
NARROMINE SHIRE COUNCIL
ORDINARY MEETING BUSINESS PAPER – 10 NOVEMBER 2021
REPORTS TO COUNCIL – FINANCE & CORPORATE STRATEGY

1. INVESTMENT REPORT AS AT 31 OCTOBER 2021

Author	Acting Director Finance & Corporate Strategy
Responsible Officer	Acting Director Finance & Corporate Strategy
Link to Strategic Plans	CSP – 4.3 A financially sound Council that is responsible and sustainable DP - 4.3.1.5 Provide monthly cash balances and detailed quarterly financial reports to Council.

Executive Summary

Council's investments are made in accordance with legislative requirements and are certified as such by the Responsible Accounting Officer.

Report

Under the Local Government Act 1993 and Local Government (General) Regulation 2005, the Responsible Accounting Officer is required to report on Council's Investment portfolio on a monthly basis.

The management of Council's Investments is delegated by the General Manager to the Acting Director of Finance and Corporate Strategy.

Council's current investment portfolio is diversified across a number of investment types and institutions. This includes term deposits, on-call accounts and managed funds. Investments are in accordance with the Office of Local Government's Guidelines and Council's Investment Policy.

The Government Guarantee on aggregated Investments up to \$1 million per account holder per institution expired 1 February 2012 and the new cap is \$250,000.

The investment portfolio decreased **\$94,978** during the reporting period. This is due to the decreased unit price in managed funds.

Financial Implications

The 2021/22 Budget estimates the total annual Investment Revenue as \$879,279 which represents an estimated return of 4.4% and is split proportionally across General, Water and Sewer Funds and changes on a monthly basis in accordance with cash flow requirements.

The market value of Council's Investments held as at 31 October 2021 is **\$25,853,372** (last month \$25,948,350). The full list of investments is in **Attachment No. 1**.

**NARROMINE SHIRE COUNCIL
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1. INVESTMENT REPORT AS AT 31 OCTOBER 2021 (Cont'd)

Legal and Regulatory Compliance

- Local Government Act, 1993 – Section 625
- Local Government (General) Regulation, 2005 – Clause 212
- Council Investment Policy adopted 11 March 2015
- Ministerial Investment Order – 12 January 2011

Risk Management Issues

Council's risk management strategy is to diversify the allocation of funds across different financial institutions and government authorities based on credit ratings as per the Investment Policy. The investment portfolio is regularly reviewed in order to maximise investment performance and minimise risk.

Certification – Responsible Accounting Officer

I hereby certify that the investments listed in the report have been made in accordance with Section 625 of the Local Government Act 1993, clause 212 of the Local Government (General) Regulation 2005 and Council's Investment Policy.

Attachments

- 1 Investments – 31 October 2021 (interim)

RECOMMENDATION

1. That the report regarding Council's Investment Portfolio be received and noted;
2. That the certification of the Responsible Accounting Officer is noted and the report adopted.

2. 2020-21 ANNUAL FINANCIAL STATEMENTS

Author	Acting Director Finance and Corporate Strategy
Responsible Officer	Acting Director Finance and Corporate Strategy
Link to Strategic Plans	CSP – 4.3.1 Operate and manage a Council in a financially sustainable manner that meets all statutory and regulatory compliance and Council policies. Delivery Program - 4.3.1.6 Prepare Council's Annual Financial Accounts in accordance with the relevant Acts and Regulations.

2. 2020-21 ANNUAL FINANCIAL STATEMENTS (Cont'd)

Executive Summary

The Annual Financial Statements have been prepared in accordance with the Office of Local Government's Code of Accounting Practice and Financial Reporting Guidelines and Australian Accounting Standards, have been audited and are presented to Council for adoption.

Report

The Financial Statements were submitted to the Office of Local Government on the 29th October 2021 and are attached (**Attachment No. 2**).

Section 420 of the Local Government Act stipulates that Council must allow a period of 7 days after accepting the Financial Statements for the public to make written submissions on the audited Financial Reports and/or the Auditors Report. Any submissions are referred to Council's Auditors for further comment as required.

Summary

Council's External Auditor's Report reflects a sound financial position as at 30th June 2021. This report forms part of the Financial Statements and can be found on pages 78 - 80.

Financial Implications

The Annual Financial Statements reflect the transactions previously reported to Council at the Quarterly Budget Reviews and the year-end adjustments.

Legal and Regulatory Compliance

Local Government Act 1993

Local Government Code of Accounting Practice and Financial Reporting Guidelines – Update 27

The Australian Accounting Standards and professional pronouncements of the Australian Standards Board

Risk Management Issues

Nil

Internal/External Consultation

The General Purpose Financial Statements and Special Purpose Financial Statements were audited by the NSW Audit Office.

Attachments

- 2 Financial Statements

RECOMMENDATION

1. That Council adopts the 2020-21 Audited Financial Statements and Auditors report, as presented.

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REPORTS TO COUNCIL – FINANCE & CORPORATE STRATEGY

3. QUARTERLY BUDGET REVIEW STATEMENT – 30 SEPTEMBER 2021

Author	Acting Director Finance and Corporate Strategy
Responsible Officer	Acting Director Finance and Corporate Strategy
Link to Strategic Plans	<p>CSP – 4.3.1 – Operate and manage Council in a financially sustainable manner that meets all statutory and regulatory compliance and Council policies.</p> <p>Delivery Program – 4.3.1.5 - Provide monthly cash balances and detailed quarterly financial reports to Council.</p>

Executive Summary

The Quarterly Budget Review Statement ("QBR") must be prepared by the Responsible Accounting Officer and presented to Council within two months of the end of the quarter.

