

Coonamble Shire Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2021



Coonamble Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2021



Coonamble Shire Council

General Purpose Financial Statements

for the year ended 30 June 2021

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Coonamble Shire Council

General Purpose Financial Statements

for the year ended 30 June 2021

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2021.

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

Coonamble Shire Council

General Purpose Financial Statements

for the year ended 30 June 2021

Statement by Councillors and Management

Statement by Councillors and Management made pursuant to Section 413(2)(c) 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 15 September 2021.




Cr Admad Karanouh
Mayor
15 September 2021



Bill Fisher
Councillor
15 September 2021



Hein Basson
General Manager
15 September 2021



Bruce Quarmby
Responsible Accounting Officer
15 September 2021

Coonamble Shire Council

Income Statement

for the year ended 30 June 2021

Original unaudited budget 2021 \$ '000		Notes	Actual 2021 \$ '000	Actual 2020 \$ '000
Income from continuing operations				
6,910	Rates and annual charges	B2-1	6,736	6,519
6,352	User charges and fees	B2-2	4,697	4,152
827	Other revenue	B2-3	1,034	743
8,237	Grants and contributions provided for operating purposes	B2-4	10,178	7,708
1,020	Grants and contributions provided for capital purposes	B2-4	2,961	2,785
306	Interest and investment income	B2-5	139	433
118	Other income	B2-6	106	154
—	Net gains from the disposal of assets	B4-1	15	—
23,770	Total income from continuing operations		25,866	22,494
Expenses from continuing operations				
8,923	Employee benefits and on-costs	B3-1	8,210	8,045
7,243	Materials and services	B3-2	5,146	6,461
2	Borrowing costs	B3-3	2	4
5,587	Depreciation, amortisation and impairment for non-financial assets	B3-4	6,752	6,720
985	Other expenses	B3-5	1,062	873
—	Net losses from the disposal of assets	B4-1	—	95
22,740	Total expenses from continuing operations		21,172	22,198
1,030	Operating result from continuing operations		4,694	296
1,030	Net operating result for the year attributable to Council		4,694	296
10	Net operating result for the year before grants and contributions provided for capital purposes		1,733	(2,489)

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

Coonamble Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2021

	Notes	2021 \$ '000	2020 \$ '000
Net operating result for the year – from Income Statement		4,694	296
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	297	1,971
Total items which will not be reclassified subsequently to the operating result		297	1,971
Total other comprehensive income for the year		297	1,971
Total comprehensive income for the year attributable to Council		4,991	2,267

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

Coonamble Shire Council

Statement of Financial Position

as at 30 June 2021

	Notes	2021 \$ '000	2020 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	13,619	13,955
Investments	C1-2	13,250	13,000
Receivables	C1-4	5,245	2,655
Inventories	C1-5	981	1,014
Other		133	95
Total current assets		33,228	30,719
Non-current assets			
Receivables	C1-4	188	181
Infrastructure, property, plant and equipment	C1-6	300,986	297,563
Right of use assets	C2-1	33	51
Investments accounted for using the equity method	D2-2	70	61
Total non-current assets		301,277	297,856
Total assets		334,505	328,575
LIABILITIES			
Current liabilities			
Payables	C3-1	1,684	1,486
Income received in advance	C3-1	293	238
Contract liabilities	C3-2	1,168	973
Lease liabilities	C2-1	19	18
Borrowings	C3-3	50	41
Employee benefit provisions	C3-4	2,066	2,054
Total current liabilities		5,280	4,810
Non-current liabilities			
Lease liabilities	C2-1	14	33
Borrowings	C3-3	500	—
Employee benefit provisions	C3-4	116	128
Total non-current liabilities		630	161
Total liabilities		5,910	4,971
Net assets		328,595	323,604
EQUITY			
Accumulated surplus		184,103	179,409
IPPE revaluation reserve	C4-1	144,492	144,195
Council equity interest		328,595	323,604
Total equity		328,595	323,604

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

Coonamble Shire Council

Statement of Changes in Equity

for the year ended 30 June 2021

	Notes	as at 30/06/21			as at 30/06/20		
		Accumulated surplus \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000	Accumulated surplus \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000
Opening balance at 1 July		179,409	144,195	323,604	179,797	142,224	322,021
Changes due to AASB 1058 and AASB 15 adoption		–	–	–	(684)	–	(684)
Restated opening balance		179,409	144,195	323,604	179,113	142,224	321,337
Net operating result for the year		4,694	–	4,694	296	–	296
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	297	297	–	1,971	1,971
Other comprehensive income		–	297	297	–	1,971	1,971
Total comprehensive income		4,694	297	4,991	296	1,971	2,267
Closing balance at 30 June		184,103	144,492	328,595	179,409	144,195	323,604

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

Coonamble Shire Council

Statement of Cash Flows

for the year ended 30 June 2021

Original unaudited budget 2021 \$ '000		Notes	Actual 2021 \$ '000	Actual 2020 \$ '000
Cash flows from operating activities				
Receipts:				
6,756	Rates and annual charges		6,793	6,349
5,753	User charges and fees		3,663	4,793
416	Investment and interest revenue received		122	540
7,802	Grants and contributions		12,617	12,379
–	Bonds, deposits and retention amounts received		97	20
600	Other		1,834	1,263
Payments:				
(6,266)	Employee benefits and on-costs		(8,086)	(7,983)
(6,999)	Materials and services		(6,628)	(5,778)
(2)	Borrowing costs		(2)	(4)
–	Bonds, deposits and retention amounts refunded		(14)	(51)
(1,944)	Other		(1,094)	(3,404)
6,116	Net cash flows from operating activities	G1-1	9,302	8,124
Cash flows from investing activities				
Receipts:				
–	Sale of investment securities		63,000	37,500
120	Sale of real estate assets		–	85
50	Sale of infrastructure, property, plant and equipment		236	187
Payments:				
–	Purchase of investment securities		(63,250)	(33,025)
(8,975)	Purchase of infrastructure, property, plant and equipment		(10,115)	(6,435)
(8,805)	Net cash flows from investing activities		(10,129)	(1,688)
Cash flows from financing activities				
Receipts:				
550	Proceeds from borrowings		550	–
Payments:				
(41)	Repayment of borrowings		(41)	(41)
(18)	Principal component of lease payments		(18)	(18)
491	Net cash flows from financing activities		491	(59)
(2,198)	Net change in cash and cash equivalents		(336)	6,377
13,955	Cash and cash equivalents at beginning of year		13,955	7,578
11,757	Cash and cash equivalents at end of year	C1-1	13,619	13,955
13,000	plus: Investments on hand at end of year	C1-2	13,250	13,000
24,757	Total cash, cash equivalents and investments		26,869	26,955

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

Coonamble Shire 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 15 September 2021. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (Act)* and *Local Government (General) Regulation 2005 (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 financial assets and liabilities and certain classes of 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 C1-6
- (ii) employee benefit provisions – refer Note C3-4.

Significant judgements in applying the Council's accounting policies

- (i) Impairment of receivables

Council has made a significant judgement about the impairment of a number of its receivables – refer Note C1-4.

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

A1-1 Basis of preparation (continued)

Goods and Services Tax (GST)

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

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

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

Volunteer services

Council has no material reliance on volunteer services and there is no financial impact on the financial statements as presented.

New accounting standards and interpretations issued not yet effective

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2021 reporting period.

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

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 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date

This Standard amends AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.

For example the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.

Council does not expect any material impact from the above amendments and to its classification of liabilities as current or non-current.

This standard has an effective date for the 30 June 2024 reporting period.

AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018 -2020 and Other Amendments

This Standard amends a number of standards as follows:

- AASB 1 to simplify the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences,
- AASB 3 to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations,
- AASB 9 to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability,
- AASB 116 to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset,
- AASB 137 to specify the costs that an entity includes when assessing whether a contract will be loss-making and
- AASB 141 to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.

A1-1 Basis of preparation (continued)

Council does not expect any material impact from the above amendments.

This standard has an effective date for the 30 June 2023 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 elected not to apply any of these pronouncements in these financial statements before their operative dates.

New accounting standards adopted during the year

During the year Council adopted the following accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from 1 July 2020:

- AASB 1059 Service Concession Arrangements: Grantor and associated amendments
- AASB 2018- 6 Amendments to Australian Accounting Standards – Definition of a business
- AASB 2018 – 7 Amendments to Australian Accounting Standards – Definition of material
- AASB 2019 – 3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform
- AASB 2019 -5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia
- AASB 2019 – 7 Amendments to Australian Accounting Standards – Disclosure of GFS Measures of Key Fiscal Aggregates and GAAP / GFS Reconciliations
- AASB 2020 – 4 Amendments to Australian Accounting Standards – Covid-19 Related Rent Concessions

There has been no material impact on Council's financial statements resulting from the adoption of these new accounting standards.

B Financial Performance

B1 Functions or activities

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

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

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2021 \$ '000	2020 \$ '000	2021 \$ '000	2020 \$ '000	2021 \$ '000	2020 \$ '000	2021 \$ '000	2020 \$ '000	2021 \$ '000	2020 \$ '000
Functions or activities										
Administration	10,561	9,630	4,846	5,672	5,715	3,958	4,452	4,255	36,751	34,773
Public order and safety	981	1,215	1,158	866	(177)	349	406	654	3,487	3,396
Health	17	26	221	388	(204)	(362)	–	–	469	445
Environment	985	1,473	917	1,123	68	350	520	978	16,345	15,575
Community service and education	55	19	102	96	(47)	(77)	55	165	731	749
Housing and community amenities	316	211	547	403	(231)	(192)	112	–	6,440	6,506
Water supplies	1,456	1,552	1,308	1,710	148	(158)	–	166	21,948	21,442
Sewerage supplies	1,005	896	1,121	908	(116)	(12)	164	21	18,609	18,679
Recreation and culture	1,551	989	2,019	2,166	(468)	(1,177)	1,493	889	12,421	10,260
Mining, manufacturing and construction	1,503	1,167	1,750	1,416	(247)	(249)	–	–	7,603	6,772
Transport and Communication	6,356	5,037	6,532	6,861	(176)	(1,824)	5,248	3,307	207,053	207,232
Economic Affairs	1,080	279	651	589	429	(310)	689	58	2,648	2,746
Total functions and activities	25,866	22,494	21,172	22,198	4,694	296	13,139	10,493	334,505	328,575

B1-2 Components of functions or activities

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

Administration

includes Council's governance function, corporate support and other support services, engineering works and any council policy compliance.

Public order and safety

includes Council's fire and emergency services levy, fire protection, emergency services, animal control and other public order and safety

Health

includes administration and inspection costs for health services as well as provision of residential accommodation for medical professionals.

Environment

includes noxious plants and insect/vermin control; other environmental protection; solid waste management, including domestic waste; other waste management; other sanitation; and garbage, street cleaning, drainage and stormwater management.

Community service and education

includes administration and education; aged and disabled services; youth services and programs; other community services

Housing and community amenities

includes public cemeteries; public conveniences; street lighting; town planning; other community amenities, including housing development and accommodation.

Water supplies

water services

Sewerage supplies

sewer services

Recreation and culture

includes public libraries; museums; community centres and halls, including public halls and performing arts venues; sporting grounds and venues; swimming pools; parks and gardens; and other sporting, recreational and cultural services

Mining, manufacturing and construction

includes building control, quarries and pits and mineral resources

Transport and Communication

(urban local, urban regional); includes sealed and unsealed roads, bridges, footpaths, parking areas, and aerodromes.

Economic Affairs

includes camping areas and caravan parks; tourism and area promotion; industrial development promotion; saleyards and markets; real estate development and other business undertakings.

B2 Sources of income

B2-1 Rates and annual charges

	2021 \$ '000	2020 \$ '000
Ordinary rates		
Residential	730	700
Farmland	4,037	3,909
Business	160	172
Less: pensioner rebates (mandatory)	(45)	(45)
Rates levied to ratepayers	4,882	4,736
Pensioner rate subsidies received	24	25
Total ordinary rates	4,906	4,761
Annual charges		
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	471	490
Water supply services	665	605
Sewerage services	724	691
Less: pensioner rebates (mandatory)	(65)	(65)
Annual charges levied	1,795	1,721
Pensioner subsidies received:		
– Water	12	12
– Sewerage	10	12
– Domestic waste management	13	13
Total annual charges	1,830	1,758
Total rates and annual charges	6,736	6,519

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

Accounting policy

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

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area that are not subsidised by the NSW Government.

