7,844)	18,517	–	(145)	(1,086)	1,758	–	–	1,211	29,798	(9,543)	20,255
Other assets:													
– Library books	4,905	(4,204)	701	–	–	(236)	423	–	–	–	5,328	(4,440)	888
– Other	9,916	–	9,916	–	–	–	10	–	–	–	9,926	–	9,926
Reinstatement, rehabilitation and restoration assets (refer Note C 3-5):													
– Tip assets	886	(249)	637	–	–	(22)	–	–	–	–	886	(271)	615
– Quarry assets	64	(64)	–	–	–	–	–	–	–	–	64	(64)	–
Total infrastructure, property, plant and equipment	2,103,311	(655,328)	1,447,983	69,435	(23,795)	(24,071)	–	–	(1,856)	52,617	2,230,432	(710,862)	1,519,570

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Orange City Council | Notes to the Financial Statements 30 June 2024

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

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period							At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ⁽¹⁾	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	TfA from/(to) real estate assets (Note C1-5)	Revaluation adjustments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	32,468	–	32,468	–	29,020	–	–	(2,391)	–	–	59,097	–	59,097
Plant and equipment	26,942	(14,680)	12,282	–	2,431	(504)	(2,624)	83	–	–	28,011	(16,343)	11,668
Office equipment	2,149	(1,799)	350	–	9	–	(82)	44	–	–	2,203	(1,882)	321
Furniture and fittings	1,555	(855)	700	–	38	–	(78)	27	–	–	1,618	(931)	687
Land:													
– Operational land	103,034	–	103,034	–	42	(610)	–	–	25	44,758	147,249	–	147,249
– Community land	35,917	–	35,917	–	7	–	–	–	–	15,695	51,619	–	51,619
– Crown land	16,719	–	16,719	–	–	–	–	–	–	7,306	24,025	–	24,025
– Land under roads (post 30/6/08)	4,946	–	4,946	–	–	–	–	–	–	2,161	7,107	–	7,107
Land improvements – non-depreciable	387	–	387	–	–	–	–	–	–	23	410	–	410
Infrastructure:													
– Buildings	213,937	(81,651)	132,286	–	166	–	(4,088)	786	–	28,652	255,236	(97,434)	157,802
– Other structures	58,163	(14,792)	43,371	7	82	(2)	(686)	553	–	3,052	62,960	(16,563)	46,397
– Roads	453,425	(163,418)	290,007	502	–	(33,818)	(5,114)	479	–	14,849	437,308	(170,403)	266,905
– Bridges	23,673	(6,748)	16,925	–	–	(12,801)	(223)	–	–	823	22,107	(7,383)	14,724
– Footpaths	31,402	(12,975)	18,427	–	–	–	(320)	3	–	1,071	33,262	(14,081)	19,181
– Bulk earthworks (non-depreciable)	42,888	–	42,888	–	–	–	–	–	–	2,537	45,425	–	45,425
– Stormwater drainage	181,523	(63,080)	118,443	–	31	(2,748)	(1,085)	–	–	9,048	192,801	(69,112)	123,689
– Water supply network	378,560	(128,903)	249,657	–	–	–	(4,378)	–	–	18,911	407,747	(143,557)	264,190
– Sewerage network	256,998	(93,431)	163,567	–	896	–	(2,952)	–	–	12,383	277,707	(103,814)	173,893
– Swimming pools	4,934	(1,319)	3,615	–	–	–	(47)	–	–	255	5,287	(1,464)	3,823
– Other open space/recreational assets	23,960	(6,280)	17,680	41	233	(2)	(1,040)	416	–	1,189	26,361	(7,844)	18,517
Other assets:													
– Library books	4,574	(3,904)	670	–	331	–	(300)	–	–	–	4,905	(4,204)	701
– Other	9,849	–	9,849	–	67	–	–	–	–	–	9,916	–	9,916
Reinstatement, rehabilitation and restoration assets (refer Note C 3-5):													
– Tip assets	886	(227)	659	–	–	–	(22)	–	–	–	886	(249)	637
– Quarry assets	64	(64)	–	–	–	–	–	–	–	–	64	(64)	–
Total infrastructure, property, plant and equipment	1,908,953	(594,106)	1,314,847	550	33,352	(40,485)	(23,019)	–	25	162,713	2,103,311	(655,328)	1,447,983

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

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C1-7 Infrastructure, property, plant and equipment (continued)**Material accounting policy information**

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

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Crown Lands and Water (CLAW).

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

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

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

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	1 to 4		
Vehicles	5 to 8	Buildings	
Heavy plant/road making equipment	5 to 8	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 40
Water and sewer assets		Stormwater assets	
Dams and reservoirs	40 to 100	Drains	80 to 100
Bores	30 to 50	Culverts	50 to 80
Reticulation pipes: PVC	60 to 80	Flood control structures	80 to 100
Reticulation pipes: other	60 to 100		
Pumps and telemetry	10 to 60		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	20	Bulk earthworks	Infinite
Sealed roads: structure	50	Swimming pools	50
Unsealed roads	20	Unsealed roads	20
Bridge: concrete	100	Other open space/recreational assets	20
Bridge: other	50	Other infrastructure	20
Road pavements	15- 256		
Kerb, gutter and footpaths	10 - 300		

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement.

Land under roads

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

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

Crown reserves

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

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

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

Rural Fire Service assets

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

Council has elected not to recognise Rural Fire Service - red fleet assets because their value do not meet materiality. However Council recognise land and buildings associated with Rural Fire Service in these financial statements.

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C2 Leasing activities**C2-1 Council as a lessee**

Council has leases over a range of assets including vehicles, machinery and IT equipment. Information relating to the leases in place and associated balances and transactions is provided below.

Vehicles

Council leases vehicles and equipment with lease terms varying from 5 to 7 years; the lease payments are fixed during the lease term and there is generally no renewal option.

Office and IT equipment

Leases for office and IT equipment are generally for low value assets, except for one significant item - a printer. The leases are for between 3 and 5 years with no renewal option, the payments are fixed, however some of the leases include variable payments based on usage.

(a) Right of use assets

\$ '000	Plant & Equipment	Office Equipment	Total
2024			
Opening balance at 1 July	128	20	148
Depreciation charge	(65)	(20)	(85)
Balance at 30 June	63	—	63
2023			
Opening balance at 1 July	50	62	112
Additions to right-of-use assets	204	—	204
Depreciation charge	(126)	(42)	(168)
Balance at 30 June	128	20	148

(b) Lease liabilities

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Lease liabilities	26	89	53	115
Total lease liabilities	26	89	53	115

(c) (i) The maturity analysis

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
2024					
Cash flows	26	89	—	115	115
2023					
Cash flows	53	115	—	168	168

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C2-1 Council as a lessee (continued)

(d) Income Statement

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

\$ '000	2024	2023
Interest on lease liabilities	9	10
Depreciation of right of use assets	85	168
Expenses relating to leases of low-value assets	230	312
	324	490

(e) Statement of Cash Flows

Total cash outflow for leases	292	322
	292	322

Material accounting policy information

Council has elected not to separate non-lease components from lease components for any class of asset and has accounted for payments as a single component.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives received. The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

Exceptions to lease accounting

Council has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases at significantly below market value / Concessionary leases

Council has elected to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability at initial recognition.