Report

The Quarterly Budget Review Statement (QBR) has been prepared for the 30 September 2020 quarter and is presented to Council as **Attachment No.3**.

Council adopted a balanced cash based budget as part of the 2021-2022 Operational Plan at the 16 June 2021 Council Meeting. Since then the following changes have occurred –

- a) Since the start of the financial year Council has adopted recommendations from staff which have also impacted on the budget result. These changes have already been approved by Council and are included in the "Approved Changes Column" in the Income and Expenditure Review Statement of the QBR document.
- b) A review of the last three months has been carried out by staff and the changes are included in the "Variations for this Quarter" column of the QBR document.

The net result of all changes for the year to the end of September 2021 is **Nil** as all adjustments have been funded from Reserves or Carryover Works approved by Council at the August 2021 meeting.

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3. QUARTERLY BUDGET REVIEW STATEMENT - 30 SEPTEMBER 2021 (Cont.)

The adjustments which have been identified during the review are summarised below:

Summary	Budget Impact		
	General Fund	Water Fund	Sewer Fund
Balanced budget at commencement of year			
30 September 2021 QBR results	612,000		329,000
Results by fund	unbalanced	balanced	unbalanced
Transactions funded from Unrestricted Cash			
Narromine Aerodrome	(389,000)		
Sub Total	(389,000)		
Transactions funded from External Restrictions			
Land Development - Dappo Road Sewer Pump Station			(329,000)
Sub Total			(329,000)
Transactions funded from Internal Restrictions			
Land Development - Dappo Road Sewer Pump Station	(223,000)		
Sub Total	(223,000)		
Total	(612,000)		(329,000)
Budget Impact	-	-	-

The financial position of Narromine Shire Council as at 30th September 2021 is considered to be satisfactory and is confirmed by the Report from the Responsible Accounting Officer.

Summary

The Office of Local Government released guidelines on the preparation of Quarterly Budget Review Statements (QBRs) to Councils in December 2010 with mandatory reporting in line with the guideline which commenced in July 2011.

The QBRs must show, by reference to the estimated income and expenditure that is set out in the operational plan adopted by Council for the relevant year, a revised estimate of income and expenditure for that year.

3. QUARTERLY BUDGET REVIEW STATEMENT - 30 SEPTEMBER 2021 (Cont.)

It also requires the Budget Review Statement to include a report by the Responsible Accounting Officer as to whether or not they consider the Statement indicates Council to be in a satisfactory financial position (with regard to its original budget) and if not, to include recommendations for remedial action.

Financial Implications

Council's original budget was adopted on 16 June 2021 and reflected a balanced overall cash based budget.

Legal and Regulatory Compliance

Local Government (General) Regulation 2005 (the Regulations) clause 203 requires a Council's Responsible Accounting Officer to prepare and submit a quarterly budget review statement to the governing body of Council within two months of the end of the quarter.

Office of Local Government – Quarterly Budget Review Guidelines issued December 2010.

Risk Management Issues

Nil

Internal/External Consultation

Nil

Attachments

- 3 Quarterly Budget Review Statement

RECOMMENDATION

1. That the document entitled "Quarterly Budget Review Statement – 30 September 2021", as attached to the report, be noted;
2. That the variations of income, operating expenditure, capital expenditure and reserves as identified in the "Quarterly Budget Review Statement – 30 September 2021" be approved and voted.
3. That Council note the amount of \$389,000 is being allocated from Council's Unrestricted Cash Reserves.

Jeanette Coen

**Acting Director Finance & Corporate Strategy
Responsible Accounting Officer**

Attachment 1 - Investments - 31 October 2021

Financial Institution	Bank Rating	Investment Type/Maturity Date	Investment Rating	Current Rate	Term	Amount (\$)	Comment
Cash & At Call							
CBA	AA-	Business Online Saver - at call	A-1+	0.10%	N/A	4,418,450.24	S&P Short Term
TOTAL						4,418,450.24	
Percentage Exposure of Total Portfolio						17.09%	
Pooled Managed Investments							
				Mth %	FYTD%	Market Value	
TCorp	AAA	T-CorpIM Long Term Growth Fund		-0.39%	1.33%	17,189,237	
TCorp	AAA	T-CorpIM Medium Term Growth Fund		-0.65%	0.50%	4,245,685	
TOTAL						21,434,922	
Percentage Exposure of Total Portfolio						82.91%	
Total Investments and Cash						25,853,372	

Narromine Shire Council

ANNUAL FINANCIAL STATEMENTS for the year ended 30 June 2021

*To enhance our Shire's image, lifestyle and environment
through effective leadership, community involvement and
commitment to service.*



Narromine Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS for the year ended 30 June 2021

*To enhance our Shire's image, lifestyle and environment
through effective leadership, community involvement and
commitment to service.*



Narromine Shire Council

General Purpose Financial Statements

for the year ended 30 June 2021

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Overview

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

124 Dandaloo Street
Narromine NSW 2821

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

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

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

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

Narromine 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.

Narromine Shire Council

General Purpose Financial Statements

for the year ended 30 June 2021

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:

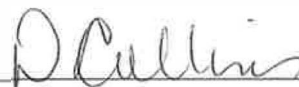
- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

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 08 September 2021.