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

B2-2 User charges and fees

	Timing	2021 \$ '000	2020 \$ '000
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Water supply services	2	680	771
Sewerage services	2	118	119
Total specific user charges		798	890
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Building regulation	2	29	19
Building services – other	2	4	2
Planning and building regulation	2	1	3
Regulatory/ statutory fees	2	5	4
Registration fees	2	24	30
Section 10.7 certificates (EP&A Act)	2	17	11
Section 603 certificates	2	10	6
Town planning	2	30	9
Total fees and charges – statutory/regulatory		120	84
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Caravan park	2	25	6
Cemeteries	2	83	97
Park rents	2	1	1
Quarry revenues	2	1,474	1,148
Transport for NSW works (state roads not controlled by Council)	2	1,912	1,748
Saleyards	2	100	8
Swimming centres	2	25	23
Water connection fees	2	–	1
Private works	2	108	110
Recreational grounds fees	2	22	7
Other	2	29	29
Total fees and charges – other		3,779	3,178
Total user charges and fees		4,697	4,152
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		–	–
User charges and fees recognised at a point in time (2)		4,697	4,152
Total user charges and fees		4,697	4,152

Accounting policy

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

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

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

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

B2-3 Other revenue

	Timing	2021 \$ '000	2020 \$ '000
Legal fees recovery – rates and charges (extra charges)	1	3	45
Legal fees recovery – other	2	–	1
Commissions and agency fees	2	110	101
Diesel rebate	1	87	86
Insurance claims recoveries	1	83	15
Sales of inventories	2	1	4
Sales – general	2	30	19
Energy rebate	2	39	–
Insurance rebate	2	–	40
Reimbursement – bushfire	2	549	385
Other	1	132	47
Total other revenue		1,034	743

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	305	–
Other revenue recognised at a point in time (2)	729	743
Total other revenue	1,034	743

Accounting policy for other revenue

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

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

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

B2-4 Grants and contributions

		Operating 2021 \$ '000	Operating 2020 \$ '000	Capital 2021 \$ '000	Capital 2020 \$ '000
	Timing				
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance	1	2,150	2,065	–	–
Payment in advance - future year allocation					
Financial assistance	1	2,302	2,190	–	–
Amount recognised as income during current year		4,452	4,255	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Previously specific grants:					
Water supplies	1	–	166	–	–
Sewerage services	1	–	21	164	–
Bushfire and emergency services	1	–	5	–	–
Tourism	1	400	58	272	–
Employment and training programs	2	1	–	–	–
Community care	1	56	19	8	146
Economic development	1	62	–	–	–
Environmental programs	1	73	–	501	916
Floodplain management	2	19	62	–	–
Library – per capita	2	74	74	–	–
Street lighting	2	39	39	–	–
Recreation and culture	1	75	4	393	575
Storm/flood damage	1	326	–	–	–
Transport (other roads and bridges funding)	1	454	–	225	108
Community Drought Program	1	724	178	–	–
Other specific grants	1	80	–	914	43
Transport (roads to recovery)	2	1,395	1,395	–	–
Previously contributions:					
Bushfire services	1	242	81	157	568
Recreation and culture	2	–	–	–	14
Transport for NSW contributions (regional roads, block grant)	2	1,706	1,351	327	415
Total special purpose grants and non-developer contributions – cash		5,726	3,453	2,961	2,785
Total special purpose grants and non-developer contributions (tied)		5,726	3,453	2,961	2,785
Total grants and non-developer contributions		10,178	7,708	2,961	2,785
Comprising:					
– Commonwealth funding		7,508	5,828	632	146
– State funding		2,670	1,838	2,172	1,642
– Other funding		–	42	157	997
		10,178	7,708	2,961	2,785

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

B2-4 Grants and contributions (continued)

period but which are not yet spent in accordance with those conditions are as follows:

	Operating 2021 \$ '000	Operating 2020 \$ '000	Capital 2021 \$ '000	Capital 2020 \$ '000
Unspent grants and contributions				
Unspent funds at 1 July	832	315	261	514
Add: Funds received and recognised as revenue in the current year	384	901	1,503	1,995
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(52)	(214)	–	(1,831)
Less: Funds received in prior year but revenue recognised and funds spent in current year	(653)	(170)	(249)	(417)
Unspent funds at 30 June	511	832	1,515	261

Accounting policy

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

The performance obligations vary according to the agreement but include achievement of specified levels of service, delivery of specific goods or services or the completion of agreed asset development. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

Capital grants

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

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

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

Other grants and contributions

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

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

B2-5 Interest and investment income

	2021 \$ '000	2020 \$ '000
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	30	73
– Cash and investments	109	360
Total interest and investment income (losses)	139	433
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	13	38
General Council cash and investments	79	252
Restricted investments/funds – external:		
Water fund operations	20	60
Sewerage fund operations	24	77
Domestic waste management operations	3	6
Total interest and investment income	139	433

Accounting policy

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

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

B2-6 Other income

	Notes	2021 \$ '000	2020 \$ '000
Rental income			
Other lease income			
Residential Premises		41	73
Leaseback fees - council vehicles		18	26
Council Land - NEI		26	26
Aerodrome Lease Fees		12	20
Total Other lease income		97	145
Total rental income	C2-2	97	145
Net share of interests in joint ventures and associates using the equity method			
Joint ventures		9	9
Total net share of interests in joint ventures and associates using the equity method	D2-2,D2-3	9	9
Total other income		106	154

B3 Costs of providing services

B3-1 Employee benefits and on-costs

	2021 \$ '000	2020 \$ '000
Salaries and wages	6,690	6,255
Employee leave entitlements (ELE)	635	675
Superannuation	685	712
Workers' compensation insurance	302	283
Fringe benefit tax (FBT)	26	33
Protective clothing	–	47
Other	301	218
Total employee costs	8,639	8,223
Less: capitalised costs	(429)	(178)
Total employee costs expensed	8,210	8,045
Number of 'full-time equivalent' employees (FTE) at year end	86	87

Accounting policy

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

Retirement benefit obligations

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

Superannuation plans

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

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

B3-2 Materials and services

	Notes	2021 \$ '000	2020 \$ '000
Raw materials and consumables		1,550	2,103
Contractor and consultancy costs			
– Building, electrical, plumbing		94	334
– External plant hire		307	175
– Planning		48	175
– Quarry		144	129
- Water Supply		2	214
– Health Services		–	271
– Waste management		286	302
– Aerodrome Grounds Maintenance		41	37
Contractor and consultancy costs – other		315	271
Audit Fees ¹	F2-1	57	62
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	146	155
Advertising		116	81
Bank charges		17	15
Street Cleaning		253	259
Computer software charges		97	81
Election expenses		–	1
Electricity and heating		388	398
Fire control expenses		2	2
Insurance		406	364
Office expenses (including computer expenses)		54	47
Postage		23	29
Printing and stationery		39	50
Street lighting		118	119
Subscriptions and publications		87	71
Telephone and communications		43	45
Valuation fees		22	21
Travel expenses		96	95
Royalties		75	41
Training costs (other than salaries and wages)		122	219
Other expenses		100	107
Legal expenses:			
– Legal expenses: planning and development		1	–
– Legal expenses: debt recovery		–	77
– Legal expenses: other		97	111
Total materials and services		5,146	6,461
Total materials and services		5,146	6,461

B3-3 Borrowing costs

(i) Interest bearing liability costs

Interest on leases	1	1
Interest on loans	1	3
Total interest bearing liability costs	2	4
Total interest bearing liability costs expensed	2	4
Total borrowing costs expensed	2	4

Accounting policy

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

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

	Notes	2021 \$ '000	2020 \$ '000
Depreciation and amortisation			
Plant and equipment		1,232	1,209
Office equipment		155	151
Land improvements (depreciable)		18	15
Infrastructure:	C1-6		
– Buildings – non-specialised		64	63
– Buildings – specialised		489	512
– Other structures		398	392
– Roads		3,295	3,321
– Bridges		155	155
– Footpaths		31	29
– Stormwater drainage		161	158
– Water supply network		400	388
– Sewerage network		336	309
Right of use assets	C2-1	18	18
Total gross depreciation and amortisation costs		6,752	6,720
Total depreciation and amortisation costs		6,752	6,720
Total depreciation, amortisation and impairment for non-financial assets		6,752	6,720

Accounting policy

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost over their estimated useful lives. Useful lives are included in Note C1-6 for IPPE assets and Note C2-1 for right of use 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 no longer required to be tested for impairment under AASB 136. This is because these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

Other 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). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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

B3-5 Other expenses

	Notes	2021 \$ '000	2020 \$ '000
Impairment of receivables			
Other		6	57
Total impairment of receivables	C1-4	6	57
Impairment of investments			
– Other	C1-5a	–	25
Impairment of investments		–	25
Other			
Contributions/levies to other levels of government		72	71
– Emergency services levy (includes FRNSW, SES, and RFS levies)		753	533
– Other contributions/levies		116	115
Donations, contributions and assistance to other organisations (Section 356)		115	72
Total other		1,056	791
Total other expenses		1,062	873

Accounting policy

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

Impairment expenses are recognised when identified.

B4 Gains or losses

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

	Notes	2021 \$ '000	2020 \$ '000
Gain (or loss) on disposal of plant and equipment	C1-6		
Proceeds from disposal – plant and equipment		179	187
Less: carrying amount of plant and equipment assets sold/written off		(147)	(182)
Gain (or loss) on disposal		32	5
Gain (or loss) on disposal of infrastructure	C1-6		
Proceeds from disposal – infrastructure		57	–
Less: carrying amount of infrastructure assets sold/written off		(74)	(70)
Gain (or loss) on disposal		(17)	(70)
Gain (or loss) on disposal of real estate assets held for sale	C1-5		
Proceeds from disposal – real estate assets		–	85
Less: carrying amount of real estate assets sold/written off		–	(115)
Gain (or loss) on disposal		–	(30)
Gain (or loss) on disposal of investments	C1-2		
Proceeds from disposal/redemptions/maturities – investments		63,000	37,500
Less: carrying amount of investments sold/redeemed/matured		(63,000)	(37,500)
Gain (or loss) on disposal		–	–
Net gain (or loss) on disposal of assets		15	(95)

Accounting policy

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

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 17/06/2020 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	2021 Budget	2021 Actual	2021 ----- Variance -----	
REVENUES				
Rates and annual charges	6,910	6,736	(174)	(3)% U
User charges and fees	6,352	4,697	(1,655)	(26)% U
Council's ability to generate income from its user charges and fees was adversely affected by the prevailing economic and climatic conditions experienced throughout the year.				
Other revenues	827	1,034	207	25% F
Council adopted a conservative approach for estimating the level of other income that was expected to be received in the 2020/2021 financial year.				
Operating grants and contributions	8,237	10,178	1,941	24% F
Council adopted a conservative approach for estimating the level of grant funded income that was expected to be received in the 2020/2021 financial year. Council was successful in obtaining additional unplanned grants throughout the year.				
Capital grants and contributions	1,020	2,961	1,941	190% F
Council adopted a conservative approach for estimating the level of grant funded income that was expected to be received in the 2020/2021 financial year. Council was successful in obtaining additional unplanned grant funds throughout the year.				
Interest and investment revenue	306	139	(167)	(55)% U
Both short term and long term factors have combined to continue drive interest rates lower than anticipated at the time of which the 2020/21 Operational Budget was prepared and adopted by Council.				
Net gains from disposal of assets	–	15	15	∞ F
Other income	118	106	(12)	(10)% U
EXPENSES				
Employee benefits and on-costs	8,923	8,210	713	8% F
Materials and services	7,243	5,146	2,097	29% F
The decrease in materials and contracts is due to a combination of a shift in planned expenditure programs coupled with the Council receiving additional unplanned capital grants that were expended throughout the year.				
Borrowing costs	2	2	–	0% F
Depreciation, amortisation and impairment of non-financial assets	5,587	6,752	(1,165)	(21)% U
At the time of the preparation and adoption of the 2020/2021 Operational Budget the effects of the recent revaluation of the Transport Infrastructure Asset class and its impact on depreciation were not included in the initial budgetary considerations.				
Other expenses	985	1,062	(77)	(8)% U

B5-1 Material budget variations (continued)

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
STATEMENT OF CASH FLOWS				
Cash flows from operating activities	6,116	9,302	3,186	52% F
Council adopted a conservative approach when budgeting for planned grant funded opportunities. Throughout the year Council was successful in obtaining additional grant funds.				
Cash flows from investing activities	(8,805)	(10,129)	(1,324)	15% U
Council received additional unplanned Capital Grants throughout the 2020/2021 financial year. Council utilised these funds in the renewal and purchase of various infrastructure assets.				
Cash flows from financing activities	491	491	–	0% F

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

	2021 \$ '000	2020 \$ '000
Cash and cash equivalents		
Cash on hand and at bank	2,119	6,455
Cash-equivalent assets		
– Deposits at call	1,500	2,500
– Short-term deposits	10,000	5,000
Total cash and cash equivalents	13,619	13,955

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	13,619	13,955
Balance as per the Statement of Cash Flows	13,619	13,955

Accounting policy

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

C1-2 Financial investments

	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
Debt securities at amortised cost				
Long term deposits	13,250	–	13,000	–
Total	13,250	–	13,000	–
Total financial investments	13,250	–	13,000	–
Total cash assets, cash equivalents and investments	26,869	–	26,955	–

Accounting policy

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

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

Financial assets

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

Classification

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

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

C1-2 Financial investments (continued)

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

C1-3 Restricted cash, cash equivalents and investments

	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
Total cash, cash equivalents and investments	26,869	–	26,955	–
attributable to:				
External restrictions	10,938	–	10,520	–
Internal restrictions	13,355	–	12,945	–
Unrestricted	2,576	–	3,490	–
	26,869	–	26,955	–

	2021 \$ '000	2020 \$ '000
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Details of restrictions

External restrictions – included in liabilities

Specific purpose unexpended grants – general fund

External restrictions – included in liabilities

External restrictions – other

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

Specific purpose unexpended grants (recognised as revenue) – general fund	858	120
Water fund	3,148	2,740
Sewer fund	4,675	5,653
Domestic waste management	1,089	1,034
External restrictions – other	9,770	9,547
Total external restrictions	10,938	10,520

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

	2021	2020
	\$ '000	\$ '000
Internal restrictions		
Council has internally restricted cash, cash equivalents and investments as follows:		
Plant and vehicle replacement	3,998	3,460
Employees leave entitlement	895	895
Carry over works	652	174
Aerodrome	50	50
Caravan park	25	25
Cemetery	77	77
Common	73	53
Depot improvements	9	9
Development	197	247
Election expenses	13	13
Emergency services building	200	200
Financial assistance grant (in advance)	2,302	2,338
Footpath replacement	125	125
Kerb and gutter replacement	34	39
Levee reserve	154	530
Local environmental plan	25	25
Office equipment	126	144
Other community development	248	248
Premises refurbishment	499	619
Quarry	1,239	1,118
Quarry rehabilitation	160	150
Recreational facilities	92	93
Road reloaning	431	431
Road reserve sealed	709	709
Rural fire service	36	36
Showground	80	80
Single invitation contract	200	200
Sportsground	20	20
Strategic plan review	20	20
Street lighting	40	40
Urban streets	95	95
Weir improvement	18	18
Bore Baths Establishment Reserve	500	500
SCC Grant Matching Component'	13	164
Total internal restrictions	13,355	12,945
Total restrictions	24,293	23,465

Internal restrictions over cash, cash equivalents and investments are those assets restricted only by a resolution of the elected Council.