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties and /or plant and equipment to community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included as IPP&E in the Statement of Financial Position.

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

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

Council provided operating leases on the following:

- Airport Hangars
- Communication Towers located on Water Storage reservoirs
- Private use of Council motor vehicles under a leaseback arrangement with members of staff
- Land and buildings

Lease income (excluding variable lease payments not dependent on an index or rate)	1,942	1,838
Total income relating to operating leases for Council assets	1,942	1,838

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

< 1 year	2,168	1,883
1–2 years	2,276	1,978
2–3 years	2,390	2,078
3–4 years	2,509	2,183
4–5 years	2,635	2,292
Total undiscounted lease payments to be received	11,978	10,414

C3 Liabilities of Council**C3-1 Payables**

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Goods and services – operating expenditure	8,017	–	9,476	–
Accrued expenses:				
– Borrowings	109	–	22	–
– Salaries and wages	1,745	–	1,078	–
Security bonds, deposits and retentions	264	–	130	–
Trust	108	–	136	–
Other	31	–	20	–
Total payables	10,274	–	10,862	–
Income received in advance				
Payments received in advance	902	–	–	–
Total income received in advance	902	–	–	–
Total payables	11,176	–	10,862	–

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.

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C3-2 Contract Liabilities

\$ '000	Notes	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	6,548	—	18,641	—
Unexpended operating grants (received prior to performance obligation being satisfied) AASB 15	(ii)	1,746	—	308	—
Total grants received in advance		8,294	—	18,949	—
Other		—	—	613	—
Rates in advance		2,093	—	2,093	—
Total contract liabilities		10,387	—	21,655	—

Significant changes in contract liabilities

Council received in advance the following capital grant funding

- \$1.7M Huntley Road Upgrades
- \$1.3M Adventure Playground
- \$2.1M Southern Feeder Road and Shiralee Road
- \$1.0M Blackmans Creek Swamp
- \$400k Lake Canobolas Places to Swim

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C3-3 Borrowings

\$ '000	2024		2023	
	Current	Non-current	Current	Non-current
Loans – secured ⁽¹⁾	4,812	9,784	4,884	14,667
Total borrowings	4,812	9,784	4,884	14,667

(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 E 1-1.

(a) Changes in liabilities arising from financing activities

\$ '000	2023		Non-cash movements				2024
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	19,551	(4,955)	–	–	–	–	14,596
Lease liability (Note C2-1b)	168	(53)	–	–	–	–	115
Total liabilities from financing activities	19,719	(5,008)	–	–	–	–	14,711

\$ '000	2022		Non-cash movements				2023
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	24,665	(5,114)	–	–	–	–	19,551
Lease liability (Note C2-1b)	241	(73)	–	–	–	–	168
Total liabilities from financing activities	24,906	(5,187)	–	–	–	–	19,719

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C3-3 Borrowings (continued)

(b) Financing arrangements

\$ '000	2024	2023
Total facilities		
Total financing facilities available to Council at the reporting date are:		
Bank overdraft facilities ⁽¹⁾	1,000	1,000
Credit cards/purchase cards	113	113
Total financing arrangements	1,113	1,113
Drawn facilities		
Financing facilities drawn down at the reporting date are:		
– Credit cards/purchase cards	47	59
Total drawn financing arrangements	47	59
Undrawn facilities		
Undrawn financing facilities available to Council at the reporting date are:		
– Bank overdraft facilities	1,000	1,000
– Credit cards/purchase cards	66	54
Total undrawn financing arrangements	1,066	1,054

Additional financing arrangements information

Breaches and defaults

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

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

C3-4 Employee benefit provisions

\$ '000	2024	2024	2023	2023
	Current	Non-current	Current	Non-current
Annual leave	3,429	–	3,305	–
Long service leave	4,646	955	3,991	786
Other employee benefits	714	63	631	54
Total employee benefit provisions	8,789	1,018	7,927	840

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

\$ '000	2024	2023
The following provisions, even though classified as current, are not expected to be settled in the next 12 months:		
Provisions – employee benefits	4,504	6,918
	4,504	6,918

Material accounting policy information**Long-term employee benefit obligations**

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

C3-5 Provisions

\$ '000	2024 Current	2024 Non-Current	2023 Current	2023 Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	1,057	–	1,057
Sub-total – asset remediation/restoration	–	1,057	–	1,057
Total provisions	–	1,057	–	1,057

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
2024		
At beginning of year	1,057	1,057
Total other provisions at end of year	1,057	1,057
2023		
At beginning of year	1,057	1,057
Total other provisions at end of year	1,057	1,057

Nature and purpose of provisions

Asset remediation

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

Material accounting policy information

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

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

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

Asset remediation – tips and quarries

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

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

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

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

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

DRAFT

D Council structure**D1 Results by fund**

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

D1-1 Income Statement by fund

\$ '000	General 2024	Water 2024	Sewer 2024
Income from continuing operations			
Rates and annual charges	49,600	6,612	9,578
User charges and fees	19,638	10,944	2,755
Interest and investment revenue	4,768	3,944	3,025
Other revenues	6,474	537	257
Grants and contributions provided for operating purposes	14,341	6	3
Grants and contributions provided for capital purposes	41,641	5,099	3,648
Net gains from disposal of assets	(68)	46	22
Other income	1,987	—	—
Total income from continuing operations	138,381	27,188	19,288
Expenses from continuing operations			
Employee benefits and on-costs	45,333	2,513	2,279
Materials and services	34,538	8,776	5,225
Borrowing costs	479	184	10
Depreciation, amortisation and impairment of non-financial assets	15,301	5,454	4,301
Other expenses	1,168	—	—
Net losses from the disposal of assets	20,422	47	12
Total expenses from continuing operations	117,241	16,974	11,827
Operating result from continuing operations	21,140	10,214	7,461
Net operating result for the year before grants and contributions provided for capital purposes	(20,501)	5,115	3,813

Orange City Council | Notes to the Financial Statements 30 June 2024

D1-2 Statement of Financial Position by fund

\$ '000	General 2024	Water 2024	Sewer 2024
ASSETS			
Current assets			
Cash and cash equivalents	11,097	5,729	5,993
Investments	58,037	62,630	45,488
Receivables	12,572	5,649	2,992
Inventories	11,159	494	94
Contract assets and contract cost assets	3,825	—	—
Other	193	—	—
Total current assets	96,883	74,502	54,567
Non-current assets			
Investments	15,213	27,000	17,000
Receivables	(9,053)	—	9,053
Inventories	1	—	—
Infrastructure, property, plant and equipment	1,025,154	292,140	202,276
Right of use assets	63	—	—
Total non-current assets	1,031,378	319,140	228,329
Total assets	1,128,261	393,642	282,896
LIABILITIES			
Current liabilities			
Payables	10,274	—	—
Income received in advance	902	—	—
Contract liabilities	10,387	—	—
Lease liabilities	26	—	—
Borrowings	4,296	334	182
Employee benefit provision	7,637	984	168
Total current liabilities	33,522	1,318	350
Non-current liabilities			
Lease liabilities	89	—	—
Borrowings	(2,039)	11,823	—
Employee benefit provision	891	106	21
Provisions	1,057	—	—
Total non-current liabilities	(2)	11,929	21
Total liabilities	33,520	13,247	371
Net assets	1,094,741	380,395	282,525
EQUITY			
Accumulated surplus	527,926	209,250	167,660
IPPE revaluation surplus	566,815	171,145	114,865
Council equity interest	1,094,741	380,395	282,525
Total equity	1,094,741	380,395	282,525