Cr Craig Davies
Mayor
08 September 2021



Cr Dawn Collins
Councillor
08 September 2021



Jane Redden
General Manager
08 September 2021



Jeanette Coen
Responsible Accounting Officer
08 September 2021

Narromine Shire Council

Income Statement

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
	Income from continuing operations			
9,904	Rates and annual charges	B2-1	9,409	9,037
2,486	User charges and fees	B2-2	2,936	2,849
300	Other revenue		341	296
6,708	Grants and contributions provided for operating purposes	B2-3	8,001	7,845
1,648	Grants and contributions provided for capital purposes	B2-3	9,125	3,982
628	Interest and investment income	B2-4	2,551	(130)
351	Other income		190	223
–	Net gains from the disposal of assets		–	514
22,025	Total income from continuing operations		32,553	24,616
	Expenses from continuing operations			
7,452	Employee benefits and on-costs	B3-1	7,131	6,959
6,730	Materials and services	B3-2	6,930	6,669
225	Borrowing costs		108	93
5,840	Depreciation, amortisation and impairment for non-financial assets	B3-3	6,632	5,680
50	Other expenses	B3-4	1,261	798
–	Net losses from the disposal of assets		231	–
20,297	Total expenses from continuing operations		22,293	20,199
1,728	Operating result from continuing operations		10,260	4,417
1,728	Net operating result for the year attributable to Council		10,260	4,417
80	Net operating result for the year before grants and contributions provided for capital purposes		1,135	435

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

Narromine Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2021

\$ '000	Notes	2021	2020
Net operating result for the year – from Income Statement		10,260	4,417
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain / (loss) on revaluation of IPP&E	C1-6	1,251	(6,082)
Other comprehensive income – joint ventures and associates		–	–
Total items which will not be reclassified subsequently to the operating result		1,251	(6,082)
Total other comprehensive income for the year		1,251	(6,082)
Total comprehensive income for the year attributable to Council		11,511	(1,665)

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

Narromine Shire Council

Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	2020
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	5,125	7,252
Investments	C1-2	21,189	17,681
Receivables	C1-4	1,991	1,817
Inventories	C1-5	2,586	1,387
Other		84	92
Total current assets		30,975	28,229
Non-current assets			
Receivables	C1-4	491	351
Inventories	C1-5	3,700	4,707
Infrastructure, property, plant and equipment	C1-6	315,474	308,134
Investment property		48	—
Right of use assets		28	28
Investments accounted for using the equity method		330	324
Total non-current assets		320,071	313,544
Total assets		351,046	341,773
LIABILITIES			
Current liabilities			
Payables	C2-1	2,692	4,063
Lease liabilities		28	13
Borrowings	C2-2	2,530	957
Employee benefit provisions	C2-3	1,629	1,551
Total current liabilities		6,879	6,584
Non-current liabilities			
Lease liabilities		—	15
Borrowings	C2-2	2,244	4,812
Employee benefit provisions	C2-3	51	48
Provisions	C2-4	1,921	1,874
Total non-current liabilities		4,216	6,749
Total liabilities		11,095	13,333
Net assets		339,951	328,440
EQUITY			
Accumulated surplus	C3-1	151,022	140,762
IPPE revaluation reserve	C3-1	188,929	187,678
Council equity interest		339,951	328,440
Total equity		339,951	328,440

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

Narromine 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	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
\$ '000							
Opening balance at 1 July		140,762	187,678	328,440	136,345	193,760	330,105
Net operating result for the year		10,260	–	10,260	4,417	–	4,417
Net operating result for the period		10,260	–	10,260	4,417	–	4,417
Other comprehensive income							
– Gain / (loss) on revaluation of IPP&E	C1-6	–	1,251	1,251	–	(6,082)	(6,082)
Other comprehensive income		–	1,251	1,251	–	(6,082)	(6,082)
Total comprehensive income		10,260	1,251	11,511	4,417	(6,082)	(1,665)
Closing balance at 30 June		151,022	188,929	339,951	140,762	187,678	328,440

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

Narromine Shire Council

Statement of Cash Flows

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
Cash flows from operating activities				
Receipts:				
9,904	Rates and annual charges		9,484	9,410
2,486	User charges and fees		2,484	2,681
628	Investment and interest revenue received		2,288	530
8,356	Grants and contributions		17,126	11,827
–	Bonds, deposits and retention amounts received		–	11
651	Other		(594)	504
Payments:				
(7,452)	Employee benefits and on-costs		(6,857)	(6,986)
(6,730)	Materials and services		(6,503)	(4,355)
(225)	Borrowing costs		(108)	(92)
(50)	Other		(2,100)	1,378
7,568	Net cash flows from operating activities	G1-1	15,220	14,908
Cash flows from investing activities				
Receipts:				
–	Sale of investment securities		–	18,440
1,134	Sale of real estate assets		–	–
–	Sale of infrastructure, property, plant and equipment		580	63
Payments:				
–	Purchase of investment securities		(3,219)	(13,360)
–	Purchase of investment property		(48)	–
(7,550)	Purchase of infrastructure, property, plant and equipment		(13,271)	(11,583)
(1,100)	Purchase of real estate assets		(133)	(5,235)
–	Purchase of intangible assets		(261)	(161)
(7,516)	Net cash flows from investing activities		(16,352)	(11,836)
Cash flows from financing activities				
Receipts:				
1,100	Proceeds from borrowings		–	3,040
Payments:				
(956)	Repayment of borrowings		(995)	(519)
144	Net cash flows from financing activities		(995)	2,521
196	Net change in cash and cash equivalents		(2,127)	5,593
–	Cash and cash equivalents at beginning of year		7,252	1,659
196	Cash and cash equivalents at end of year	C1-1	5,125	7,252
–	plus: Investments on hand at end of year	C1-2	21,189	17,681
196	Total cash, cash equivalents and investments		26,314	24,933

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

Narromine 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 10 November 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 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 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 CI-6
- (ii) estimated tip remediation provisions – refer Note C3-4
- (iii) employee benefit provisions – refer Note C3-3

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

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.