C1-4 Receivables

	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
Purpose				
Rates and annual charges	613	134	679	125
Interest and extra charges	68	36	41	25
User charges and fees	2,279	179	834	192
Accrued revenues				
– Interest on investments	14	–	35	–
– Other income accruals	86	–	–	–
Government grants and subsidies	1,948	–	1,231	–
Loans to non-profit organisations	224	–	–	–
Net GST receivable	255	–	77	–
Total	5,487	349	2,897	342
Less: provision of impairment				
Rates and annual charges	(210)	(85)	(210)	(85)
User charges and fees	(32)	(76)	(32)	(76)
Total provision for impairment – receivables	(242)	(161)	(242)	(161)
Total net receivables	5,245	188	2,655	181
Externally restricted receivables				
Water supply				
– Rates and availability charges	111	–	72	–
– Other	346	124	375	115
Sewerage services				
– Rates and availability charges	147	–	170	–
– Other	233	–	11	–
Total external restrictions	837	124	628	115
Unrestricted receivables	4,408	64	2,027	66
Total net receivables	5,245	188	2,655	181

	2021 \$ '000	2020 \$ '000
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	403	348
+ new provisions recognised during the year	–	55
Balance at the end of the year	403	403

Accounting policy

Receivables are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

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.

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Impairment

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

C1-4 Receivables (continued)

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.

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 presumption 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.

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over 1 year past due, whichever occurs first.

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

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.

C1-5 Inventories

	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
(i) Inventories at cost				
Real estate for resale	166	–	166	–
Stores and materials	215	–	176	–
Trading stock	600	–	672	–
Total inventories at cost	981	–	1,014	–
Total inventories	981	–	1,014	–

(ii) Other disclosures

	Notes	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
(a) Details for real estate development					
Industrial/commercial		166	–	166	–
Total real estate for resale		166	–	166	–
(Valued at the lower of cost and net realisable value)					
Represented by:					
Acquisition costs		166	–	166	–
Total costs		166	–	166	–
Total real estate for resale		166	–	166	–
Movements:					
Real estate assets at beginning of the year		166	–	306	–
– Impairment	B3-4	–	–	(25)	–
– WDV of sales (expense)	B4-1	–	–	(115)	–
Total real estate for resale		166	–	166	–

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

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

	2021 \$ '000	2020 \$ '000
Real estate for resale	120	166
	120	166

C1-5 Inventories (continued)

Accounting policy

Raw materials and stores, work in progress and finished goods

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

Land held for resale

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

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

C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period							At 30 June 2021		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress	1,851	–	1,851	1,533	1,661	–	–	(1,714)	–	–	3,332	–	3,332
Plant and equipment	13,236	(7,747)	5,489	–	694	(142)	(1,232)	25	–	–	11,542	(6,708)	4,834
Office equipment	1,247	(511)	736	61	19	(6)	(155)	–	–	–	3,220	(2,564)	656
Land:													
– Crown land	860	–	860	–	–	–	–	–	–	–	860	–	860
– Operational land	2,485	–	2,485	–	–	(9)	–	–	9	–	2,485	–	2,485
– Community land	641	–	641	–	–	–	–	–	(9)	–	633	–	633
Land improvements – non-depreciable	36	–	36	–	–	–	–	–	–	–	36	–	36
Land improvements – depreciable	964	(109)	855	–	–	–	(18)	–	–	–	963	(127)	836
Infrastructure:													
– Buildings – non-specialised	3,670	(902)	2,768	–	15	–	(64)	2	–	–	3,687	(966)	2,721
– Buildings – specialised	28,182	(10,219)	17,963	369	5	(37)	(489)	607	–	1	29,111	(10,693)	18,418
– Other structures	19,509	(6,484)	13,025	413	423	–	(398)	4	–	2	20,349	(6,881)	13,468
– Roads	246,430	(64,174)	182,256	2,542	147	–	(3,295)	17	–	2	249,136	(67,467)	181,669
– Bridges	25,901	(3,776)	22,125	–	–	–	(155)	–	–	–	25,901	(3,931)	21,970
– Footpaths	1,814	(474)	1,340	–	–	–	(31)	–	–	–	1,814	(505)	1,309
– Bulk earthworks (non-depreciable)	6,640	–	6,640	877	–	–	–	986	–	–	8,503	–	8,503
– Stormwater drainage	12,013	(4,431)	7,582	–	–	–	(161)	–	–	1	12,013	(4,590)	7,423
– Water supply network	26,079	(7,939)	18,140	385	–	(12)	(400)	–	–	167	26,628	(8,348)	18,280
– Sewerage network	28,442	(15,671)	12,771	598	339	(15)	(336)	73	–	124	29,097	(15,544)	13,553
Total infrastructure, property, plant and equipment	420,000	(122,437)	297,563	6,778	3,303	(221)	(6,734)	–	–	297	429,310	(128,324)	300,986

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

C1-6 Infrastructure, property, plant and equipment (continued)

By aggregated asset class	At 1 July 2019			Asset movements during the reporting period							At 30 June 2020		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress	237	–	237	1,528	119	–	–	(33)	–	–	1,851	–	1,851
Plant and equipment	11,469	(5,125)	6,344	15	521	(182)	(1,209)	–	–	–	13,236	(7,747)	5,489
Office equipment	3,061	(2,334)	727	–	160	–	(151)	–	–	–	1,247	(511)	736
Land:													
– Operational land	2,344	–	2,344	–	53	–	–	–	–	88	2,485	–	2,485
– Community land	678	–	678	–	–	–	–	–	(37)	–	641	–	641
– Crown land	838	–	838	–	–	–	–	–	–	22	860	–	860
Land improvements – non-depreciable	36	–	36	–	–	–	–	–	–	–	36	–	36
Land improvements – depreciable	822	(93)	729	–	141	–	(15)	–	–	–	964	(109)	855
Infrastructure:													
– Buildings – non-specialised	3,512	(816)	2,696	6	74	–	(63)	–	–	54	3,670	(902)	2,768
– Buildings – specialised	27,953	(9,651)	18,302	106	–	–	(512)	–	–	68	28,182	(10,219)	17,963
– Other structures	18,351	(5,953)	12,398	86	485	–	(392)	19	–	428	19,509	(6,484)	13,025
– Roads	243,628	(61,162)	182,466	2,019	441	–	(3,321)	14	–	636	246,430	(64,174)	182,256
– Bridges	25,645	(3,586)	22,059	–	–	–	(155)	–	–	220	25,901	(3,776)	22,125
– Footpaths	1,699	(443)	1,256	26	–	–	(29)	–	–	87	1,814	(474)	1,340
– Bulk earthworks (non-depreciable)	6,599	–	6,599	41	–	–	–	–	–	–	6,640	–	6,640
– Stormwater drainage	11,894	(4,273)	7,621	–	–	–	(158)	–	–	120	12,013	(4,431)	7,582
– Water supply network	25,597	(7,506)	18,091	330	–	(61)	(388)	–	–	168	26,079	(7,939)	18,140
– Sewerage network	27,857	(15,215)	12,642	82	248	(10)	(309)	–	–	117	28,442	(15,671)	12,771
Total infrastructure, property, plant and equipment	412,220	(116,157)	296,063	4,239	2,242	(253)	(6,702)	–	(37)	2,008	420,000	(122,437)	297,563

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

C1-6 Infrastructure, property, plant and equipment (continued)

Accounting policy

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

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

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.

When infrastructure, property, plant and equipment are acquired by Council for nil or nominal consideration, the assets are initially recognised at their fair value at acquisition date.

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	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	80 to 100	Drains	80 to 100
Bores	20 to 40	Culverts	50 to 80
Reticulation pipes: PVC	70 to 100	Flood control structures	80 to 100
Reticulation pipes: other	25 to 80		
Pumps and telemetry	15 to 20		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	20 to 30	Bulk earthworks	Infinite
Sealed roads: Structure	Infinite	Swimming pools	50
Unsealed roads: Structure	Infinite	Unsealed roads	20
Unsealed roads: surface	20 to 30	Other open space/recreational assets	20 to 50
Bridge: Box Culvert	60 to 100		
Bridge: Standard	100 to 175		
Road pavements	45 to 60		
Kerb, gutter and footpaths	40 to 100		

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

C1-6 Infrastructure, property, plant and equipment (continued)

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.

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".

Until such time as discussions on this matter have concluded and the legislation changed, Council will not recognise rural fire service plant & vehicle assets. All rural fire service buildings on Council land have been recognised as assets.

Externally restricted infrastructure, property, plant and equipment

	as at 30/06/21			as at 30/06/20		
	Gross carrying amount \$ '000	Accumulated depn. and impairment \$ '000	Net carrying amount \$ '000	Gross carrying amount \$ '000	Accumulated depn. and impairment \$ '000	Net carrying amount \$ '000
Water supply						
Infrastructure	26,629	8,349	18,280	26,079	7,939	18,140
Total water supply	26,629	8,349	18,280	26,079	7,939	18,140
Sewerage services						
Infrastructure	29,097	15,543	13,554	28,516	15,671	12,845
Total sewerage services	29,097	15,543	13,554	28,516	15,671	12,845
Domestic waste management						
Land						
– Operational land	32	–	32	32	–	32
– Improvements non-depreciable	62	–	62	61	–	61
Infrastructure	1,035	356	679	1,035	290	745
Total domestic waste management	1,129	356	773	1,128	290	838
Total restricted infrastructure, property, plant and equipment	56,855	24,248	32,607	55,723	23,900	31,823

C2 Leasing activities

C2-1 Council as a lessee

Office equipment

Leases for office equipment are generally for low value assets, except for significant items such as photocopiers. The leases are for between 1 and 3 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

	Office Equipment \$ '000	Total \$ '000
2021		
Opening balance at 1 July	51	51
Depreciation charge	(18)	(18)
Balance at 30 June	33	33
2020		
Adoption of AASB 16 at 1 July 2019 – first time lease recognition	69	69
Depreciation charge	(18)	(18)
Balance at 30 June	51	51

(b) Lease liabilities

	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
Lease liabilities	19	14	18	33
Total lease liabilities	19	14	18	33

C2-1 Council as a lessee (continued)

(c) The maturity analysis

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

	< 1 year \$ '000	1 – 5 years \$ '000	> 5 years \$ '000	Total \$ '000	Total per Statement of Financial Position \$ '000
2021					
Cash flows	19	14	–	33	33
2020					
Cash flows	19	33	–	52	51
		2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
Total lease liabilities relating to unrestricted assets		19	14	18	33
Total lease liabilities		19	14	18	33

(d) Income Statement

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

	2021 \$ '000	2020 \$ '000
Interest on lease liabilities	1	1
Depreciation of right of use assets	18	18
	19	19

(e) Statement of Cash Flows

Total cash outflow for leases	18	19
	18	19

(f) Leases at significantly below market value – concessionary / peppercorn leases

Accounting policy

At inception of a contract, Council assesses whether a lease exists – i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration?

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.

At the lease commencement, Council recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where Council believes it is reasonably certain that the option will be exercised.

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-

C2-1 Council as a lessee (continued)

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.

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Council's incremental borrowing rate for a similar term with similar security is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is re-measured when there is a lease modification, or change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI).

Where the lease liability is re-measured, the right-of-use asset is adjusted to reflect the re-measurement.