D1-3 Details of internal loans

	Macquarie Pipeline (Interest only)	Emergency 24hr Hangar	Airport Properties
Details of individual internal loans			
Borrower (by purpose)	Water Fund	General Fund	General Fund
Lender (by purpose)	Sewer Fund	Sewer Fund	Sewer Fund
Date of Minister's approval	13/10/2010	16/11/2016	22/06/2017
Date raised	30/06/2015	16/11/2016	22/06/2017
Term years	20	24	10
Dates of maturity	30/06/2035	16/11/2040	22/6/2027
Rate of interest (%)	2	2	2
Amount originally raised (\$'000)	\$8,166,000	\$3,300,000	\$2,493,000

D2 Interests in other entities

D2-1 Unconsolidated structured entities

D2-2 Subsidiaries, joint arrangements and associates not recognised

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

Civic Risk West

Council became a member of this Joint Venture as of 1 July 2018, as per the actuarial report, Council holds 0% of the net assets as at 30 June 2024.

Civic Risk Mutual

Council became a member of this Joint Venture as of 1 July 2018, as per the actuarial report, Council holds 0% of the net assets as at 30 June 2024.

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

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

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

Financial risk management is carried out by Council's finance section under policies approved by the Council.

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

\$ '000	Carrying value 2024	Carrying value 2023	Fair value 2024	Fair value 2023
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	22,819	23,319	72,819	53,353
Receivables	21,213	21,067	19,998	19,479
Investments				
– Debt securities at amortised cost	215,131	209,790	167,131	179,790
– Held for trading	10,237	13,033	8,237	13,033

Fair value is determined as follows:

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

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

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

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

The risks associated with the instruments held are:

- **Market risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether there changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.
- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due.
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

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

Council also seeks advice from independent advisers before placing any funds in cash equivalents and investments.

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

(a) Market risk – interest rate and price risk

\$ '000	2024	2023
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	2,425	2,449
Impact of a 10% movement in price of investments		
– Equity / Income Statement	24,252	24,486

(b) Credit risk

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

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

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

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

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.

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

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue	overdue rates and annual charges < 5 years	≥ 5 years	Total
2024				
Gross carrying amount	4,021	3,082	189	7,292
2023				
Gross carrying amount	3,621	2,389	116	6,126

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	0 - 30 days	Overdue debts			Total
			31 - 60 days	61 - 90 days	> 91 days	
2024						
Gross carrying amount	17,894	–	–	–	–	17,894
Expected loss rate (%)	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
ECL provision	358	–	–	–	–	358
2023						
Gross carrying amount	12,226	1,356	86	1,048	373	15,089
Expected loss rate (%)	0.00%	1.51%	0.71%	0.42%	5.99%	0.32%
ECL provision	–	20	1	4	22	47

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

(c) Liquidity risk

Payables and borrowings are both subject to liquidity risk – 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 maintaining an adequate cash buffer.

Payment terms can (in extenuating circumstances) also be extended and overdraft facilities utilised as required.

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. 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 and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:				
			≤ 1 Year	1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2024							
Payables	0.00%	372	9,802	–	–	10,274	10,274
Borrowings	0.00%	–	4,812	7,032	2,752	14,596	14,596
Total financial liabilities		372	14,714	7,032	2,752	24,870	24,870
2023							
Payables	0.00%	130	10,731	–	–	10,861	10,862
Borrowings	0.00%	–	5,578	8,945	5,441	19,964	19,551
Total financial liabilities		130	16,309	8,945	5,441	30,825	30,413

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
- Financial assets and liabilities

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.

Infrastructure, property, plant and equipment are revalued on a 5 year revaluation cycle, Crown Land is revalued on a 3 year cycle in line with the Valuer Generals revaluations.

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

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

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

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

Recurring fair value measurements

		Fair value measurement hierarchy				Total	
\$ '000	Notes	Level 2 Significant observable inputs 2024	2023	Level 3 Significant unobservable inputs 2024	2023	2024	2023
Recurring fair value measurements							
Financial assets							
Financial investments	C1-2						
At fair value through profit or loss – designated at fair value on initial recognition		4,532	13,033	–	–	4,532	13,033
Total financial assets		4,532	13,033	–	–	4,532	13,033
Infrastructure, property, plant and equipment							
Plant and equipment, furniture and fittings and office equipment	C1-7	–	–	11,168	12,675	11,168	12,675
Operational land		139,983	147,249	–	–	139,983	147,249
Community land		–	–	53,224	51,619	53,224	51,619
Crown Land		–	–	25,154	24,025	25,154	24,025
Land under roads		–	–	10,549	7,107	10,549	7,107
Land improvements – non depreciable		–	–	432	410	432	410
Buildings		2,983	3,746	160,577	154,056	163,560	157,802
Other structures		–	–	46,568	46,397	46,568	46,397
Roads, bridges, footpaths and bulk earthworks		–	–	368,592	346,235	368,592	346,235
Stormwater drainage		–	–	136,006	123,689	136,006	123,689
Water and sewerage networks		–	–	453,713	438,083	453,713	438,083
Swimming pools, other open space/recreational assets		–	–	22,677	22,340	22,677	22,340
Library books		–	–	465	701	465	701
Other assets – art works		–	–	9,916	9,916	9,916	9,916
Remediation assets		–	–	615	637	615	637
Total infrastructure, property, plant and equipment		142,966	150,995	1,299,656	1,237,890	1,442,622	1,388,885

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E2-1 Fair value measurement (continued)**Valuation techniques**

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

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

Financial assets

Investments - Designated at Fair Value on Initial Recognition

This classification comprises of a portfolio of Floating Rate Notes

Classifying the Floating Rate Notes as a Level 2 Fair Value measurement, reliance has been upon the Bank Confirmations received through the annual audit request process

Infrastructure, property, plant and equipment (IPPE)**Plant and Equipment, Office Equipment and Furniture and Fittings**

Plant and equipment, Office equipment and Furniture and fittings are valued at cost, however, are reported at fair value in the notes. The carrying amount of these assets is assumed to reasonably approximate fair value due to the nature of these asset classes.

Examples of assets within these classes are as follows:

Plant and equipment - Motor vehicles, heavy plant, Theatre audio equipment, electronic scoreboards, mowers and laundry equipment

Office Equipment - computer and communication equipment

Furniture and fittings - Chairs, desks, soft furnishings and floor coverings.

The key unobservable input to the valuations is the remaining lives of each of these assets.