A1-1 Basis of preparation (continued)

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.

New accounting standards and interpretations issued 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 2020 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 1059 Service Concession Arrangements: Grantors

AASB 2018-5 Amendments to Australian Accounting Standards - Deferral of AASB 1059

AASB 2019-2 Amendments to Australian Accounting Standards – Implementation of AASB 1059

This standard provides guidance for public sector entities (grantors) who have entered into service concession arrangements with private sector operators.

AASB 1059 requires grantors to recognise a service concession asset and, in most cases, a corresponding liability on the balance sheet.

A control approach is used to assess the service concession arrangements in place.

On initial recognition the asset is measured at current replacement cost based on AASB 13 Fair Value Measurement and existing assets of the grantors are reclassified at the date of transition.

After initial recognition, the grantor accounts for the assets under either AASB 116 Property, Plant and Equipment or AASB 138 Intangible Assets.

The nature of the consideration given to the operator will affect whether the grantor applies either the 'financial liability' or the 'grant of right' model for the recognition of the liability.

AASB 2019-2 makes amendments to the recognition and measurement of the asset and liability where the modified retrospective approach to transition is being used and provides a practical expedient due to the different effective dates of AASB 16 and AASB 1059.

Council does not expect any material impact to future financial statements as we do not generally enter into service concession arrangements.

This standard has an effective date for the 30 June 2021 reporting period.

AASB2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

AASB2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128

AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

The standard amendments address an acknowledged inconsistency between the requirements in AASB10 and those in AASB128 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

These amendments will only impact Council where there has been a sale or contribution of assets between Council and any Joint Venture or Associate.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

A1-1 Basis of preparation (continued)

New accounting standards adopted during the year

No new accounting standards are applicable to the 2020-21 financial year.

COVID-19 implications on financial reporting

For the financial year ending 30 June 2020, the Office of Local Government, NSW Treasury and the Australian Securities and Investments Commission each issued guidance on areas to be considered when preparing financial statements. Management has assessed various activities of Council including impairment of assets, contracts, asset fair values, employee benefits provisions, revenue, liquidity and going concern.

The impact on Council's financial statements 2020-21 of COVID-19 restrictions were found to be immaterial.

B Financial Performance

B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Functions or activities										
Governance	60	63	2,060	1,807	(2,000)	(1,744)	–	–	2,273	–
Administration	185	210	1,825	1,253	(1,640)	(1,043)	–	–	7,241	9,750
Public Order & Safety	255	184	532	455	(277)	(271)	–	–	128	265
Environment & Health	206	236	238	740	(32)	(504)	103	115	1,081	1,245
Community & Cultural Services	1,307	422	1,071	966	236	(544)	76	313	538	429
Planning & Development	70	2	338	256	(268)	(254)	113	–	61	173
Waste Management	1,732	1,868	1,656	1,841	76	27	–	29	1,113	950
Infrastructure	7,541	7,602	7,550	6,522	(9)	1,080	5,867	5,421	233,466	232,579
Recreational Facilities	1,656	1,292	2,277	2,245	(621)	(953)	–	198	20,659	20,350
Economic Development	637	782	1,203	701	(566)	81	1,566	756	61	64
Water Supplies	3,061	3,303	2,117	2,118	944	1,185	955	18	17,832	17,032
Sewerage Services	2,303	1,576	1,426	1,293	877	283	2	–	19,907	18,689
General Purpose Income	10,607	7,076	–	–	10,607	7,076	–	–	–	–
Joint Ventures	6	–	–	–	6	–	–	–	330	324
Other	2,927	–	–	2	2,927	(2)	8,444	4,977	46,356	39,923
Total functions and activities	32,553	24,616	22,293	20,199	10,260	4,417	17,126	11,827	351,046	341,773

B1-2 Components of functions or activities

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

Governance

Includes costs relating to Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of Council and policy-making committees, public disclosure (e.g. GIPA), and legislative compliance.

Administration

- Executive services - provision of effective and efficient support to councillors, Council and the community
- Legal advice and services for Council, its delegates and officers, procure adequate and appropriate insurance coverage at a minimum cost, manage claims against Council and manage litigation by and against Council
- Provision of management accounting, financial reporting, rates, payroll, creditors, accounts receivable, cashiering, debt recovery and investments
- Computing and support services to Council
- Management and improvement of the quality, performance, opportunities & safety conditions of Council's staff
- Civic administration building.

Public Order & Safety

- Co-operation and liaison with the Rural Fire Service and other Emergency Service organisations.

Environment & Health

- Protection of the environment, its enhancement and the promotion of environmental sustainability
- Maintenance of the health standards and safety of premises that are accessible to and impact upon the community
- Development of an innovative best practice policy to control the incidence of noxious plants
- Companion animal management and issues in relation to straying livestock.

Community & Cultural Services

- Provision of community, cultural and educational services and facilities to enhance the community's way of life
- Provision of programs and services for young people between 12-24 years of age
- Active participation in and co-operation with community organisations in the delivery of Aged & Disability Services
- Provision for the development and management of a range of community facilities
- Provision of effective public library lending, information and referral services
- Provision of quality cemetery services and memorial facilities
- Advocate for a strong cultural role in community revitalisation and identity by the encouragement & promotion of local historical, cultural and art organisations and activities.