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 investment property (refer note C1-6) and/or IPP&E (refer in this note part (v) below) 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:

	2021 \$ '000	2020 \$ '000
Lease income (excluding variable lease payments not dependent on an index or rate)	97	145
Total income relating to operating leases for Council assets	97	145
Other	–	120
Total expenses relating to other leases assets	–	120

Reconciliation of IPPE assets leased out as operating leases

	Plant & Equipment 2021 \$ '000	Plant & Equipment 2020 \$ '000	Buildings 2021 \$ '000	Buildings 2020 \$ '000	Land 2021 \$ '000	Land 2020 \$ '000	Other Structures 2021 \$ '000	Other Structures 2020 \$ '000
Opening balance as at 1 July	226	166	1,266	597	888	861	155	–
Additions renewals	5	154	5	–	–	–	20	–
Carrying value of disposals	(11)	(60)	–	–	–	–	–	–
Depreciation expense	(37)	(34)	(22)	(33)	–	–	(14)	–
Revaluation increments to equity (ARR)	–	–	–	33	–	27	–	–
Closing balance as at 30 June	183	226	1,249	597	888	888	161	–

	2021 \$ '000	2020 \$ '000
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(iii) Maturity analysis of undiscounted lease payments to be received after reporting date for all operating leases:

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

< 1 year	97	135
1–2 years	133	135
2–3 years	133	135
3–4 years	133	135
4–5 years	133	135
> 5 years	133	135
Total undiscounted lease payments to be received	762	810

Accounting policy

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

C2-2 Council as a lessor (continued)

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

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

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

C3 Liabilities of Council

C3-1 Payables

	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
Payables				
Goods and services – operating expenditure	661	–	666	–
Goods and services – capital expenditure	164	–	198	–
Accrued expenses:				
– Salaries and wages	170	–	16	–
– Other expenditure accruals	10	–	31	–
Other payables	441	–	420	–
Security bonds, deposits and retentions	238	–	155	–
Total payables	1,684	–	1,486	–
Income received in advance				
Payments received in advance	293	–	238	–
Total income received in advance	293	–	238	–
Total payables	1,977	–	1,724	–

Payables relating to restricted assets

	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
Externally restricted assets				
Water	108	–	93	–
Sewer	19	–	103	–
Payables relating to externally restricted assets	127	–	196	–
Total payables relating to restricted assets	127	–	196	–
Total payables relating to unrestricted assets	1,850	–	1,528	–
Total payables	1,977	–	1,724	–

C3-1 Payables (continued)**Current payables not anticipated to be settled within the next twelve months**

	2021	2020
	\$ '000	\$ '000
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	131	131
Total payables	131	131

Accounting policy

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

Payables

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

C3-2 Contract Liabilities

	Notes	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	1,110	–	911	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	58	–	62	–
Total grants received in advance		1,168	–	973	–
Total contract liabilities		1,168	–	973	–

Notes

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

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

Contract liabilities relating to restricted assets

	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
Externally restricted assets				
Unspent grants held as contract liabilities (excl. Water & Sewer)	1,168	–	973	–
Contract liabilities relating to externally restricted assets	1,168	–	973	–
Total contract liabilities relating to restricted assets	1,168	–	973	–
Total contract liabilities	1,168	–	973	–

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

	2021 \$ '000	2020 \$ '000
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	899	400
Operating grants (received prior to performance obligation being satisfied)	4	61
Total revenue recognised that was included in the contract liability balance at the beginning of the period	903	461

Significant changes in contract liabilities

The contract liabilities have arisen on adoption of AASB 15 and AASB 1058. Previously income received in advance was recognised for reciprocal contracts. The increase in a contract liability is primarily due to grants in the scope of AASB 15 and capital grants received by Council to acquire or construct assets which will be under Council's control. Previously, revenue was recognised on receipt of the funds.

C3-2 Contract Liabilities (continued)

Accounting policy

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

C3-3 Borrowings

	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
Loans – unsecured	50	500	41	–
Total borrowings	50	500	41	–

Borrowings relating to restricted assets

	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
Total borrowings relating to unrestricted assets	50	500	41	–
Total borrowings	50	500	41	–

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

The following borrowings, even though classified as current, are not expected to be settled in the next 12 months.

(a) Changes in liabilities arising from financing activities

	2020		Non-cash movements				2021
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loan – unsecured	41	(41)	550	–	–	–	550
Lease liability (Note C2-1b)	51	(18)	–	–	–	–	33
Total liabilities from financing activities	92	(59)	550	–	–	–	583

	2019		Non-cash movements				2020
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loan – unsecured	82	(41)	–	–	–	–	41
Lease liability (Note C2-1b)	138	(87)	–	–	–	–	51
Total liabilities from financing activities	220	(128)	–	–	–	–	92

C3-3 Borrowings (continued)

(b) Financing arrangements

	2021 \$ '000	2020 \$ '000
Total facilities		
Bank overdraft facilities ¹	250	250
Credit cards/purchase cards	35	35
Total financing arrangements	285	285
Undrawn facilities		
– Bank overdraft facilities	250	250
– Credit cards/purchase cards	35	35
Total undrawn financing arrangements	285	285

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.

Accounting policy

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

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

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

C3-4 Employee benefit provisions

	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
Annual leave	893	–	909	–
Long service leave	1,173	116	1,145	128
Total employee benefit provisions	2,066	116	2,054	128

Employee benefit provisions relating to restricted assets

There are no restricted assets (external or internal) applicable to the above provisions

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

	2021 \$ '000	2020 \$ '000
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	1,097	1,084
	1,097	1,084

Description of and movements in provisions

	ELE provisions		
	Annual leave \$ '000	Long service leave \$ '000	Total \$ '000
2021			
At beginning of year	909	1,273	2,182
Additional provisions	478	160	638
Amounts used (payments)	(494)	(144)	(638)
Total ELE provisions at end of year	893	1,289	2,182
2020			
At beginning of year	875	1,228	2,103
Additional provisions	488	218	706
Amounts used (payments)	(454)	(173)	(627)
Total ELE provisions at end of year	909	1,273	2,182

C3-4 Employee benefit provisions (continued)

Accounting policy

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

The obligations are presented as current liabilities in the Statement of Financial Position if the Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

C3-5 Provisions

Accounting policy

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

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

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

C4 Reserves

C4-1 Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

The infrastructure, property, plant and equipment revaluation reserve is used to record increments / decrements of non-current asset values due to their revaluation.

D Council structure

D1 Results by fund

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

D1-1 Income Statement by fund

	General 2021 \$ '000	Water 2021 \$ '000	Sewer 2021 \$ '000
Income from continuing operations			
Rates and annual charges	5,367	658	711
User charges and fees	3,899	680	118
Interest and investment revenue	95	20	24
Other revenues	920	110	4
Grants and contributions provided for operating purposes	10,014	—	164
Grants and contributions provided for capital purposes	2,961	—	—
Net gains from disposal of assets	43	—	—
Other income	106	—	—
Total income from continuing operations	23,405	1,468	1,021
Expenses from continuing operations			
Employee benefits and on-costs	8,210	—	—
Materials and services	3,709	658	779
Borrowing costs	2	—	—
Depreciation, amortisation and impairment of non-financial assets	6,016	400	336
Other expenses	1,049	13	—
Net losses from the disposal of assets	—	12	16
Total expenses from continuing operations	18,986	1,083	1,131
Operating result from continuing operations	4,419	385	(110)
Net operating result for the year	4,419	385	(110)
Net operating result attributable to each council fund	4,419	385	(110)
Net operating result for the year before grants and contributions provided for capital purposes	1,458	385	(110)

D1-2 Statement of Financial Position by fund

	General 2021 \$ '000	Water 2021 \$ '000	Sewer 2021 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	12,750	525	344
Investments	6,296	2,623	4,331
Receivables	4,408	457	380
Inventories	981	–	–
Other	133	–	–
Total current assets	24,568	3,605	5,055
Non-current assets			
Receivables	64	124	–
Infrastructure, property, plant and equipment	269,152	18,280	13,554
Investments accounted for using the equity method	70	–	–
Right of use assets	33	–	–
Total non-current assets	269,319	18,404	13,554
TOTAL ASSETS	293,887	22,009	18,609
LIABILITIES			
Current liabilities			
Payables	1,617	48	19
Income received in advance	233	60	–
Contract liabilities	1,168	–	–
Lease liabilities	19	–	–
Borrowings	50	–	–
Employee benefit provision	2,066	–	–
Total current liabilities	5,153	108	19
Non-current liabilities			
Lease liabilities	14	–	–
Borrowings	500	–	–
Employee benefit provision	116	–	–
Total non-current liabilities	630	–	–
TOTAL LIABILITIES	5,783	108	19
Net assets	288,104	21,901	18,590
EQUITY			
Accumulated surplus	157,151	14,570	12,382
Revaluation reserves	130,953	7,331	6,208
Council equity interest	288,104	21,901	18,590
Total equity	288,104	21,901	18,590

D2 Interests in other entities

D2-1 Subsidiaries

Council has no interest in any controlled entities (subsidiaries).

	Council's share of net assets	
	2021	2020
	\$ '000	\$ '000
Council's share of net assets		
Net share of interests in joint ventures and associates using the equity method – assets		
Joint ventures	70	61
Total net share of interests in joint ventures and associates using the equity method – assets	70	61
Total Council's share of net assets	70	61

D2-2 Interests in joint arrangements

Net carrying amounts – Council's share

	Nature of relationship	Place of business	Interest in ownership		2021	2020
			2021	2020	\$ '000	\$ '000
Northern Western Library Service	Joint venture	Coonamble	25.0%	25.0%	70	61
Total carrying amounts – material joint ventures					70	61

Material joint ventures

Council has incorporated the following joint venture into its consolidated financial statements.

Details

	Principal activity	Measurement method
Northern Western Library Service	Provision of Library Services	At cost

Relevant interests and fair values

	Interest in outputs		Proportion of voting power	
	2021	2020	2021	2020
Northern Western Library Service	25.0%	25.0%	25.0%	25.0%

D2-2 Interests in joint arrangements (continued)

Summarised financial information for joint ventures

	Northern Western Library Service	
	2021	2020
	\$ '000	\$ '000
Statement of financial position		
Current assets		
Cash and cash equivalents	4	12
Non-current assets	66	233
Net assets	70	245
Statement of comprehensive income		
Income	63	65
Other expenses	(54)	(56)
Profit/(loss) from continuing operations	9	9
Profit/(loss) for the period	9	9
Total comprehensive income	9	9
Reconciliation of the carrying amount		
Opening net assets (1 July)	245	207
Profit/(loss) for the period	37	38
Closing net assets	282	245
Council's share of net assets (%)	25.0%	25.0%
Council's share of net assets (\$)	70	61

County Councils

Council is a member of the Castlereagh Macquarie County Council, a body corporate established under the Local Government Act 1993 (NSW) to control noxious weeds. Council is one of five constituent members and does not have significant influence over the County Council.

Accordingly, the County Council has not been consolidated in the financial statements.

D2-3 Interests in associates

Council has no interest in any associates.

D2-4 Unconsolidated structured entities

Council has no interest in any unconsolidated structured entities.

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)** price 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.

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

	Carrying value 2021 \$ '000	Carrying value 2020 \$ '000	Fair value 2021 \$ '000	Fair value 2020 \$ '000
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	13,619	13,955	13,619	13,955
Receivables	5,433	2,836	5,433	2,836
Investments				
– Debt securities at amortised cost	13,250	13,000	13,250	13,000
Total financial assets	32,302	29,791	32,302	29,791
Financial liabilities				
Payables	1,684	1,486	1,684	1,486
Loans/advances	550	41	550	41
Total financial liabilities	2,234	1,527	2,234	1,527

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:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether these 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.

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

(a) Market risk – interest rate and price risk

	2021 \$ '000	2020 \$ '000
<p>The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.</p>		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	269	229
Impact of a 10% movement in price of investments		
– Equity / Income Statement	–	–

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

(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.

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

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

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

Credit risk profile

Receivables – rates and annual charges

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

	Not yet overdue \$ '000	< 1 year overdue \$ '000	1 - 2 years overdue \$ '000	2 - 5 years overdue \$ '000	> 5 years overdue \$ '000	Total \$ '000
2021						
Gross carrying amount	–	386	199	123	39	747
2020						
Gross carrying amount	240	263	131	159	11	804

Receivables - non-rates and annual charges and contract assets

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

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

	Not yet overdue \$ '000	0 - 30 days overdue \$ '000	31 - 60 days overdue \$ '000	61 - 90 days overdue \$ '000	> 91 days overdue \$ '000	Total \$ '000
2021						
Gross carrying amount	4,264	212	112	–	501	5,089
Expected loss rate (%)	0.94%	4.13%	9.41%	0.00%	9.59%	2.11%
ECL provision	40	9	11	–	48	108
2020						
Gross carrying amount	1,540	176	102	–	617	2,435
Expected loss rate (%)	1.88%	5.46%	9.41%	0.00%	9.59%	4.41%
ECL provision	29	10	10	–	59	108

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

(c) Liquidity risk

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

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

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

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

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

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

	Weighted average interest rate %	Subject to no maturity \$ '000	payable in: ≤ 1 Year \$ '000	1 - 5 Years \$ '000	> 5 Years \$ '000	Total cash outflows \$ '000	Actual carrying values \$ '000
2021							
Trade/other payables	0.00%	238	1,446	–	–	1,684	1,684
Loans and advances	1.15%	–	50	210	290	550	550
Total financial liabilities		238	1,496	210	290	2,234	2,234
2020							
Trade/other payables	0.00%	155	1,331	–	–	1,486	1,486
Loans and advances	7.75%	–	41	–	–	41	41
Total financial liabilities		155	1,372	–	–	1,527	1,527

E2-1 Fair value measurement

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

– Infrastructure, property, plant and equipment

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

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

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

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

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

Fair value measurement hierarchy									
\$ '000	Notes	Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2021	2020	2021	2020	2021	2020	2021	2020
Recurring fair value measurements									
Infrastructure, property, plant and equipment	C1-6								
Plant and equipment				—	—	4,834	5,489	4,834	5,489
Office Equipment				—	—	656	736	656	736
Crown land	01/07/19	01/07/19		—	—	860	860	860	860
Operational land	01/07/19	01/07/19		—	—	2,485	2,485	2,485	2,485
Community land	01/07/19	01/07/19		—	—	633	641	633	641
Buildings – non-specialised	30/06/20	30/06/20		1,329	1,329	1,392	1,439	2,721	2,768
Buildings – specialised	30/06/20	30/06/20		—	—	18,418	17,963	18,418	17,963
Other Structures	30/06/20	30/06/20		—	—	13,468	13,025	13,468	13,025
Roads	30/06/20	30/06/20		—	—	181,669	182,256	181,669	182,256
Bridges	30/06/20	30/06/20		—	—	21,970	22,125	21,970	22,125
Footpaths	30/06/20	30/06/20		—	—	1,309	1,340	1,309	1,340
Stormwater Drainage	30/06/20	30/06/20		—	—	7,423	7,582	7,423	7,582
Water Supply network	30/06/20	30/06/15		—	—	18,280	18,140	18,280	18,140
Sewerage network	30/06/20	30/06/15		—	—	13,553	12,771	13,553	12,771
Bulk Earthworks	30/06/18	30/06/18		—	—	8,503	6,640	8,503	6,640
Land Improvements	30/06/18	30/06/18		—	—	872	891	872	891
Total infrastructure, property, plant and equipment				1,329	1,329	296,325	294,383	297,654	295,712

Transfers between level 1 and level 2 fair value hierarchies

During the year, there were no transfers between level 1 and level 2 fair value hierarchies for recurring fair value measurements.