Crown Land

Crown Land parcels that have been identified as being under the control of Council have been comprehensively revalued as at 30 June 2019, this valuation was performed in-house using the values supplied by the NSW Valuer General. Where this value has not been provided a City wide square metre rate has been calculated and applied to these parcels of land.

An annual indexation of 4.69% has been applied to this class of asset for the period ending 30 June 2024.

Operational Land

This asset class encompasses all of Council's land that has been classified as Operational Land in accordance with the Local Government Act 1993.

Operational Land was comprehensively revalued as at 30 June 2024, this work was completed by an external valuer.

The external valuer used to complete the valuations was Mr Scott Fullarton of Scott Fullarton Valuations Pty Ltd.

In accordance with the Local Government Code of Accounting Practice and Financial Reporting, Operational land should be valued at market value (highest and best use) after identifying all elements that would be taken into account by buyers and sellers in setting the price, for example: dimensions of the land, planning and development constraints and any potential alternative use.

The key unobservable input is the deficiency of observable market evidence to support the rates used.

Community Land

Community Land was comprehensively revalued as at 30 June 2020 this valuation has been performed in-house using the values provided by the NSW Valuer-General that were ascertained in their revaluation for rating purposes. Where this value has not been provided a City wide square metre rate has been calculated and applied to these parcels of land.

An annual indexation of 4.69% has been applied to this class of asset for the period ending 30 June 2024.

The key unobservable input is the deficiency of observable market evidence to support the rates used.

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E2-1 Fair value measurement (continued)**Land under Roads**

Council elected to recognise Land under Roads where it has been acquired after 1 July 2008.

This class of asset was comprehensively revalued as at 30 June 2019, using an average of the valuation supplied by the NSW Valuer General of the adjoining land parcels to provide a square metre rate that has then been applied to the area of the designated Land under Roads.

An annual indexation of 4.69% has been applied to this class of asset for the period ending 30 June 2024.

Land improvements - Depreciable and Non-depreciable

This asset class comprises of the Blackmans swamp.

Land improvements have been valued at cost, however, reported at fair value in the notes. The carrying amount of these assets has been used to approximate fair value due to the nature of the assets within this class of assets.

An annual indexation of 5.37% has been applied to this class of asset for the period ending 30 June 2024.

Buildings

Buildings were comprehensively revalued as at 30 June 2023. The external valuer who completed the valuations was Mr Scott Fullarton of Scott Fullarton Valuations Pty Ltd.

The external valuer physically inspected all buildings.

An annual indexation of 5.47% has been applied to the Non-specialised Buildings class of assets and an annual indexation of 6.95% has been applied to the Specialised Buildings class of assets for the period ending 30 June 2024.

As some of these assets have used methodologies that provided rates that can be substantiated by market evidence, these assets have been classified as having being valued using Level 2 inputs.

All specialised buildings have used a cost based methodology and they have been classified as level 3 inputs by an independent external valuer.

NSW Councils policy for determining when transfers into different levels of the hierarchy have occurred at 30/6/2023. The transfer only relates to building assets where \$3.461M remain in level 2 with observable inputs as they are non-specialised assets with market values; while \$154.056M have moved to level 3 unobservable inputs as they are specialised building with cost being used to arrive at a value, these assets have no comparable market to observe.

Other Structures, Swimming Pools and Open Space/Recreational Assets

These asset classes were comprehensively revalued as at 30 June 2021. These classes of assets were revalued using in-house valuation based upon unit rates that were Council's current construction rates at the time of valuation.

An annual indexation of 6.95% has been applied to these classes of assets for the period ending 30 June 2024.

Roads, Bridges, Footpaths and Bulk Earthworks

The asset class was comprehensively revalued as at 30 June 2020. Included within this asset class are Road surfaces, roundabouts, medians and kerb and gutters.

This class of asset was revalued using in-house valuation based upon unit rates that were Council's current construction rates at the time of valuation. The appropriate rates were applied to the square metre area of each component of each transport asset.

Civil Engineering consultants, Infrastructure Management Group (IMG) were engaged by Council to conduct testing and provide condition rating information for Transport assets.

Inspection of the assets is performed on a continuing basis.

Council's square metre rates are significantly lower than those observable in the market, as Council owns a significant amount of road rehabilitation equipment, it has been considered that these assets have been valued using Level 3 inputs as they are unable to be supported by current market evidence.

An annual indexation rate of 5.37% has been applied to these classes of assets for the period ending 30 June 2024.

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E2-1 Fair value measurement (continued)

Stormwater Drainage

Stormwater drainage includes channels and detention basins. This class of asset was comprehensively revalued as at 30 June 2020.

The revaluation was performed in-house, using current construction unit rates and applying these to each drainage asset. As these rates are unable to be supported by market evidence, this asset class has been classified as being valued using Level 3 inputs.

An annual indexation of 5.07% in accordance with the indexation rates provided by NSW Office of Water has been applied to the class of asset for the period ending 30 June 2024.

Water supply and Sewerage network

The Water supply and Sewerage network were comprehensively revalued as at 30 June 2022, this revaluation was performed by Australis Asset Advisory Group, under a group co-ordinated by the CENTROC (Central NSW Councils) for Council's major water and sewer infrastructure assets.

Water supply and Sewerage network assets are indexed annually using the Modern Engineering Equivalent assets (MEERA) rates provided by the NSW Office of Water. The annual indexation applied for the period ending 30 June 2024 is 5.07%.

This valuation was performed using physical inspections and CCTV footage of the networks.

The methodology used in this valuation is a depreciated replacement costs using standard unit rates. It also considered the nature of the assets, their current condition and strategic considerations that may influence asset life. The reference rates used have been issued by the NSW Office of Water.

Water supply and Sewerage network assets are indexed annually using the Modern Engineering Equivalent assets (MEERA) rates provided by the NSW Office of Water.

Library books

Library books are valued at cost but are disclosed at fair value in the notes. The carrying value is assumed to approximate fair value due to the nature of the assets.

Other assets

This class of asset comprises of the Catalogued Art works owned by Council. This class of asset was revalued during the 2021 financial year. This revaluation was performed by ARTIFACTS - specialists in collection management, market advice, appraisals and valuations.

Tip and Quarry remediation

Council owns and operates the Ophir Road and Euchareena Road Resource Recovery facilities together with the Culiya and Phillip Street quarries.

Closure of any of these facilities will require Council to rehabilitate all sites; activities would include capping, site revegetation, leachate management and decommissioning.

The costs of remediation are considered at the end of each reporting period.