Planning & Development

- Creation of a quality environment for the community in which land use and development is planned and assessed and the social, environmental, economic, agricultural, heritage and physical wellbeing of the community is enhanced and protected
- Planning the Shire's future whilst embracing the principles of Ecologically Sustainable Development
- Assessment and determination of development applications
- Regulatory inspections.

Waste Management

- Effective management of waste collection, minimise waste whilst encouraging commercial and residential recycling
- Collection & recycling
- Disposal.

Infrastructure

- Provision of well constructed, maintained and functional roads, drains, public buildings and associated engineering structures; including operational support, construction and maintenance, design, stormwater management and aerodromes.

Recreational Facilities

- Provision of equitable access to social, cultural, sporting and recreational services and facilities
- Parks, playing fields and reserves
- Recreational buildings and infrastructure

B1-2 Components of functions or activities (continued)

- Swimming Pools.

Economic Development

- Development and assistance in the implementation of strategies, programs and policies that will provide employment and a positive environment for the local economy
- Tourism & area promotion
- Real estate development
- Saleyards and markets
- External partnerships
- Camping areas.

Water Supplies

- Provision of a cost effective, environmentally sensitive and ecologically sustainable water supply service including business plan, service delivery, customer service, demand management, infrastructure management.

Sewerage Services

- Provision of a cost effective, environmentally sensitive & ecologically sustainable sewerage service. Including business plan, service delivery, customer service, demand management, infrastructure management.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2021	2020
Ordinary rates		
Residential	1,542	1,416
Farmland	3,407	3,338
Mining	289	282
Business	886	828
Less: pensioner rebates (mandatory)	(71)	(74)
Rates levied to ratepayers	6,053	5,790
Pensioner rate subsidies received	45	81
Total ordinary rates	6,098	5,871
Annual charges		
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	1,194	1,178
Stormwater management services	52	52
Water supply services	700	606
Sewerage services	1,179	1,087
Waste management services (non-domestic)	244	198
Less: pensioner rebates (mandatory)	(120)	(22)
Annual charges levied	3,249	3,099
Pensioner subsidies received:		
– Water	20	21
– Sewerage	21	20
– Domestic waste management	21	26
Total annual charges	3,311	3,166
Total rates and annual charges	9,409	9,037

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 when the Council obtains control over the assets comprising these receipts.

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.

Control over assets acquired from rates and annual charges is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

B2-2 User charges and fees

\$ '000	2021	2020
Specific user charges		
(per s.502 - specific 'actual use' charges)		
Water supply services	1,226	1,265
Sewerage services	347	349
Waste management services (non-domestic)	138	166
Other	–	1
Total specific user charges	1,711	1,781
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s.608)		
Planning and building regulation	139	97
Private works – section 67	285	234
Other	61	60
Total fees and charges – statutory/regulatory	485	391
(ii) Fees and charges – other (incl. general user charges (per s.608))		
Cemeteries	99	82
Gravel pits	390	182
Recycling income (non-domestic)	75	199
Other	176	214
Total fees and charges – other	740	677
Total user charges and fees	2,936	2,849
Timing of revenue recognition for user charges and fees		
User charges and fees recognised at a point in time	2,936	2,849
Total user charges and fees	2,936	2,849

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. There is no material obligation for Council in relation to refunds or returns.

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

B2-3 Grants and contributions

\$ '000	Operating 2021	Operating 2020	Capital 2021	Capital 2020
General purpose grants and non-developer contributions (untied)				
General purpose (untied)				
Current year allocation				
Financial assistance – general component	1,504	1,472	–	–
Financial assistance – local roads component	720	729	–	–
Payment in advance - future year allocation				
Financial assistance – general component	1,610	1,559	–	–
Financial assistance – local roads component	773	775	–	–
Other				
Pensioners' rates subsidies – general component	–	46	–	–
Other grants	50	–	363	–
Amount recognised as income during current year	4,657	4,581	363	–
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Previously specific grants:				
Pensioners' rates subsidies:				
– Other	40	67	–	–
Water supplies	63	–	1,444	1,129
Bushfire and emergency services	116	116	2,926	–
Community centres	–	–	1,025	212
Economic development	–	–	154	606
Library	80	79	–	–
LIRS subsidy	–	–	44	53
Noxious weeds	103	115	–	–
Recreation and culture	–	–	1,173	285
Community infrastructure grant	–	–	375	869
Traffic route subsidy	–	–	77	77
Transport (roads to recovery)	1,365	1,361	–	–
Transport (other roads and bridges funding)	–	–	130	598
Other specific grants	218	287	1,341	142
Previously contributions:				
Dedications – subdivisions (other than by s7.11)	139	136	–	–
Health and safety	–	–	–	4
Recreation and culture	–	–	–	5
Transport for NSW contributions (regional roads, block grant)	998	998	–	–
Other contributions	88	90	4	2
Total special purpose grants and non-developer contributions – cash	3,210	3,249	8,693	3,982
Non-cash contributions				
Other	–	–	19	–
Total other contributions – non-cash	–	–	19	–
Total special purpose grants and non-developer contributions (tied)	3,210	3,249	8,712	3,982
Total grants and non-developer contributions	7,867	7,830	9,075	3,982
Comprising:				
– Commonwealth funding	4,608	4,565	2,056	47
– State funding	606	2,041	3,744	3,924
– Other funding	2,653	1,224	3,275	11
	7,867	7,830	9,075	3,982