E2-1 Fair value measurement (continued)

Valuation techniques

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 but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. Examples of assets within these classes are as follows:

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

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

Operational and Community Land

Operational and Community Land are based on either the Land Value provided by the Valuer-General or an where the Valuer-General did not provide a Land Value having regard to the highest and best use for the land. Operational Land is based on the Valuer value as these are representative of the actual market values in the Coonamble Shire LGA. As these rates were not considered to be observable market evidence they have been classified a level 3.

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

Buildings - Non-Specialised and Specialised

Non-Specialised and Specialised Buildings were valued utilising APV Valuers & Asset Management consultants during the 2017/2018 financial year. A desktop valuation was carried out as at the 30/06/2020 by APV Valuers & Asset Management to ensure the fair value of the asset class was recorded.

Depending on the specific asset the valuation approach may have included the adoption of a singular or multiple technique.

- The Market approach has been applied where there is a principal market which provides observable evidence of the Fair Value of the asset
- The income approach has been applied for assets where the income generating capability of the asset provides the best estimate of the assets Fair Value
- The Cost approach was used for assets which are not commonly traded. Typically, these include assets that public and not-for-profit sector entities use to provide services to the public for no or minimal charge

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

Other Structures

Other Structures were also revalued through the 2017/2018 financial year utilising APV Valuers & Asset Management consultants. A desktop valuation as at 30/06/2020 was carried out by APV Valuers & Asset Management consultants to ensure the fair value of the asset class was recorded.

The various asset types identified included Airport Assets, Fences, Hardstand and Internal Roads, Landscaping, Lighting, Miscellaneous, Park Assets, Pool Assets, Saleyards and Sporting Equipment.

Depending on the specific asset the valuation approach may have included the adoption of a singular or multiple technique.

- The Market approach has been applied where there is a principal Market which provides observable evidence of the Fair Value of the asset
- The income approach has been applied for assets where the income generating capability of the asset provides the best estimate of the assets Fair Value
- The Cost approach was used for assets which are not commonly traded. Typically these include assets that public and not-for-profit sector entities use to provide services to the public for no or minimal charge

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

Roads

Roads were revalued during the 2018/2019 financial year utilising APV Valuers and Asset Management Consultants, with input from Council's engineering department. A desktop valuation as at 30/06/2020 was carried out by APV Valuers & Asset Management consultants to ensure the fair value of the asset class was recorded. Roads comprise road carriageway, roadside shoulders and kerb and gutter. No market-based evidence (Level 2) inputs are available therefore Level 3 valuation inputs were used for this class.

E2-1 Fair value measurement (continued)

Bridges

Bridges were revalued during the 2018/2019 financial year externally by APV Valuers and Asset Management Consultants, with input from Council's engineering department. A desktop valuation as at 30/06/2020 was carried out by APV Valuers & Asset Management Consultants to ensure the fair value of the asset class was recorded.

While all bridges were physically inspected and unit rates based on square metres were used there was no reliable market evidence (Level 2) as other inputs (such as estimates of residual value and pattern of consumption) require extensive professional judgement that impacts significantly on the final determination of fair value.

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

Footpaths

Footpaths were revalued externally by APV Valuers and Asset Management Consultants during the 2018/2019 financial year, with input from Council staff relating to costings. A desktop valuation as at 30/06/2020 was carried out by APV Valuers & Asset Management Consultants to ensure the fair value of the asset class was recorded.

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

Drainage Infrastructure

Drainage Infrastructure Assets were revalued during the 2018/2019 financial year by APV Valuers and Asset Management Consultants, with input from Council's engineering department. A desktop valuation as at 30/06/2020 was carried out by APV Valuers & Asset Management consultants to ensure the fair value of the asset class was recorded.

Assets within this class comprise culverts, open channels, storm water pipes, pits and other storm water structures.

The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar could be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets.

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

Water Supply Network

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

The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar may be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets.

These assets are indexed each year in line with the NSW Reference Rates Manual as published by the Office of Water.

The asset class has been revalued this year, the assumptions of this revaluation remain the same as in prior years.

Sewerage Network

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

The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar may be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets.

These assets are indexed each year in line with the NSW Reference Rates Manual as published by the Office of Water.

The asset class has been revalued this year, the assumptions of this revaluation remain the same as in prior years.

E2-1 Fair value measurement (continued)

Swimming Pools

Assets within this class comprise Council's outdoor swimming pool. The swimming pool was valued externally by APV Valuers & Asset Management consultants. A desktop valuation as at 30/06/2020 was carried out by APV Valuers & Asset Management consultants to ensure the fair value of the asset class was recorded. The approach estimated the replacement cost for each pool by componentising its significant parts.

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

Previously these assets had been valued internally by Council staff.

Bulk Earthworks/Land Improvements

Assets within this class comprise Bulk Earthworks, turf surfaces, irrigation and other misc land improvements etc. All assets in this class were valued in-house by experienced engineering staff.

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

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

E2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

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		
Buildings non specialised	Values provided by external consultant	Gross replacement cost, Asset condition, Remaining useful life, Residual value
Buildings Specialised	Values provided by external consultant	Gross replacement cost, Asset condition, Remaining useful life, Residual value
Other Structures	Values provided by external consultant	Gross replacement cost, Asset condition, Remaining useful life, Residual value
Road Infrastructure	Cost approach used to approximate fair value	Gross replacement cost, Asset condition, Remaining useful life, Residual value
Stormwater drainage	Cost approach used to approximate fair value	Gross replacement cost, Asset condition, Remaining useful life, Residual value
Water Supply	Cost approach used to approximate fair value	Gross replacement cost, Asset condition, Remaining useful life, Residual value
Sewerage network	Cost approach used to approximate fair value	Gross replacement cost, Asset condition, Remaining useful life, Residual value
Plant & Equipment	Cost approach used to approximate fair value	Gross replacement cost, Remaining useful life, Residual value
Operational land	Land values obtained from the NSW Valuer General	Land value based on price per square meter
Community land	Land values obtained from the NSW Valuer General	Land value based on price per square meter
Crown Land	Land values obtained from the NSW Valuer General	Land value based on price per square meter
Bulk Earthworks	Cost approach used to approximate fair value	Gross replacement cost, Asset condition, Remaining useful life, Residual value
Land Improvements	Cost approach used to approximate fair value	Gross replacement cost, Asset condition, Remaining useful life, Residual value

E2-1 Fair value measurement (continued)

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

	Water supply network		Sewerage network		Plant and equipment		Operational / Crown Land	
	2021	2020	2021	2020	2021	2020	2021	2020
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Opening balance	18,140	18,091	12,771	12,642	6,225	7,071	2,575	2,432
Total gains or losses for the period								
Other movements								
Purchases (GBV)	385	330	1,010	330	799	696	–	53
Disposals (WDV)	(12)	(61)	(15)	(10)	(148)	(182)	(9)	–
Depreciation and impairment	(400)	(388)	(336)	(309)	(1,387)	(1,360)	–	–
Revaluation increment to ARR	167	168	124	118	–	–	–	–
Rounding & other movement	–	–	(1)	–	1	–	(81)	90
Closing balance	18,280	18,140	13,553	12,771	5,490	6,225	2,485	2,575

	Community / Crown Land		Land improve-ments		Bulk earthworks		Buildings non-specialised	
	2021	2020	2021	2020	2021	2020	2021	2020
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Opening balance	1,411	1,428	891	765	6,640	6,599	1,439	1,367
Total gains or losses for the period								
Other movements								
Purchases (GBV)	–	–	–	141	1,863	41	17	80
Depreciation and impairment	–	–	(18)	(15)	–	–	(64)	(63)
Revaluation increment to ARR	–	–	–	–	–	–	–	55
Rounding & other movement	82	(17)	(1)	–	–	–	–	–
Closing balance	1,493	1,411	872	891	8,503	6,640	1,392	1,439

E2-1 Fair value measurement (continued)

	Building specialised		Other structures		Roads infrastructure		Stormwater drainage	
	2021	2020	2021	2020	2021	2020	2021	2020
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Opening balance	17,963	18,302	13,025	12,398	205,721	205,781	7,582	7,621
Total gains or losses for the period								
Other movements								
Purchases (GBV)	981	106	840	571	2,706	2,486	–	–
Disposals (WDV)	(37)	–	–	–	–	–	–	–
Depreciation and impairment	(489)	(512)	(398)	(392)	(3,481)	(3,505)	(161)	(158)
Revaluation increment to ARR	–	67	2	429	2	945	1	119
Rounding & other movement	–	–	(1)	19	–	14	1	–
Closing balance	18,418	17,963	13,468	13,025	204,948	205,721	7,423	7,582

	Total	
	2021	2020
	\$ '000	\$ '000
Opening balance	294,383	294,497
Purchases (GBV)	8,601	4,834
Disposals (WDV)	(221)	(253)
Depreciation and impairment	(6,734)	(6,702)
Revaluation increment to ARR	296	1,901
Rounding & other movement	–	106
Closing balance	296,325	294,383

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

Following the desktop revaluation of Council Buildings and other structures as at 30/06/2019, by external consultants a number of buildings , 8 in total, were valued based on observable market evidence (level 2). Level 2 input was adjusted accordingly

Highest and best use

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

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

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

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

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

* For 180 Point Members, Employers are required to contribute 7% of salaries for the year ending 30 June 2020 (increasing to 7.5% in line with the increase in Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$40.0 million for 1 July 2019 to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2019. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

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

E3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2021 was \$ 167,330.82. The last formal valuation of the Scheme was performed by the Fund Actuary, Richard Boyfield FIAA as at 30 June 2020.

The amount of additional contributions included in the total employer contribution advised above is \$82,600. Council's expected contribution to the plan for the next annual reporting period is \$158,451.48.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2021 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	2,620.5	
Past Service Liabilities	2,445.6	107.2%
Vested Benefits	2,468.7	106.2%

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

The share of any funding surplus or deficit that is broadly attributed to Council is estimated to be in the order of 0.21% as at 30 June 2021.

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

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

Investment return	5.75% per annum
Salary inflation *	3.5% per annum
Increase in CPI	2.5% per annum

* Plus promotional increases

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

(ii) Statewide Limited

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

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

The future realisation and finalisation of claims incurred but not reported to 30/6 this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

(iii) StateCover Limited

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

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

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

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

(iv) Other guarantees

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

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) Garbage Depot Reinstatement

Garbage is disposed of in pits at the Coonamble Depot. When a new pit is required the old pit is reinstated at the same time as the digging of the new pit. As a result reinstatement costs are expensed each year. Should current practices change, it will be necessary to consider the need to establish a Garbage Depot Remediation provision.

(iii) Gravel Pits Reinstatement

Council's practice with regard to remediation of road reserve and private property gravel pits to construct water storage for future road maintenance or a farm dam in return for the use of material where feasible. If this is not feasible for whatever reason then the pit is scarified and seeded upon completion of works undertaken and expensed accordingly, therefor future remediation costs are zero.

ASSETS NOT RECOGNISED

(i) Land under roads

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

(ii) Infringement notices/fines

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

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

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

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

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

	2021 \$ '000	2020 \$ '000
Compensation:		
Short-term benefits	916	798
Post-employment benefits	115	120
Other long-term benefits	30	29
Total	1,061	947

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	Ref	Transactions during the year \$ '000	Outstanding balances including commitments \$ '000	Terms and conditions	Impairment provision on outstanding balances \$ '000	Impairment expense \$ '000
2021						
Supply of Product and Contract Services	1	3	—		—	—
Sponsorship of Local Events	2	17	—		—	—
Quarry Sales	3	39	1		—	—
Building renovations & repairs	4	55	—		—	—
Private Works	5	9	—		—	—
2020						
Quarry Sales	3	—	18		—	—
Building renovations & repairs	4	96	—		—	—
Purchase of Land	6	50	—		—	—

1 Council purchases refreshments for Council meetings from a local cafe of which a KMP is part owner. All goods are purchased at normal retail prices

2 Council provided sponsorship for a local event. A KMP is a member of the executive of the committee that organised the event

3 Council supplies various materials from its Quarry operations to the public. A KMP is an owner operator of a business that purchases product from the Quarry. All product is sold as per Council's adopted fee's and charges

4 As part of it 2020/21 works program Council were required to engage contractors to carry out various building infrastructure works throughout the year. In accordance with Council's procurement policy quotations were sought and quotations received with the works awarded in accordance with normal commercial terms. A KMP relative, who is a suitably qualified contractor was awarded a component of these works.

5 As the result of a fire damage a number of buildings in the Coonamble CBD were demolished by Council and the sites cleaned up. The demolition and disposal costs were then passed on to the various property owners. A KMP is an owner of one of the affected properties.

6 As per Council resolution land was purchased from a KMP

F1-2 Councillor and Mayoral fees and associated expenses

	2021	2020
	\$ '000	\$ '000

The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:

Mayoral fee	21	21
Councillors' fees	77	77
Other Councillors' expenses (including Mayor)	48	57
Total	146	155

F1-3 Other related parties

	Ref	Transactions during the year \$ '000	Outstanding balances including commitments \$ '000	Terms and conditions	Impairment provision on outstanding balances \$ '000	Impairment expense \$ '000
2021						
Library Services	1	71	–	Membership of Library Co-op	–	–
2020						
Library Services	1	61	–	Membership of Library Co-op	–	–

- 1 Council is a member of a Joint venture being the North Western Library Co-operative with three other Councils, each council contributes and equal amount to the joint venture each year for the operation of the service which is to purchase books and e-resources for the benefit of the residents and ratepayers in the four local government areas.