E2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

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

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

	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment		
Plant, equipment, furniture, fittings and office equipment	Cost used to approximate fair value	Gross replacement cost, Useful life
Crown Land	Information provided by the NSW Valuer General	Land Value, Land area
Community Land	Information provided by the NSW Valuer General	Land Value, Land area
Land Under Roads	Average unit rate	Land Value, Land area
Land Improvements	Unit rates per m2 or length	Asset condition, remaining lives, residual value
Buildings	Cost used to approximate fair value	Asset condition, remaining lives
Other Structures	Unit rates per m2 or length	Asset condition, remaining lives
Roads, bridges, footpaths and bulk earthworks	Unit rates per m2 or length	Asset condition, remaining lives
Library books	Cost used to approximate fair value	Asset condition, remaining lives
Other - Art Works	Fair value	The level of appreciation of the asset
Stormwater Drainage	Unit rates per m2 or length	Asset condition, remaining lives
Water and Sewerage Networks	Unit rates per m2 or length	Asset condition, remaining lives
Swimming Pools, Other Open Space / Recreational Assets	Unit rates per m2 or length	Asset condition, remaining lives

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

\$ '000	IPP&E Assets	
	2024	2023
Opening balance	1,237,890	1,047,059
Total gains or losses for the period		
Other movements		
Transfers from level 2 FV hierarchy to level 3 FV level hierarchy (buildings)	—	154,055
Purchases (GBV)	23,755	4,674
Depreciation and impairment	(23,275)	(18,931)
Transfer from Work in progress and adjustments	3,274	1,605
Revaluation adjustments	64,049	89,303
Disposals (WDV)	(6,037)	(39,875)
Closing balance 30 June	1,299,656	1,237,890

Highest and best use

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

E2-1 Fair value measurement (continued)

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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

Orange City 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 AASB 119 Employee Benefits for the following reasons:

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

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

Description of the funding arrangements.

Pooled employers are required to pay standard employer contributions and additional lump sum contributions to the fund.

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

Division B	1.9 times member contributions for non-180 point members and nil for 180 point members*
Division C	2.5% salaries
Division D	1.64 times member contributions

*For 180 point members, employers are required to contribute 8.5% of salaries for the year ending 30 June 2024 (increasing to 9% 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 additional contributions of \$20 million per annum for 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2023. The 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.

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

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

However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of

continued on next page ...

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E3-1 Contingencies (continued)

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

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

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

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2024 was \$ 338,175.40. The last valuation of the Scheme was performed by Mr Richard Boyfield, FIAA as at 30 June 2023.

Council's expected contribution to the plan for the next annual reporting period is \$231,767.04.

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

Defined Benefits 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.

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.

Based on a past service liabilities methodology the share of any funding surplus or deficit that can be attributed to Council is 0.94% as at 30 June 2024.

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

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

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

(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.

continued on next page ...

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E3-1 Contingencies (continued)

2. Other liabilities

(i) Third party claims

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

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

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

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

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

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

(iii) Potential legal settlements

Nil

ASSETS NOT RECOGNISED

(i) Land under roads

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

(ii) Infringement notices/fines

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

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

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

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

\$ '000	2024	2023
Compensation:		
Short-term benefits	1,619	1,499
Other long-term benefits	113	45
Total	1,732	1,544

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

Other transactions with KMP and their related parties

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

Nature of the transaction		Transactions	Outstanding	Terms and	Impairment	Impairment
\$ '000	Ref	during the year	balances including commitments	conditions	provision on outstanding balances	expense
2024						
Provision of PPE	1	25	–	Council terms 30 days. Procurement process followed for all purchases.	–	–
Provision of Goods to Visitors Information Centre	2	1	–	Council terms 30 days. Procurement process followed for all purchases.	–	–
Consulting services	3	69	–	Council terms 30 days. Procurement process followed for all purchases.	–	–
2023						
Provision of PPE	1	27	–	Council terms 30 days. Procurement process followed for all purchase	–	–
Provision of Goods to Visitors Information Centre	2	8	–	Council terms 30 days. Procurement process followed for all purchase	–	–
Consulting services	3	39	–	Council terms 30 days. Procurement process followed.	–	–

- 1 A KMP is the principal in a firm that provides Personal Protection equipment to Council. All services provided have been done so in accordance with Council's purchasing policy. Arms length established
- 2 A KMP is the principal that provides items for sale to the Visitors Information Centre. All services provided have been done so in accordance with Council's purchasing policy Arms length established
- 3 A KMP is the principal that provides consulting services to Council. KMP has a family member that provides consulting and testing services to Council. All services provided have been done so in accordance with Council's purchasing policy. Arms length established.

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2024	2023
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The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:

Mayoral fee	59	57
Councillors' fees	349	309
Other Councillors' expenses (including Mayor)	109	111
Total	517	477

F1-3 Other related parties

\$ '000	Ref	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
2024						
Central NSW Joint Organisation - 1 of 14 Members	1	204	-		-	-
Orange 360 (formally TDO Ltd) - 4 KMPs on Board	2	511	-		-	-
2023						
Central NSW Joint Organisation - 1 of 14 Members	1	275	-		-	-
Orange 360 (formally TDO Ltd) - 4 KMPs on Board	2	487	-		-	-

- 1 Council is a member with the other councils of CENTROC. Membership fees established by agreement with members - this has become Central NSW Joint Organisation
- 2 Council has representation on the Board of Orange 360 totalling 3 of 11 members. Membership resolved by Council. Orange 360 is a provider of Tourism services to Orange, Blayney and Cabonne Local Government Areas.

F2 Other relationships**F2-1 Audit fees**

\$ '000	2024	2023
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During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

Auditors of the Council - NSW Auditor-General:**(i) Audit and other assurance services**

Audit and review of financial statements	255	194
Remuneration for audit and other assurance services	255	194

Total Auditor-General remuneration	255	194
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Non NSW Auditor-General audit firms

Total audit fees	255	194
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G Other matters**G1-1 Statement of Cash Flows information****(a) Reconciliation of Operating Result**

\$ '000	2024	2023
Net operating result from Income Statement	38,815	(7,106)
Add / (less) non-cash items:		
Depreciation and amortisation	25,056	23,187
(Gain) / loss on disposal of assets	20,481	40,315
Non-cash capital grants and contributions	(16,556)	(314)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value' or 'held for trading'	(45)	340
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(427)	(1,701)
Increase / (decrease) in provision for impairment of receivables	–	(2,860)
(Increase) / decrease of inventories	(120)	(20)
(Increase) / decrease of other current assets	(3)	(153)
(Increase) / decrease of contract asset	(3,825)	–
Increase / (decrease) in payables	(1,459)	5,728
Increase / (decrease) in accrued interest payable	87	(57)
Increase / (decrease) in other accrued expenses payable	667	166
Increase / (decrease) in other liabilities	1,019	54
Increase / (decrease) in contract liabilities	(11,268)	(2,538)
Increase / (decrease) in employee benefit provision	1,040	(1,218)
Net cash flows from operating activities	53,462	53,823

(b) Non-cash investing and financing activities

Developer contributions 'in kind'	223	246
Artworks	–	68
Total non-cash investing and financing activities	223	314

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2024	2023
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Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Property, plant and equipment

Orange Regional Conservatorium and Planetarium	28,100	—
Orange Sports Precinct	6,667	—
Southern Feeder Road Stage 4 and Shiralee Collector Road Stage 5	5,717	9,496
Huntley Road Upgrade	1,688	—
Lake Canobolas Upgrades	1,562	—
Adventure Playground and Splash Park	1,471	—
Icely Road Water Treatment Plant	1,226	—
Euchareena Road Resource Recovery Centre	1,041	—
Orange Sewage Treatment Plant Inlet Works Upgrade	754	4,252
Sewerage and water infrastructure	315	—
Dam Risk Assessment Reports	—	153
Design and Construction Glenroi Skate Park	—	460
Lake Canobolas to Orange Water & Sewer Pipeline Construction	—	774
Wade Park Field Lighting Upgrade	—	54
Clergate Road upgrade - Stage 2	—	5,697
Total commitments	48,541	20,886