B2-3 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):	G5				
Cash contributions					
S 7.12 – fixed development consent levies		56	9	–	–
S 64 – water supply contributions		–	–	50	–
S 64 – sewerage service contributions		78	6	–	–
Total developer contributions – cash		134	15	50	–
Total developer contributions		134	15	50	–
Total contributions		134	15	50	–
Total grants and contributions		8,001	7,845	9,125	3,982
Timing of revenue recognition for grants and contributions					
Grants and contributions recognised over time (1)		–	–	–	–
Grants and contributions recognised at a point in time (2)		8,001	7,845	9,125	3,982
Total grants and contributions		8,001	7,845	9,125	3,982

Unspent grants and contributions

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

\$ '000	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Unspent grants and contributions				
Operating grants recognised as income in a previous reporting period	3,934	3,739	–	–
Unspent grants and contributions				
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	3,207	2,334	–	–
Less: Funds received in prior year but revenue recognised and funds spent in current year	–	–	–	–
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(2,383)	(2,139)	–	–
Unspent funds at 30 June	4,758	3,934	–	–

B2-3 Grants and contributions (continued)

Accounting policy

Grant income under AASB 15

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

The performance obligations are varied based on the agreement but include milestones such as as executing the agreement, providing reports and expending amounts within agreed timeframes. 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.

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

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

Grant income

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

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

Capital grants

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

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

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

Contributions

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

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

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

B2-4 Interest and investment income

\$ '000	2021	2020
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	37	82
– Cash and investments	212	–
Distribution income (TCorp)	2,013	335
Fair value adjustments		
– Movements in investments at fair value through profit and loss	289	(547)
Total interest and investment income (losses)	2,551	(130)

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 unless the dividend clearly represents a recovery of part of the cost of the investment.

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2021	2020
Salaries and wages	5,538	5,928
Other	2,103	2,025
Total employee costs	7,641	7,953
Less: capitalised costs	(510)	(994)
Total employee costs expensed	7,131	6,959
Number of 'full-time equivalent' employees (FTE) at year end	89	77

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.

B3-2 Materials and services

\$ '000	Notes	2021	2020
Raw materials and consumables		3,533	3,103
Contractor and consultancy costs		1,447	1,561
Audit Fees	F2-1	60	120
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	152	175
Advertising		112	88
Computer software charges		197	138
Electricity and heating		365	427
Insurance		463	421
Office expenses (including computer expenses)		89	62
Street lighting		148	155
Subscriptions and publications		114	120
Telephone and communications		69	84
Other expenses		109	130
Legal expenses:			
Expenses from leases of low value assets		24	29
– Legal expenses: other		31	19
Other		14	37
Total materials and services		6,930	6,669
Total materials and services		6,930	6,669

B3-3 Depreciation, amortisation and impairment of non-financial assets

\$ '000	Notes	2021	2020
Depreciation and amortisation			
Plant and equipment		865	471
Office equipment		62	68
Furniture and fittings		10	8
Infrastructure:	C1-6		
– Buildings – non-specialised		184	188
– Buildings – specialised		906	974
– Other structures		167	157
– Roads		1,891	1,708
– Bridges		199	212
– Footpaths		84	43
– Stormwater drainage		386	236
– Water supply network		567	534
– Sewerage network		439	408
– Swimming pools		260	151
– Other infrastructure		187	194
Other assets:			
– Aerodrome		164	167
Intangible assets		119	132
Total depreciation and amortisation costs		6,490	5,651
Impairment / revaluation decrement of IPPE			
Intangible assets		142	29
Total IPPE impairment / revaluation decrement costs charged to Income Statement		142	29
Total depreciation, amortisation and impairment for non-financial assets		6,632	5,680

Accounting policy

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note 10 for IPPE assets.

Impairment of non-financial assets

Other assets 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.

B3-4 Other expenses

\$ '000	2021	2020
Other	1,191	798
– Other contributions/levies	70	–
Total other expenses	1,261	798

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 Performance against budget

B4-1 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				
Other revenues	300	341	41	14% F
Capital grants and contributions	1,648	9,125	7,477	454% F
Grant funds received in excess of original budget due to a number of State and Federal pandemic rebate programs.				
Interest and investment revenue	628	2,551	1,923	306% F
Council's investment return exceeded budget due to favourable return on managed fund investments.				
Other income	351	190	(161)	(46)% U
Lease income reduced due to Council approving a number of lease waivers.				
EXPENSES				
Materials and services	6,730	6,930	(200)	(3)% U
Borrowing costs	225	108	117	52% F
Budgeted borrowings not taken up in full due to project delays.				
Other expenses	50	1,261	(1,211)	(2,422)% U
Expenses in excess of budget due to additional grant funds received for projects.				
Net losses from disposal of assets	–	231	(231)	∞ U
STATEMENT OF CASH FLOWS				
Cash flows from operating activities	7,568	15,220	7,652	101% F
Cash flows from investing activities	(7,516)	(16,352)	(8,836)	118% U
Cash flows from financing activities	144	(995)	(1,139)	(791)% U

B5 Material Income Statement items

B5-1 Material Income Statement items

Borrowing costs 52% favourable
Budgeted borrowings not taken up in full due to project delays.

B5-1 Material Income Statement items (continued)

Other Expenses

Expenses in excess of budget due to additional grant funds received for projects.