F2 Other relationships

F2-1 Audit fees

	2021 \$ '000	2020 \$ '000
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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

	57	62
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Remuneration for audit and other assurance services	57	62
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Total Auditor-General remuneration	57	62
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Total audit fees	57	62
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G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

	2021 \$ '000	2020 \$ '000
Net operating result from Income Statement	4,694	296
Adjust for non-cash items:		
Depreciation and amortisation	6,752	6,720
Net losses/(gains) on disposal of assets	(15)	95
Adoption of AASB 15/1058	–	(684)
Impairment losses recognition	–	25
Share of net (profits)/losses of associates/joint ventures using the equity method	(9)	(9)
+/- Movement in operating assets and liabilities and other cash items:		
Decrease/(increase) in receivables	(2,597)	1,150
Increase/(decrease) in provision for impairment of receivables	–	55
Decrease/(increase) in inventories	33	(321)
Decrease/(increase) in other current assets	(38)	16
Increase/(decrease) in payables	(5)	(150)
Increase/(decrease) in other accrued expenses payable	133	(71)
Increase/(decrease) in other liabilities	159	(50)
Increase/(decrease) in contract liabilities	195	973
Increase/(decrease) in provision for employee benefits	–	79
Net cash provided from/(used in) operating activities from the Statement of Cash Flows	9,302	8,124

G2-1 Commitments

Capital commitments (exclusive of GST)

	2021 \$ '000	2020 \$ '000
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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

Buildings	437	1,466
Other Structures	570	2,635
Road infrastructure	1,344	—
Total commitments	2,351	4,101

These expenditures are payable as follows:

Within the next year	2,351	4,101
Total payable	2,351	4,101

Sources for funding of capital commitments:

Unrestricted general funds	—	159
Future grants and contributions	899	2,438
Unexpended grants	1,032	978
Internally restricted reserves	420	526
Total sources of funding	2,351	4,101

Details of capital commitments

Completion of Stronger Country Communities and Drought Community Programs

G3-1 Events occurring after the reporting date

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

G4 Changes from prior year statements

G4-1 Changes in accounting policy

Voluntary changes in accounting policies

Council made no voluntary changes in any accounting policies during the year.

G4-2 Correction of errors

Council made no correction of errors during the current reporting period.

G4-3 Changes in accounting estimates

Council made no changes in accounting estimates during the year.

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2021	Indicator 2021	Indicators 20202019		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	1,709	7.47%	(12.20)%	5.46%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	22,881				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	12,703	49.16%	53.33%	51.03%	> 60.00%
Total continuing operating revenue ¹	25,842				
3. Unrestricted current ratio					
Current assets less all external restrictions	21,333	7.74x	8.00x	7.27x	> 1.50x
Current liabilities less specific purpose liabilities	2,757				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	8,463	138.74x	68.98x	133.73x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	61				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	556	7.57%	8.15%	6.21%	< 10.00%
Rates and annual charges collectable	7,344				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	26,869	20.30	18.72	17.33	> 3.00
Monthly payments from cash flow of operating and financing activities	1,324	mths	mths	mths	mths

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

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

G5-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2021	2020	2021	2020	2021	2020	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1, 2}	7.06%	(14.36)%	26.23%	4.41%	(10.77)%	(0.66)%	> 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	44.44%	48.39%	100.00%	89.70%	83.94%	97.68%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	7.74x	8.00x	33.38x	34.27x	266.05x	56.64x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	122.26x	56.89x	∞	∞	∞	∞	> 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	5.90%	7.19%	11.42%	6.36%	15.45%	16.82%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	22.83 mths	19.41 mths	5.82 mths	2.31 mths	3.65 mths	30.85 mths	> 3.00 mths
Monthly payments from cash flow of operating and financing activities							

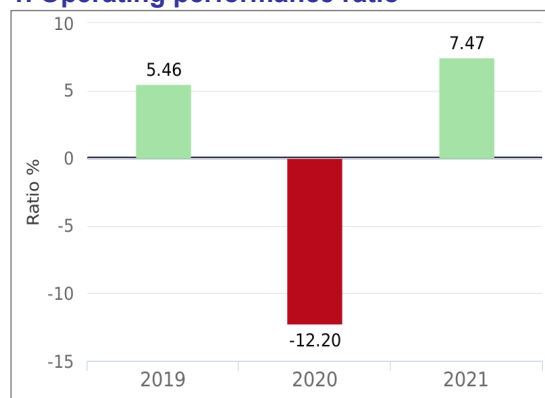
(1) - (2) Refer to Notes at Note 23a above.

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

H Additional Council disclosures (unaudited)

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

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2020/21 result

2020/21 ratio 7.47%

Council's operating performance ratio exceeds the industry benchmark. It should be noted that Council was successful in obtaining additional unbudgeted Operational Grants which have improved Council's overall operating result.

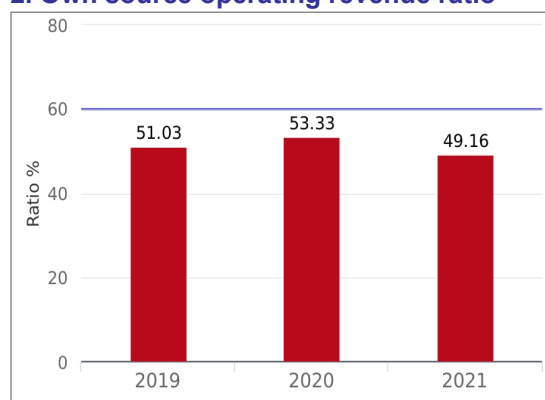
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2020/21 result

2020/21 ratio 49.16%

During the 2020/21 financial year, Council received significant additional income in the form of Government grants and contributions. It is through the receipt of these additional funds that Council's 2020/21 result does not meet the industry benchmark of 60%.

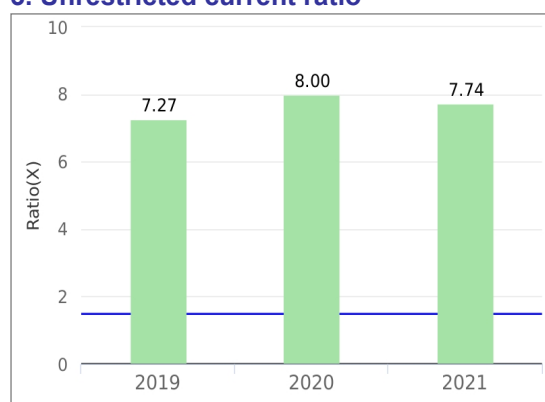
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2020/21 result

2020/21 ratio 7.74x

Council's unrestricted current ratio exceeds the industry benchmark of 1.5 which indicates that Council is capable to satisfy its debts as and when they fall due.

Benchmark: — > 1.50x

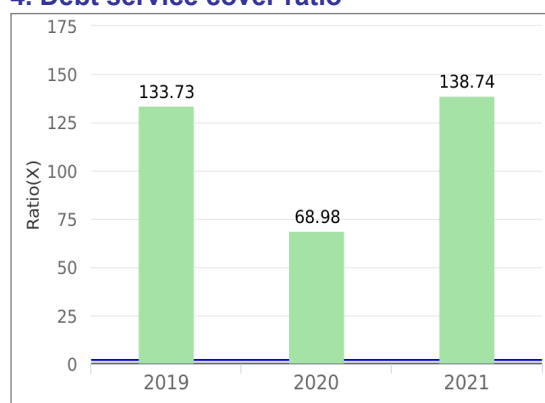
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2020/21 result

2020/21 ratio 138.74x

The Debt service ratio indicates that Council has sufficient operating cash to service its debts.

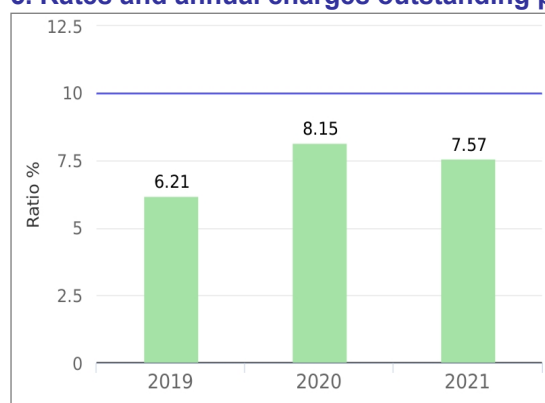
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2020/21 result

2020/21 ratio 7.57%

Whilst Council's 2020/21 ratio is below the industry standard it should be noted that Council's performance in this ratio has deteriorated slightly when compared to previous years.

This deterioration is due to a combination of a 0% interest rate on overdue rates and annual charges for the first six (6) months of the year combined with the placing on hold of any new debt recovery action.

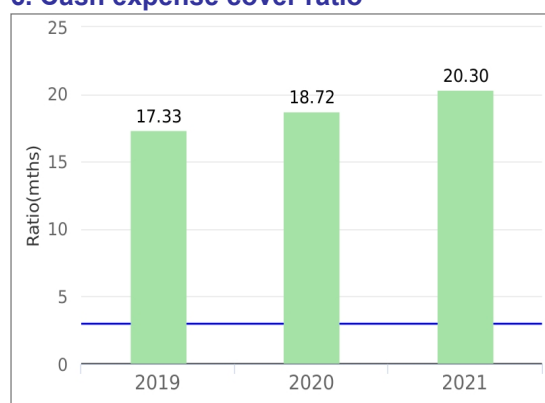
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2020/21 result

2020/21 ratio 20.30 mths

The ratio is well above the industry standard of 3 months which indicates that Council has sufficient liquidity to mitigate any unforeseen future events. It is noted that 2020/21 ratio has improved from the previous result.

Benchmark: — > 3.00mths

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-2 Council information and contact details

Principal place of business:

80 Castlereagh Street
Coonamble NSW 2829

Contact details**Mailing Address:**

PO Box 249
Coonamble NSW 2829

Telephone: 02 68271900

Facsimile: 02 68221626

Opening hours:

8:30am - 5:00pm
Monday to Friday

Internet: www.coonambleshire.nsw.gov.au

Email: council@coonambleshire.nsw.gov.au

Officers

Hein Basson
General Manager

Bruce Quarmby
Responsible Accounting Officer

Auditors

Auditor General of NSW

Elected members

Cr. Al Karanouh
Mayor

Councillors

Cr. Paul Wheelhouse (Deputy Mayor)
Cr. Karen Churchill
Cr. Pat Cullen
Cr. Barbara Deans
Cr. Bill Fisher
Cr. Robert Thomas

Other information

ABN: 19 499 848 443



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Coonamble Shire Council

To the Councillors of the Coonamble Shire Council

Opinion

I have audited the accompanying financial statements of Coonamble Shire Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2021, the Statement of Financial Position as at 30 June 2021, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been prepared, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2021, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

The Council's annual report for the year ended 30 June 2021 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Manuel Moncada
Delegate of the Auditor-General for New South Wales

27 October 2021
SYDNEY



Cr Al Karanouh
Mayor
Coonamble Shire Council
PO Box 249
COONAMBLE NSW 2829

Contact: Manuel Moncada
Phone no: 02 9275 7333
Our ref: D2122821/1717

27 October 2021

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2021
Coonamble Shire Council**

I have audited the general purpose financial statements (GPFS) of the Coonamble Shire Council (the Council) for the year ended 30 June 2021 as required by section 415 of the *Local Government Act 1993* (the Act).

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

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2021 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS

Rural fire-fighting equipment not recognised in the financial statements

Council did not record rural fire-fighting equipment in the financial statements.

Rural firefighting equipment, specifically the red fleet vehicles, is controlled by the Council and should be recognised in their financial statements. This is supported by the requirements of the *Rural Fires Act 1997* and service agreements between councils and the RFS.

The Department of Planning, Industry and Environment (inclusive of the Office of Local Government) confirmed in the 'Report on Local Government 2020' (tabled in Parliament on 27 May 2021) their view that rural firefighting equipment is not controlled by the NSW Rural Fire Service.

INCOME STATEMENT

Operating result

	2021 \$m	2020 \$m	Variance %
Rates and annual charges revenue	6.74	6.52	↑ 3.4
Grants and contributions revenue	13.14	10.49	↑ 25.3
Operating result from continuing operations	4.69	0.30	↑ 1,463
Net operating result before capital grants and contributions	1.73	(2.49)	↑ 170

Council's operating result (\$4.69 million including the effect of depreciation and amortisation expense of \$6.75 million) was \$4.39 million higher than the 2019–20 result. This was mainly due to increased revenue from grants and other revenues.

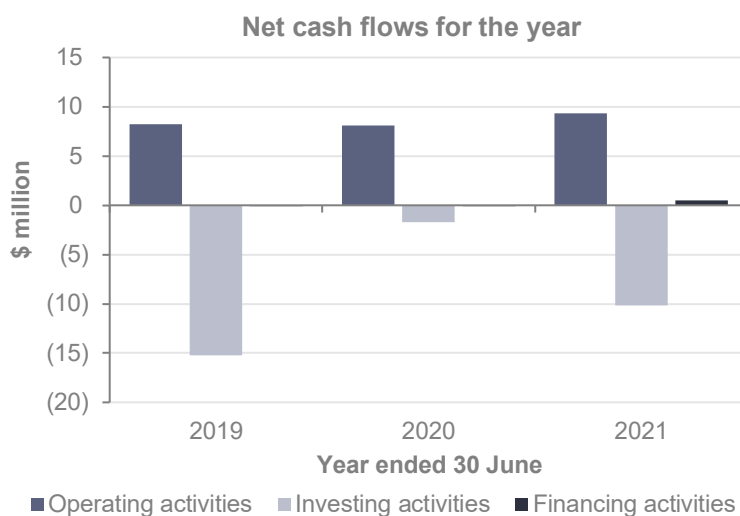
The net operating result before capital grants and contributions (\$1.73 million) was \$4.22 million higher than the 2019–20 result. This was due mostly due to the increased revenue noted above.