These expenditures are payable as follows:

Within the next year	48,541	20,886
Total payable	48,541	20,886

Sources for funding of capital commitments:

Unexpended grants	25,246	15,707
Externally restricted reserves	4,795	5,179
Loan arrangements	18,500	—
Total sources of funding	48,541	20,886

G3-1 Events occurring after the reporting date

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

G4 Statement of developer contributions

G4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2023	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
Roads and Drainage	863	1,384	-	-	(81)	(3,575)	-	(1,409)	-
Parking	157	130	-	-	14	-	-	301	-
Open space	5,726	430	223	-	287	(216)	-	6,227	-
Community facilities	1,669	254	-	-	91	(21)	-	1,993	-
Legals	58	80	-	-	3	20	-	161	-
Survey/design/management	578	791	-	-	22	225	-	1,616	-
Plan preparation and administration	1,199	133	-	-	64	(137)	-	1,259	-
Local Area Facilities	4,916	1,678	-	-	291	(587)	-	6,318	-
\$7.11 contributions – under a plan	15,166	4,880	223	-	691	(4,271)	-	16,466	-
Total \$7.11 and \$7.12 revenue under plans	15,166	4,880	223	-	691	(4,271)	-	16,466	-
\$7.11 not under plans	97	-	-	-	4	-	-	101	-
\$64 contributions	39,428	4,391	-	-	2,032	(1,184)	-	44,667	-
Total contributions	54,691	9,271	223	-	2,727	(5,455)	-	61,234	-

Orange City Council | Notes to the Financial Statements 30 June 2024

G4-2 Developer contributions by plan

\$ '000	Opening balance at 1 July 2023	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
CONTRIBUTION PLAN – ORANGE CITY COUNCIL									
Roads and Drainage	863	1,199	–	–	(81)	(3,761)	–	(1,780)	–
Parking	157	130	–	–	14	–	–	301	–
Open space	5,726	430	223	–	287	(216)	–	6,227	–
Community facilities	1,669	254	–	–	91	(21)	–	1,993	–
Legals	58	80	–	–	3	(30)	–	111	–
Survey/design/management	578	791	–	–	22	(341)	–	1,050	–
Plan preparation and administration	1,199	133	–	–	64	(137)	–	1,259	–
Total	10,250	3,017	223	–	400	(4,506)	–	9,161	–
CONTRIBUTION PLAN – WARATAHS									
Local Area Facilities	2,940	21	–	–	143	(3)	–	3,101	–
Total	2,940	21	–	–	143	(3)	–	3,101	–
CONTRIBUTION PLAN – NW ORANGE									
Local Area Facilities	943	17	–	–	40	(143)	–	857	–
Total	943	17	–	–	40	(143)	–	857	–
CONTRIBUTION PLAN – PLOUGHMANS VALLEY									
Local Area Facilities	754	124	–	–	40	(36)	–	882	–
Total	754	124	–	–	40	(36)	–	882	–
CONTRIBUTION PLAN – SHIRALEE									
Local Area Facilities	279	1,518	–	–	69	(387)	–	1,479	–
Total	279	1,518	–	–	69	(387)	–	1,479	–

G4-3 Contributions not under plans

CONTRIBUTIONS NOT UNDER A PLAN

Traffic facilities	97	–	–	–	4	–	–	101	–
Total	97	–	–	–	4	–	–	101	–

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2024	Indicator 2024	Indicators 2023	Indicators 2022	Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	8,863	6.59%	10.86%	6.60%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	134,424				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	120,074	64.97%	75.10%	76.43%	> 60.00%
Total continuing operating revenue ¹	184,812				
3. Unrestricted current ratio					
Current assets less all external restrictions	71,133	3.74x	3.66x	3.14x	> 1.50x
Current liabilities less specific purpose liabilities	19,026				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	34,592	6.09x	6.25x	4.99x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	5,681				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	8,035	11.00%	9.73%	9.24%	< 10.00%
Rates and annual charges collectable	73,015				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	237,950	27.38	29.80	27.77	> 3.00
Monthly payments from cash flow of operating and financing activities	8,691	months	months	months	months

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

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

Orange City Council | Notes to the Financial Statements 30 June 2024

G5-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2024	2023	2024	2023	2024	2023	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1, 2}	(0.07)%	6.51%	23.16%	19.57%	24.38%	27.05%	> 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	59.53%	68.95%	81.22%	93.54%	81.07%	95.22%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	3.74x	3.66x	56.53x	21.90x	155.91x	68.08x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	2.86x	4.09x	58.44x	16.95x	812.40x	38.15x	> 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	14.14%	8.70%	0.00%	15.36%	0.00%	10.58%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	26.03	14.19	∞	91.58	∞	99.65	> 3.00
Monthly payments from cash flow of operating and financing activities	months	months		months		months	months

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

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

End of the audited financial statements

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Orange City Council

General Purpose Financial Statements

for the year ended 30 June 2024

Independent Auditor's Reports:

On the Financial Statements (Sect 417 [2])

Independent Auditor's Report

Please uplift Council's Audit Report PDF (opinion) for inclusion in the GPFS report (via the Home screen).

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Orange City Council

General Purpose Financial Statements
for the year ended 30 June 2024

Independent Auditor's Reports: (continued)

On the Financial Statements (Sect 417 [3])

Independent Auditor's Report

Please uplift Council's Audit Report PDF (commentary) for inclusion in the GPFS report (via the Home screen).

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Orange City Council

SPECIAL PURPOSE FINANCIAL STATEMENTS for the year ended 30 June 2024

*A proud, vibrant community that embraces, fosters and
supports natural, social, cultural and economic diversity*



Orange City Council

Special Purpose Financial Statements

for the year ended 30 June 2024

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Orange City 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 dd MMMM yyyy.