Revenue

Capital Grant Contributions

Grant funds received in excess of original budget due to a number of State and Federal pandemic rebate programs.

Interest & Investment Revenue

Council's investment return exceeded budget due to favourable return on managed fund investments.

Other Income

Lease income reduced due to Council approving a number of lease waivers.

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2021	2020
Cash and cash equivalents		
Cash on hand and at bank	5,195	7,252
Cash-equivalent assets		
– Other financial assets	(70)	–
Total cash and cash equivalents	5,125	7,252

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	5,125	7,252
Balance as per the Statement of Cash Flows	5,125	7,252

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

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Financial assets at fair value through the profit and loss				
Managed funds	21,189	–	17,681	–
Total	21,189	–	17,681	–
Total financial investments	21,189	–	17,681	–
Total cash assets, cash equivalents and investments	26,314	–	24,933	–

C1-2 Financial investments (continued)

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)

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.

Financial assets through profit or loss

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

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

Council's financial assets measured at fair value through profit or loss comprise investments in New South Wales Treasury Corporation (TCorp) Managed Funds in the Statement of Financial Position.

C1-3 Restricted cash, cash equivalents and investments

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Total cash, cash equivalents and investments	26,314	–	24,933	–
attributable to:				
External restrictions	14,047	–	11,560	–
Internal restrictions	9,528	–	8,561	–
Unrestricted	2,739	–	4,812	–
	26,314	–	24,933	–

\$ '000	2021	2020
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Details of restrictions

External restrictions – included in liabilities

Specific purpose unexpended grants – general fund	824	–
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External restrictions – included in liabilities

External restrictions – other

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

Developer contributions – general	135	237
Developer contributions – water fund	215	144
Developer contributions – sewer fund	178	83
Specific purpose unexpended grants (recognised as revenue) – general fund	2,375	1,600
Water fund	1,807	1,317
Sewer fund	7,516	7,114
Board of control	121	135
OROC	–	30
OROC – Unexpended Grants	–	70
Other	35	–
Street Lighting - Special Purpose loan	–	5
Domestic waste management	841	825
External restrictions – other	13,223	11,560
Total external restrictions	14,047	11,560

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

\$ '000	2021	2020
Internal restrictions		
Council has internally restricted cash, cash equivalents and investments as follows:		
Alkane community contributions	185	138
Alkane environmental monitoring	138	114
Carry over works	3,112	1,978
Election expenses	66	46
Employees leave entitlement	555	545
FAGS advance grant	2,383	2,334
Infrastructure replacement (LTP)	2,511	2,356
Land development	–	499
Other	578	551
Total internal restrictions	9,528	8,561
Total restrictions	23,575	20,121

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

C1-4 Receivables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Purpose				
Rates and annual charges	528	296	777	87
Interest and extra charges	19	–	12	72
User charges and fees	1,239	195	767	192
Accrued revenues				
– Interest on investments	–	–	1	–
Net GST receivable	207	–	279	–
Other debtors	57	–	57	–
Total	2,050	491	1,893	351
Less: provision of impairment				
Interest and extra charges	(23)	–	(63)	–
User charges and fees	(36)	–	(13)	–
Total provision for impairment – receivables	(59)	–	(76)	–
Total net receivables	1,991	491	1,817	351

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.

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.

Rates and annual charges outstanding are secured against the property.

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

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

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

On initial recognition of the asset, an estimate of the ECL 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. 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 5 years past due, whichever occurs first.

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.

C1-5 Inventories

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
(i) Inventories at cost				
Real estate for resale	2,268	3,700	1,128	4,707
Stores and materials	318	–	259	–
Total inventories at cost	2,586	3,700	1,387	4,707
Total inventories	2,586	3,700	1,387	4,707

(i) Real estate assets for resale

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
(a) Details for real estate development				
Residential	2,268	–	544	1,750
Industrial/commercial	–	3,700	584	2,957
Total real estate for resale	2,268	3,700	1,128	4,707

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

Represented by:

Acquisition costs	–	241	342	523
Development costs	2,268	3,459	786	4,184
Total costs	2,268	3,700	1,128	4,707
Total real estate for resale	2,268	3,700	1,128	4,707

Movements:

Real estate assets at beginning of the year	1,128	4,707	600	–
– Purchases and other costs	1,140	(1,007)	528	4,707
Total real estate for resale	2,268	3,700	1,128	4,707

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.

Real estate held for resale includes residential and industrial development. Residential land has been largely sold and accordingly transferred from non-current to current. Industrial land is still non-current.