Rates and annual charges revenue (\$6.74 million) increased by \$0.22 million (3.4 per cent) in 2020–2021.

Grants and contributions revenue (\$13.14 million) increased by \$2.65 million (25.3 per cent) in 2020–2021 due to the receipt of additional funds for transport, tourism and other projects.

STATEMENT OF CASH FLOWS

- The Statement of Cash Flows illustrates the flow of cash and cash equivalents moving in and out of Council during the year and reveals that cash decreased by \$336,000 to \$13.6 million at the close of the year.



FINANCIAL POSITION

Cash and investments

Cash and investments	2021	2020	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	26.9	27.0	<ul style="list-style-type: none"> External restrictions include unspent specific purpose grants, domestic waste management charges, and water and sewerage funds. Balances are internally restricted due to Council policy or decisions for forward plans including works program.
Restricted cash and investments:			
• External restrictions	10.9	10.5	
• Internal restrictions	13.4	12.9	

Debt

After repaying principal and interest of \$61,000 and taking up new borrowings of \$550,000, total debt as at 30 June 2021 was \$583,000 (2020: \$41,000).

PERFORMANCE

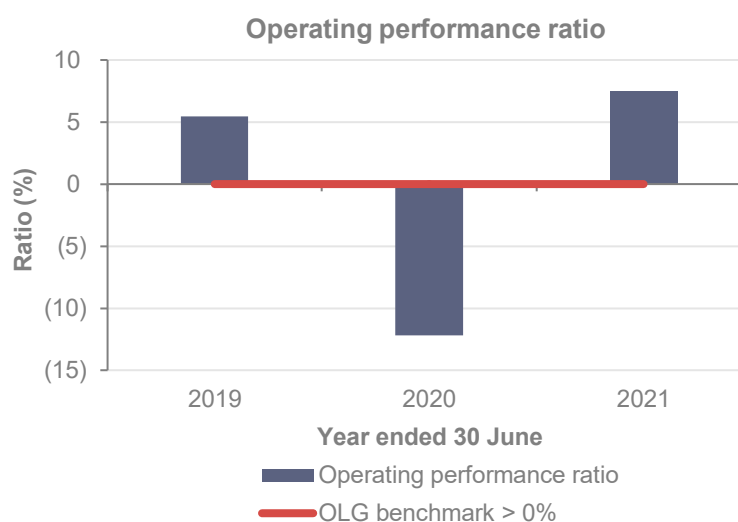
Performance measures

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

Operating performance ratio

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

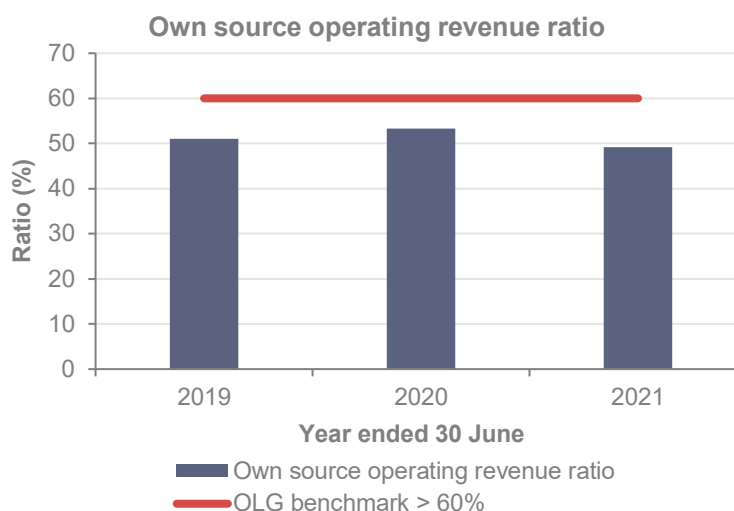
The Council exceeded the OLG benchmark for the current reporting period.



Own source operating revenue ratio

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

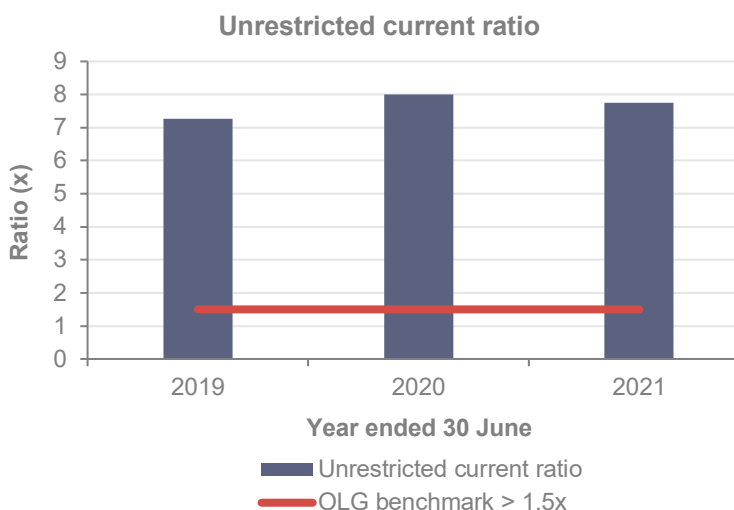
The Council did not meet the OLG benchmark for the current reporting period.



Unrestricted current ratio

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

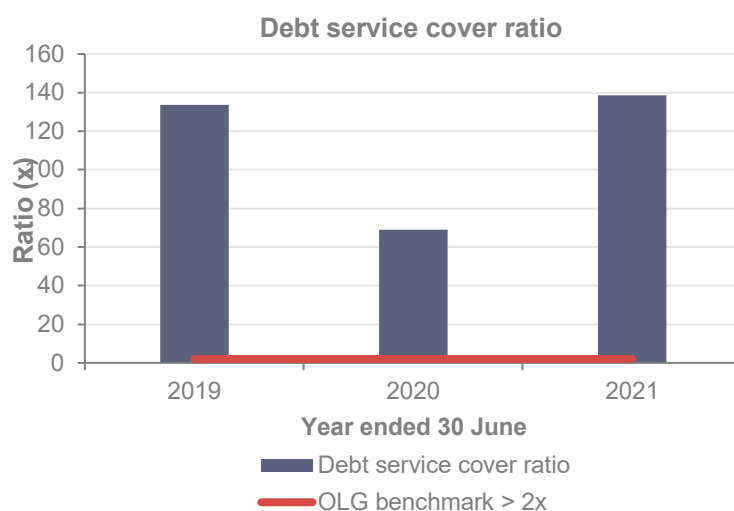
The Council exceeded the OLG benchmark for the current reporting period.



Debt service cover ratio

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

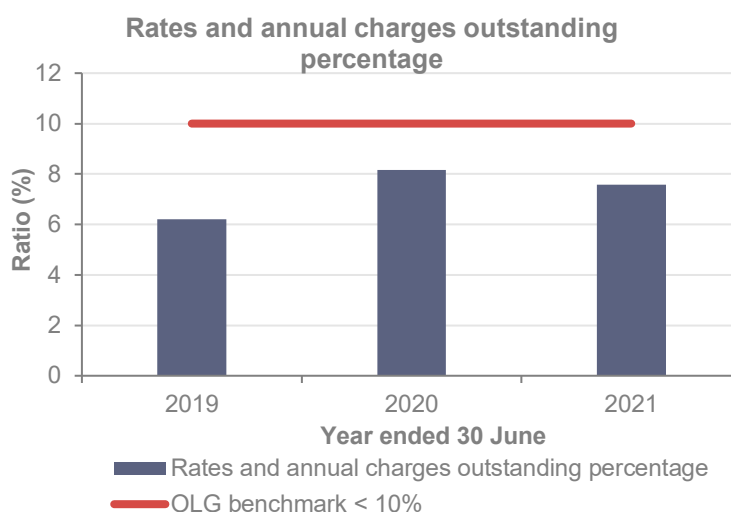
The Council exceeded the OLG benchmark for the current reporting period.



Rates and annual charges outstanding percentage

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

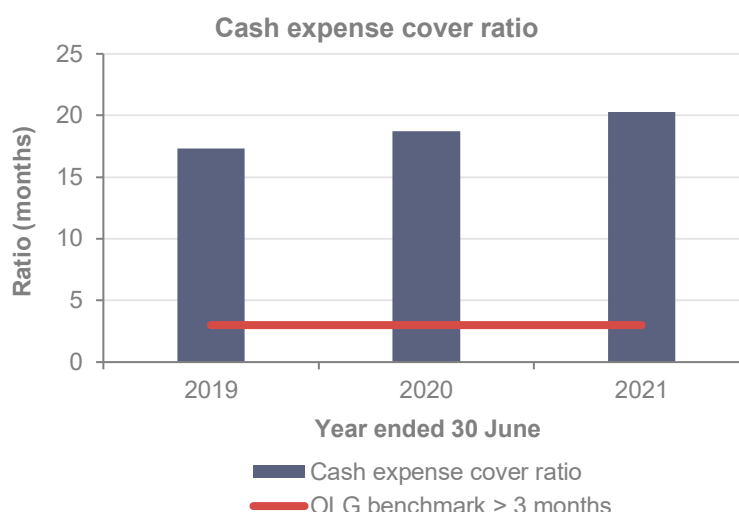
The Council did not meet the OLG benchmark for the current reporting period.



Cash expense cover ratio

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

The Council exceeded the OLG benchmark for the current reporting period.



Infrastructure, property, plant and equipment renewals

- Council's asset renewal additions for the year were \$6.8 million compared \$4.2 million for the prior year
- The level of asset renewals during the year represented 101 percent of the total depreciation expense (\$6.7 million) for the year.

OTHER MATTERS

Legislative compliance

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

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

The Council's:

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

A handwritten signature in black ink, appearing to be 'Manuel Moncada', written in a cursive style.

Manuel Moncada
Delegate of the Auditor-General for New South Wales

cc: Hein Basson, General Manager
Kiersten Fishburn, Secretary of the Department of Planning, Industry and Environment

Coonamble Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2021



Special Purpose Financial Statements

for the year ended 30 June 2021

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Background

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

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

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

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

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

Coonamble Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2021

Statement by Councillors and Management

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

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

- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,
- the NSW Office of Water Best-Practice Management of Water and Sewerage Guidelines.

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

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

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

Signed in accordance with a resolution of Council made on 15 September 2021.



Cr Admad Karanovich
Mayor
15 September 2021



Bill Fisher
Councillor
15 September 2021



Hein Basson
General Manager
15 September 2021



Bruce Quarmby
Responsible Accounting Officer
15 September 2021

Coonamble Shire Council

Income Statement of water supply business activity

for the year ended 30 June 2021

	2021 \$ '000	2020 \$ '000
Income from continuing operations		
Access charges	658	594
User charges	680	771
Fees	–	1
Interest	20	60
Grants and contributions provided for non-capital purposes	–	166
Other income	110	19
Total income from continuing operations	1,468	1,611
Expenses from continuing operations		
Employee benefits and on-costs	–	241
Materials and services	658	837
Depreciation, amortisation and impairment	400	388
Water purchase charges	13	13
Loss on sale of assets	12	61
Total expenses from continuing operations	1,083	1,540
Surplus (deficit) from continuing operations before capital amounts	385	71
Surplus (deficit) from continuing operations after capital amounts	385	71
Surplus (deficit) from all operations before tax	385	71
Less: corporate taxation equivalent [based on result before capital]	(100)	(20)
Surplus (deficit) after tax	285	51
Plus accumulated surplus	14,185	14,114
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	100	20
Closing accumulated surplus	14,570	14,185
Return on capital %	2.1%	0.4%
Subsidy from Council	–	89
Calculation of dividend payable:		
Surplus (deficit) after tax	285	51
Surplus for dividend calculation purposes	285	51
Potential dividend calculated from surplus	142	26

Coonamble Shire Council

Income Statement of sewerage business activity

for the year ended 30 June 2021

	2021 \$ '000	2020 \$ '000
Income from continuing operations		
Access charges	711	684
User charges	118	119
Interest	24	77
Grants and contributions provided for non-capital purposes	164	21
Other income	4	4
Total income from continuing operations	1,021	905
Expenses from continuing operations		
Employee benefits and on-costs	–	217
Materials and services	779	364
Depreciation, amortisation and impairment	336	309
Loss on sale of assets	16	10
Other expenses	–	11
Total expenses from continuing operations	1,131	911
Surplus (deficit) from continuing operations before capital amounts	(110)	(6)
Surplus (deficit) from continuing operations after capital amounts	(110)	(6)
Surplus (deficit) from all operations before tax	(110)	(6)
Surplus (deficit) after tax	(110)	(6)
Plus accumulated surplus	12,492	12,498
Plus adjustments for amounts unpaid:		
Closing accumulated surplus	12,382	12,492
Return on capital %	(0.8)%	0.0%
Subsidy from Council	312	119
Calculation of dividend payable:		
Surplus (deficit) after tax	(110)	(6)
Surplus for dividend calculation purposes	–	–
Potential dividend calculated from surplus	–	–