Cr D A Mileto
Mayor
dd MMMM yyyy

[Councillor]
Councillor
dd MMMM yyyy

Mr T D Waddell
Chief Executive Officer
dd MMMM yyyy

Ms C Wright
Responsible Accounting Officer
dd MMMM yyyy

Orange City Council | Income Statement of water supply business activity | for the year ended 30 June 2024

Orange City Council

Income Statement of water supply business activity
for the year ended 30 June 2024

\$ '000	2024	2023
Income from continuing operations		
Access charges	6,612	6,342
User charges	10,944	9,830
Interest and investment income	3,944	1,906
Grants and contributions provided for operating purposes	6	33
Net gain from the disposal of assets	46	–
Other income	537	442
Total income from continuing operations	22,089	18,553
Expenses from continuing operations		
Employee benefits and on-costs	2,513	2,191
Borrowing costs	184	195
Materials and services	8,776	7,785
Depreciation, amortisation and impairment	5,454	4,752
Net loss from the disposal of assets	47	87
Other expenses	–	107
Total expenses from continuing operations	16,974	15,117
Surplus (deficit) from continuing operations before capital amounts	5,115	3,436
Grants and contributions provided for capital purposes	5,099	1,245
Surplus (deficit) from continuing operations after capital amounts	10,214	4,681
Surplus (deficit) from all operations before tax	10,214	4,681
Less: corporate taxation equivalent (25%) [based on result before capital]	(1,279)	(859)
Surplus (deficit) after tax	8,935	3,822
Plus accumulated surplus	199,035	194,354
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	1,279	859
Closing accumulated surplus	209,249	199,035
Return on capital %	1.8%	1.3%
Subsidy from Council	7,263	7,751
Calculation of dividend payable:		
Surplus (deficit) after tax	8,935	3,822
Less: capital grants and contributions (excluding developer contributions)	(5,099)	(1,245)
Surplus for dividend calculation purposes	3,836	2,577
Potential dividend calculated from surplus	1,918	1,289

Orange City Council | Income Statement of sewerage business activity | for the year ended 30 June 2024

Orange City Council

Income Statement of sewerage business activity

for the year ended 30 June 2024

\$ '000	2024	2023
Income from continuing operations		
Access charges	9,578	9,214
User charges	2,755	2,571
Interest and investment income	3,025	2,052
Grants and contributions provided for operating purposes	3	18
Net gain from the disposal of assets	22	–
Other income	257	258
Total income from continuing operations	15,640	14,113
Expenses from continuing operations		
Employee benefits and on-costs	2,279	2,051
Borrowing costs	10	15
Materials and services	5,225	5,005
Depreciation, amortisation and impairment	4,301	3,225
Net loss from the disposal of assets	12	111
Other expenses	–	131
Total expenses from continuing operations	11,827	10,538
Surplus (deficit) from continuing operations before capital amounts	3,813	3,575
Grants and contributions provided for capital purposes	3,648	690
Surplus (deficit) from continuing operations after capital amounts	7,461	4,265
Surplus (deficit) from all operations before tax	7,461	4,265
Less: corporate taxation equivalent (25%) [based on result before capital]	(953)	(894)
Surplus (deficit) after tax	6,508	3,371
Plus accumulated surplus	160,199	155,934
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	953	894
Closing accumulated surplus	167,660	160,199
Return on capital %	1.9%	1.9%
Subsidy from Council	4,875	4,162
Calculation of dividend payable:		
Surplus (deficit) after tax	6,508	3,371
Less: capital grants and contributions (excluding developer contributions)	(3,648)	(690)
Surplus for dividend calculation purposes	2,860	2,681
Potential dividend calculated from surplus	1,430	1,341

Orange City Council | Income Statement of Caravan park | for the year ended 30 June 2024

Orange City Council

Income Statement of Caravan park

for the year ended 30 June 2024

\$ '000	2024 Category 2	2023 Category 2
Income from continuing operations		
User charges	715	673
Other income	7	9
Total income from continuing operations	722	682
Expenses from continuing operations		
Employee benefits and on-costs	524	482
Materials and services	225	243
Depreciation, amortisation and impairment	82	77
Total expenses from continuing operations	831	802
Surplus (deficit) from continuing operations before capital amounts	(109)	(120)
Grants and contributions provided for capital purposes	3	—
Surplus (deficit) from continuing operations after capital amounts	(106)	(120)
Surplus (deficit) from all operations before tax	(106)	(120)
Surplus (deficit) after tax	(106)	(120)
Plus adjustments for amounts unpaid:		
– Subsidy paid/contribution to operations	106	120
Closing accumulated surplus	—	—
Return on capital %	(4.7)%	(6.0)%
Subsidy from Council	208	200

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Orange City Council | Income Statement of Child care | for the year ended 30 June 2024

Orange City Council

Income Statement of Child care

for the year ended 30 June 2024

\$ '000	2024 Category 2	2023 Category 2
Income from continuing operations		
User charges	5,823	5,779
Grants and contributions provided for operating purposes	458	370
Net gain from the disposal of assets	2	—
Other income	4	10
Total income from continuing operations	6,287	6,159
Expenses from continuing operations		
Employee benefits and on-costs	4,384	4,243
Materials and services	1,524	1,379
Depreciation, amortisation and impairment	167	143
Net loss from the disposal of assets	8	—
Total expenses from continuing operations	6,083	5,765
Surplus (deficit) from continuing operations before capital amounts	204	394
Surplus (deficit) from continuing operations after capital amounts	204	394
Surplus (deficit) from all operations before tax	204	394
Less: corporate taxation equivalent (25%) [based on result before capital]	(51)	(99)
Surplus (deficit) after tax	153	295
Plus accumulated surplus	4,207	3,813
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	51	99
Closing accumulated surplus	4,411	4,207
Return on capital %	3.5%	10.8%
Subsidy from Council	48	—

Orange City Council | Statement of Financial Position of water supply business activity | as at 30 June 2024

Orange City Council

Statement of Financial Position of water supply business activity

as at 30 June 2024

\$ '000	2024	2023
Current assets		
Cash and cash equivalents	5,729	6,879
Investments	62,630	35,999
Receivables	5,649	4,369
Inventories	494	463
Total current assets	74,502	47,710
Non-current assets		
Investments	27,000	38,607
Infrastructure, property, plant and equipment	292,140	283,137
Total non-current assets	319,140	321,744
Total assets	393,642	369,454
LIABILITIES		
Current liabilities		
Contract liabilities	–	613
Payables	–	326
Borrowings	334	319
Employee benefit provisions	984	921
Total current liabilities	1,318	2,179
Non-current liabilities		
Borrowings	11,823	8,499
Employee benefit provisions	106	52
Total non-current liabilities	11,929	8,551
Total liabilities	13,247	10,730
Net assets	380,395	358,724
EQUITY		
Accumulated surplus	209,250	199,035
IPPE revaluation surplus	171,145	159,689
Total equity	380,395	358,724

Orange City Council | Statement of Financial Position of sewerage business activity | as at 30 June 2024

Orange City Council

Statement of Financial Position of sewerage business activity

as at 30 June 2024

\$ '000	2024	2023
Current assets		
Cash and cash equivalents	5,993	4,174
Investments	45,488	29,840
Receivables	2,992	2,113
Inventories	94	26
Total current assets	54,567	36,153
Non-current assets		
Investments	17,000	28,378
Receivables	9,053	11,401
Infrastructure, property, plant and equipment	202,276	192,833
Total non-current assets	228,329	232,612
Total assets	282,896	268,765
LIABILITIES		
Current liabilities		
Payables	-	247
Borrowings	182	174
Employee benefit provisions	168	110
Total current liabilities	350	531
Non-current liabilities		
Borrowings	-	182
Employee benefit provisions	21	14
Total non-current liabilities	21	196
Total liabilities	371	727
Net assets	282,525	268,038
EQUITY		
Accumulated surplus	167,660	160,199
IPPE revaluation surplus	114,865	107,839
Total equity	282,525	268,038

Orange City Council | Statement of Financial Position of Caravan park | as at 30 June 2024

Orange City Council

Statement of Financial Position of Caravan park

as at 30 June 2024

\$ '000	2024 Category 2	2023 Category 2
Non-current assets		
Infrastructure, property, plant and equipment	2,298	1,989
Total non-current assets	2,298	1,989
Total assets	2,298	1,989
LIABILITIES		
Current liabilities		
Payables	10	146
Employee benefit provisions	18	18
Total current liabilities	28	164
Non-current liabilities		
Employee benefit provisions	27	27
Total non-current liabilities	27	27
Total liabilities	55	191
Net assets	2,243	1,798
EQUITY		
IPPE revaluation surplus	2,243	1,798
Total equity	2,243	1,798

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Orange City Council | Statement of Financial Position of Child care | as at 30 June 2024

Orange City Council

Statement of Financial Position of Child care

as at 30 June 2024

\$ '000	2024 Category 2	2023 Category 2
Current assets		
Receivables	50	1,755
Total current assets	50	1,755
Non-current assets		
Infrastructure, property, plant and equipment	5,870	3,664
Total non-current assets	5,870	3,664
Total assets	5,920	5,419
LIABILITIES		
Current liabilities		
Employee benefit provisions	318	290
Total current liabilities	318	290
Non-current liabilities		
Employee benefit provisions	456	412
Total non-current liabilities	456	412
Total liabilities	774	702
Net assets	5,146	4,717
EQUITY		
Accumulated surplus	4,411	4,207
IPPE revaluation surplus	735	510
Total equity	5,146	4,717

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Note – Material accounting policy information

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

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

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

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

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1

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

a. Water Operations

Reticulation & treatment of Water

b. Sewer operations

Treatment of Raw Sewerage

Category 2

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

a. Caravan Park

Provision of Caravan sites

b. Child Care

3 Day Care Centres, Family Day Care/Before & After School Care

Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs. However, where Council does not pay some taxes, which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are

continued on next page ...

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Note – Material accounting policy information (continued)

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

Notional rate applied (%)

Corporate income tax rate – 25%

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

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

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

Income tax

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

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.

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:

continued on next page ...

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Note – Material accounting policy information (continued)

Operating result before capital income + interest expense

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

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

(iii) Dividends

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

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 the DPIE – Water guidelines 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 the Best Practice Management of Water Supply and Sewer Guidelines, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are submitted to DPIE – Water.

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Orange City Council
Special Purpose Financial Statements
for the year ended 30 June 2024

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Orange City Council

SPECIAL SCHEDULES
for the year ended 30 June 2024

*A proud, vibrant community that embraces, fosters and
supports natural, social, cultural and economic diversity*



Orange City Council

Special Schedules

for the year ended 30 June 2024

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Report on infrastructure assets as at 30 June 2024	5

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Orange City Council | Permissible income for general rates | for the year ended 30 June 2024

Orange City Council

Permissible income for general rates

\$ '000	Notes	Calculation 2023/24	Calculation 2024/25
Notional general income calculation ¹			
Last year notional general income yield	a	37,800	39,411
Plus or minus adjustments ²	b	204	507
Notional general income	$c = a + b$	38,004	39,918
Permissible income calculation			
Percentage increase	d	3.70%	4.70%
Plus percentage increase amount ³	$f = d \times (c + e)$	1,406	1,876
Sub-total	$g = (c + e + f)$	39,410	41,794
Plus (or minus) last year's carry forward total	h	2	1
Sub-total	$j = (h + i)$	2	1
Total permissible income	$e = k + n$	39,412	41,795
Less notional general income yield	i	39,411	41,789
Catch-up or (excess) result	$m = k - i$	1	6
Carry forward to next year ³	$o = m + n + p$	1	6

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).
- (3) 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 Local Government Act 1993. 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.

Permissible income for general rates

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Orange City Council | Report on infrastructure assets as at 30 June 2024

Orange City 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 assets to agreed level of service set by Council	2023/24 Required maintenance ^(a)	2023/24 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Other	8,863	8,863	2,456	2,456	164,999	262,000	25.0%	34.0%	27.0%	11.0%	3.0%
	Sub-total	8,863	8,863	2,456	2,456	164,999	262,000	25.0%	34.0%	27.0%	11.0%	3.0%
Other structures	Other structures	1,121	1,121	466	466	50,359	47,789	50.0%	34.0%	8.0%	7.0%	1.0%
	Sub-total	1,121	1,121	466	466	50,359	47,789	50.0%	34.0%	8.0%	7.0%	1.0%
Roads	Roads	15,215	15,215	2,282	2,282	–	461,440	34.0%	32.0%	24.0%	10.0%	0.0%
	Other	–	–	–	–	381,465	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	15,215	15,215	2,282	2,282	381,465	461,440	34.0%	32.0%	24.0%	10.0%	0.0%
Water supply network	Other	7,914	7,914	929	929	275,118	417,956	37.0%	38.0%	17.0%	5.0%	3.0%
	Sub-total	7,914	7,914	929	929	275,118	417,956	37.0%	38.0%	17.0%	5.0%	3.0%
Sewerage network	Other	1,823	1,823	1,408	1,408	180,827	287,455	33.0%	37.0%	20.0%	8.0%	2.0%
	Sub-total	1,823	1,823	1,408	1,408	180,827	287,455	33.0%	37.0%	20.0%	8.0%	2.0%
Stormwater drainage	Other	440	440	314	314	136,798	196,312	19.0%	56.0%	22.0%	2.0%	1.0%
	Sub-total	440	440	314	314	136,798	196,312	19.0%	56.0%	22.0%	2.0%	1.0%
Open space / recreational assets	Swimming pools	4,375	4,375	412	412	24,400	5,082	38.0%	40.0%	11.0%	10.0%	1.0%
	Sub-total	4,375	4,375	412	412	24,400	5,082	38.0%	40.0%	11.0%	10.0%	1.0%
Total – all assets		39,751	39,751	8,267	8,267	1,213,966	1,678,034	31.9%	37.6%	21.3%	7.5%	1.7%

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

Infrastructure asset condition assessment 'key'

1 Excellent/very good	No work required (normal maintenance)	4 Poor	Renewal required
2 Good	Only minor maintenance work required	5 Very poor	Urgent renewal/upgrading required
3 Satisfactory	Maintenance work required		

Orange City Council | Report on infrastructure assets as at 30 June 2024

Orange City Council

Report on infrastructure assets as at 30 June 2024

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2024	Indicator 2024	Indicators 2023 2022		Benchmark
Buildings and infrastructure renewals ratio					
Asset renewals ¹	—	0.00%	9.51%	144.47%	> 100.00%
Depreciation, amortisation and impairment	21,963				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	39,751	3.09%	3.23%	3.69%	< 2.00%
Net carrying amount of infrastructure assets	1,285,529				
Asset maintenance ratio					
Actual asset maintenance	8,267	100.00%	60.46%	86.69%	> 100.00%
Required asset maintenance	8,267				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	39,751	2.37%	2.33%	2.56%	
Gross replacement cost	1,678,034				

(*) 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.