Coonamble Shire Council

Income Statement of Quarry

for the year ended 30 June 2021

	2021 Category 2 \$ '000	2020 Category 2 \$ '000
Income from continuing operations		
User charges	2,472	1,813
Other income	–	330
Total income from continuing operations	2,472	2,143
Expenses from continuing operations		
Employee benefits and on-costs	403	329
Materials and services	1,035	1,032
Depreciation, amortisation and impairment	241	231
Total expenses from continuing operations	1,679	1,592
Surplus (deficit) from continuing operations before capital amounts	793	551
Surplus (deficit) from continuing operations after capital amounts	793	551
Surplus (deficit) from all operations before tax	793	551
Less: corporate taxation equivalent [based on result before capital]	(206)	(152)
Surplus (deficit) after tax	587	399
Plus accumulated surplus	6,810	6,259
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	206	152
Closing accumulated surplus	7,603	6,810
Return on capital %	59.5%	36.6%

Coonamble Shire Council

Statement of Financial Position of water supply business activity

as at 30 June 2021

	2021 \$ '000	2020 \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	525	210
Investments	2,623	2,530
Receivables	457	447
Total current assets	3,605	3,187
Non-current assets		
Receivables	124	115
Infrastructure, property, plant and equipment	18,280	18,140
Total non-current assets	18,404	18,255
Total assets	22,009	21,442
LIABILITIES		
Current liabilities		
Payables	48	29
Income received in advance	60	64
Total current liabilities	108	93
Total liabilities	108	93
Net assets	21,901	21,349
EQUITY		
Accumulated surplus	14,570	14,185
Revaluation reserves	7,331	7,164
Total equity	21,901	21,349

Coonamble Shire Council

Statement of Financial Position of sewerage business activity

as at 30 June 2021

	2021 \$ '000	2020 \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	344	1,522
Investments	4,331	4,131
Receivables	380	181
Total current assets	5,055	5,834
Non-current assets		
Infrastructure, property, plant and equipment	13,554	12,845
Total non-current assets	13,554	12,845
Total assets	18,609	18,679
LIABILITIES		
Current liabilities		
Payables	19	103
Total current liabilities	19	103
Total liabilities	19	103
Net assets	18,590	18,576
EQUITY		
Accumulated surplus	12,382	12,492
Revaluation reserves	6,208	6,084
Total equity	18,590	18,576

Coonamble Shire Council

Statement of Financial Position of Quarry

as at 30 June 2021

	2021 Category 2 \$ '000	2020 Category 2 \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	5,518	4,525
Inventories	587	660
Receivables	166	164
Total current assets	6,271	5,349
Non-current assets		
Infrastructure, property, plant and equipment	1,332	1,504
Total non-current assets	1,332	1,504
Total assets	7,603	6,853
LIABILITIES		
Current liabilities		
Payables	–	43
Total current liabilities	–	43
Total liabilities	–	43
Net assets	7,603	6,810
EQUITY		
Accumulated surplus	7,603	6,810
Total equity	7,603	6,810

Note – Significant Accounting Policies

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

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

The figures presented in these 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 2005* (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)

Council does not operate any Category 1 business activities.

Category 2

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

a. Water Supply Service

Comprising the whole of the water supply operations and net assets servicing Coonamble Shire.

b. Sewerage Service

Comprising the whole of the sewerage reticulation and treatment operations and net assets system servicing Coonamble Shire.

c. Quarry Operations

Extraction and production of road making materials.

Taxation equivalent charges

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

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

Note – Significant Accounting Policies (continued)

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 – **26%**

Land tax – the first \$692,000 of combined land values attracts **0%**. For the combined land values in excess of \$692,001 up to \$4,231,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$4,231,000 a premium marginal rate of **2.0%** applies.

Payroll tax – **5.45%** on the value of taxable salaries and wages in excess of \$850,000.

In accordance with the Department of Industry (DoI) – 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 DoI – Water guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

Achievement of substantial compliance to the DoI – 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 26%.

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

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

The rate applied of 26% is/is not the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

Note – Significant Accounting Policies (continued)

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 1.49% at 30/6/21.

(iii) Dividends

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

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

Each dividend must be calculated and approved in accordance with the Department of Industry – Water guidelines and must not exceed:

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2021 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Department of Industry – Water guidelines a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the Department of Industry – Water.



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Coonamble Shire Council

To the Councillors of the Coonamble Shire Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Coonamble Shire Council's (the Council) Declared Business Activities, which comprise the Statement by Councillors and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2021, the Statement of Financial Position of each Declared Business Activity as at 30 June 2021 and the Significant accounting policies note.

The Declared Business Activities of the Council are:

- Water Supply Business Activity
- Sewerage Business Activity
- Quarry.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2021, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in the Significant accounting policies note and the Local Government Code of Accounting Practice and Financial Reporting 2020–21 (LG Code).

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

The Council's annual report for the year ended 30 June 2021 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'Manuel Moncada', with a stylized flourish at the end.

Manuel Moncada

Delegate of the Auditor-General for New South Wales

27 October 2021
SYDNEY

Coonamble Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2021



Coonamble Shire Council

Special Schedules

for the year ended 30 June 2021

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Coonamble Shire Council

Permissible income for general rates

	Notes	Calculation 2020/21 \$ '000	Calculation 2021/22 \$ '000
Notional general income calculation ¹			
Last year notional general income yield	a	4,836	4,982
Plus or minus adjustments ²	b	(1)	(7)
Notional general income	c = a + b	4,835	4,975
Permissible income calculation			
Or rate peg percentage	e	2.60%	2.00%
Or plus rate peg amount	i = e x (c + g)	126	100
Sub-total	k = (c + g + h + i + j)	4,961	5,075
Plus (or minus) last year's carry forward total	l	7	(13)
Sub-total	n = (l + m)	7	(13)
Total permissible income	o = k + n	4,968	5,062
Less notional general income yield	p	4,982	5,002
Catch-up or (excess) result	q = o - p	(14)	59
Plus income lost due to valuation objections claimed ³	r	—	(1)
Less unused catch-up ⁴	s	1	—
Carry forward to next year ⁵	t = q + r + s	(13)	58

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.
- (3) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (4) Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- (5) 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.



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Coonamble Shire Council

To the Councillors of Coonamble Shire Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Coonamble Shire Council (the Council) for the year ending 30 June 2022.

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting 2020–21 (LG Code) and is in accordance with the books and records of the Council.

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

The Council's annual report for the year ended 30 June 2021 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, special purpose financial statements and Special Schedule 'Report on infrastructure assets as at 30 June 2021'.

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the Schedule.

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

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

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

A handwritten signature in black ink, appearing to read 'Manuel Moncada', with a stylized flourish at the end.

Manuel Moncada

Delegate of the Auditor-General for New South Wales

27 October 2021
SYDNEY

Coonamble Shire Council

Report on infrastructure assets as at 30 June 2021

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2020/21 Required maintenance ^a	2020/21 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	Buildings	1,374	2,336	295	127	21,139	32,798	18.4%	32.0%	49.0%	0.6%	0.0%
	Sub-total	1,374	2,336	295	127	21,139	32,798	18.4%	32.0%	49.0%	0.6%	0.0%
Other structures	Other structures	945	1,437	102	116	13,468	20,349	8.0%	20.8%	37.5%	33.7%	0.0%
	Sub-total	945	1,437	102	116	13,468	20,349	8.0%	20.8%	37.5%	33.7%	0.0%
Roads	Roads	7,207	15,293	1,490	1,963	181,669	249,136	23.9%	50.7%	17.1%	8.3%	0.0%
	Bridges	—	—	25	—	21,970	25,901	46.8%	53.2%	0.0%	0.0%	0.0%
	Footpaths	5	48	90	88	1,309	1,814	76.7%	21.4%	1.9%	0.0%	0.0%
	Bulk earthworks	—	—	5	2	8,503	8,503	46.7%	29.5%	21.0%	2.5%	0.3%
	Sub-total	7,212	15,341	1,610	2,053	213,451	285,354	27.0%	50.1%	15.6%	7.3%	0.0%
Water supply network	Water supply network	220	440	260	355	18,280	26,628	25.0%	15.0%	50.0%	10.0%	0.0%
	Sub-total	220	440	260	355	18,280	26,628	25.0%	15.0%	50.0%	10.0%	0.0%
Sewerage network	Sewerage network	160	320	482	281	13,553	29,097	25.0%	15.0%	50.0%	10.0%	0.0%
	Sub-total	160	320	482	281	13,553	29,097	25.0%	15.0%	50.0%	10.0%	0.0%
Stormwater drainage	Stormwater drainage	8	145	3	3	7,423	12,013	0.0%	0.0%	0.0%	0.0%	100.0%
	Sub-total	8	145	3	3	7,423	12,013	0.0%	0.0%	0.0%	0.0%	100.0%
Total – all assets		9,919	20,019	2,752	2,935	287,314	406,239	24.3%	40.9%	23.6%	8.3%	3.0%

(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)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

Coonamble Shire Council

Report on infrastructure assets as at 30 June 2021

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2021	Indicator 2021	Indicators 20202019		Benchmark
Buildings and infrastructure renewals ratio					
Asset renewals ¹	7,516	141.04%	50.61%	172.25%	>= 100.00%
Depreciation, amortisation and impairment	5,329				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	9,919	3.41%	2.83%	2.77%	< 2.00%
Net carrying amount of infrastructure assets	290,646				
Asset maintenance ratio					
Actual asset maintenance	2,935	106.65%	149.31%	124.40%	> 100.00%
Required asset maintenance	2,752				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	20,019	4.93%	3.87%	2.03%	
Gross replacement cost	406,239				

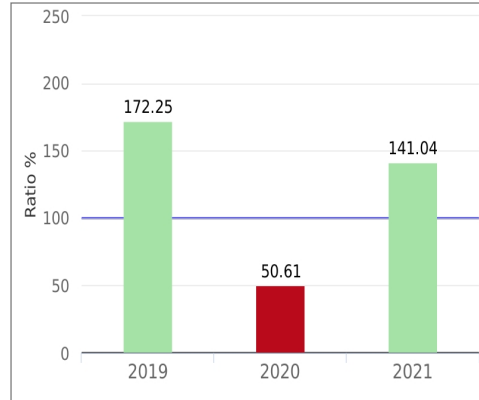
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

Coonamble Shire Council

Report on infrastructure assets as at 30 June 2021

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

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

Commentary on result

20/21 ratio 141.04%

Council has sufficiently funded the renewal of its infrastructure greater than that of the rate of the depreciation being incurred.

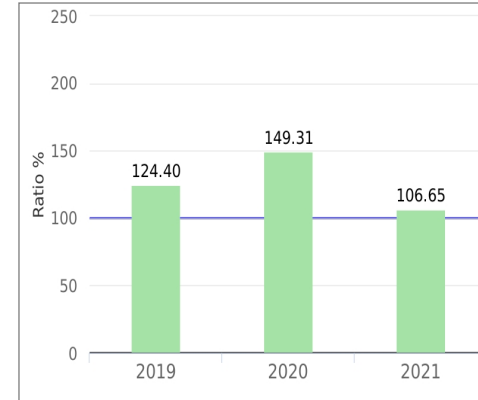
Benchmark: — $\geq 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

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

Commentary on result

20/21 ratio 106.65%

Council continues to sufficiently fund the maintenance of its assets ensuring assets conditions are maintained in a satisfactory condition.

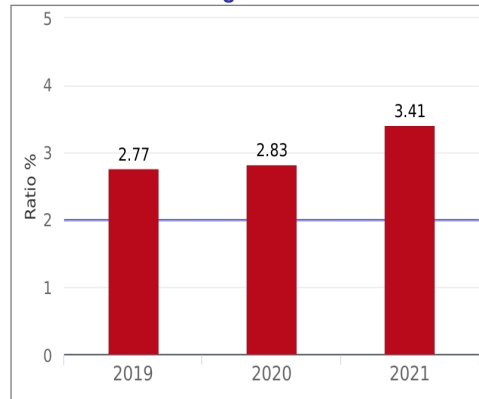
Benchmark: — $> 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

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

Commentary on result

20/21 ratio 3.41%

Council's Infrastructure backlog ratio has increased slightly from the 2020 result. During the 2020/21 year Council will review its building and infrastructure renewals program to work towards bringing this ratio under the agreed benchmark.

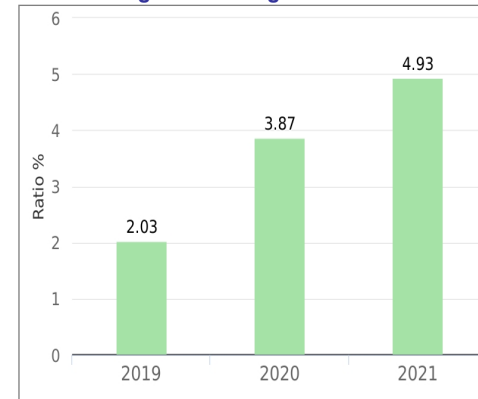
Benchmark: — $< 2.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

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

Commentary on result

20/21 ratio 4.93%

Due to the communities expectation of higher levels of service from Council assets that this ratio is indeed higher than Councils infrastructure backlog ratio. During the 2021/22 year Council will review its building and infrastructure renewals program to work towards improving this ratio.

Coonamble Shire Council

Report on infrastructure assets as at 30 June 2021

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2021	2020	2021	2020	2021	2020	
Buildings and infrastructure renewals ratio							
Asset renewals ¹	142.24%	49.33%	96.25%	85.05%	177.98%	26.54%	>= 100.00%
Depreciation, amortisation and impairment							
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard	3.69%	3.03%	1.20%	1.21%	1.18%	1.25%	< 2.00%
Net carrying amount of infrastructure assets							
Asset maintenance ratio							
Actual asset maintenance	114.38%	135.79%	136.54%	197.69%	58.30%	217.12%	> 100.00%
Required asset maintenance							
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council	5.49%	4.10%	1.65%	1.69%	1.10%	1.13%	
Gross replacement cost							

(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.