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	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												
Capital work in progress	4,729	–	4,729	3,995	–	–	(2,615)	(229)	–	5,880	–	5,880
Plant and equipment	8,605	(3,922)	4,683	1,272	(5)	(865)	31	–	–	16,557	(8,982)	7,575
Office equipment	1,173	(884)	289	109	–	(62)	–	–	–	1,282	(947)	335
Furniture and fittings	328	(273)	55	1	–	(10)	–	–	–	329	(284)	45
Land:												
– Operational land	4,221	–	4,221	–	(34)	–	–	–	382	4,569	–	4,569
– Community land	1,696	–	1,696	–	–	–	–	–	553	2,246	–	2,246
Infrastructure:												
– Buildings – non-specialised	5,634	(2,920)	2,714	8	–	(184)	–	–	–	5,642	(3,104)	2,538
– Buildings – specialised	33,870	(17,768)	16,102	263	–	(992)	141	–	–	34,076	(18,554)	15,522
– Other structures	4,945	(1,407)	3,538	244	–	(184)	–	–	–	5,328	(1,731)	3,597
– Roads	229,803	(37,608)	192,195	3,864	–	(2,039)	882	–	–	233,667	(39,654)	194,013
– Bridges	20,454	(7,225)	13,229	–	–	(199)	–	–	–	20,454	(7,424)	13,030
– Footpaths	3,476	(1,799)	1,677	404	–	(84)	194	–	–	3,880	(1,883)	1,997
– Stormwater drainage	23,009	(8,102)	14,907	258	–	(231)	162	–	–	23,268	(8,333)	14,935
– Water supply network	30,848	(13,819)	17,029	965	–	(567)	843	–	151	32,097	(14,518)	17,579
– Sewerage network	28,452	(9,763)	18,689	1,094	–	(439)	298	–	165	29,756	(10,250)	19,506
– Swimming pools	5,035	(1,246)	3,789	–	–	(172)	–	–	–	5,035	(1,418)	3,617
– Other open space/recreational assets	5,216	(2,191)	3,025	557	(1)	(169)	64	–	–	5,767	(2,354)	3,413
– Other infrastructure	414	(149)	265	–	–	(10)	–	–	–	414	(149)	265
Other assets:												
– Aerodrome	16,072	(12,917)	3,155	20	(23)	(164)	–	–	–	16,236	(13,276)	2,960
– Intangibles	943	(676)	267	–	–	(119)	–	–	–	1,062	(766)	296
– Remediation Assets	1,880	–	1,880	–	–	–	–	–	–	1,726	(170)	1,556
Total infrastructure, property, plant and equipment	430,803	(122,669)	308,134	13,054	(63)	(6,490)	–	(229)	1,251	449,271	(133,797)	315,474

(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	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000												
Capital work in progress	1,900	–	1,900	2,668	–	–	–	161	–	4,729	–	4,729
Plant and equipment	8,023	(3,627)	4,396	751	7	–	(471)	–	–	8,605	(3,922)	4,683
Office equipment	1,097	(821)	276	80	–	–	(68)	–	–	1,173	(884)	289
Furniture and fittings	300	(265)	35	28	–	–	(8)	–	–	328	(273)	55
Land:												
– Operational land	4,150	–	4,150	–	8	–	–	63	–	4,221	–	4,221
– Community land	1,758	–	1,758	–	–	–	–	(63)	–	1,696	–	1,696
Infrastructure:												
– Buildings – non-specialised	5,602	(2,732)	2,870	31	–	–	(188)	–	1	5,634	(2,920)	2,714
– Buildings – specialised	33,613	(16,953)	16,660	256	–	–	(1,062)	248	–	33,870	(17,768)	16,102
– Other structures	4,762	(1,256)	3,506	169	38	–	(175)	15	(15)	4,945	(1,407)	3,538
– Roads	232,828	(38,253)	194,575	2,103	–	–	(1,760)	(76)	(2,647)	229,803	(37,608)	192,195
– Bridges	25,524	(6,615)	18,909	–	–	–	(212)	–	(5,468)	20,454	(7,225)	13,229
– Footpaths	3,488	(1,699)	1,789	25	–	–	(43)	–	(94)	3,476	(1,799)	1,677
– Stormwater drainage	20,698	(7,116)	13,582	–	–	–	(173)	–	1,498	23,009	(8,102)	14,907
– Water supply network	29,309	(13,072)	16,237	880	–	–	(534)	–	446	30,848	(13,819)	17,029
– Sewerage network	28,024	(9,264)	18,760	130	1	–	(408)	–	205	28,452	(9,763)	18,689
– Swimming pools	3,427	(1,214)	2,213	1,665	–	(27)	(60)	–	–	5,035	(1,246)	3,789
– Other open space/recreational assets	4,840	(1,949)	2,891	257	–	–	(178)	55	–	5,216	(2,191)	3,025
– Other infrastructure	414	(149)	265	–	–	–	(12)	12	–	414	(149)	265
Other assets:												
– Aerodrome	16,278	(12,542)	3,736	15	–	–	(167)	(421)	(8)	16,072	(12,917)	3,155
– Intangibles	864	(515)	349	54	–	–	(132)	(4)	–	943	(676)	267
– Remediation Assets	144	–	144	1,726	–	–	–	10	–	1,880	–	1,880
Total infrastructure, property, plant and equipment	427,043	(118,042)	309,001	10,838	54	(27)	(5,651)	–	(6,082)	430,803	(122,669)	308,134

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

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

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

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

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

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	1 to 4		
Vehicles	5 to 20	Buildings	
Heavy plant/road making equipment	5 to 20	Buildings: masonry	50 to 100
Other plant and equipment	5 to 50	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 100
Reticulation pipes: PVC	70 to 80	Flood control structures	80 to 100
Reticulation pipes: other	25 to 100		
Pumps and telemetry	15 to 75		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	15 to 100	Bulk earthworks	infinite
Sealed roads: structure	20 to 100	Swimming pools	50 to 70
Unsealed roads	10 to 30	Other open space/recreational assets	10 to 100
Bridge: concrete	80 to 300	Other infrastructure	50 to 100
Bridge: other	50 to 80		
Road pavements	60 to 100		
Kerb, gutter and footpaths	40 to 100		

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

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

Land under roads

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

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051.

Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 Property, Plant and Equipment.

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.

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

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

Rural Fire Service assets

Council's financial statements are prepared in accordance with:

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

Australian accounting standards prevail over other agreements and acts. Section 119 of the *Rural Fire Services Act 1997* (NSW), states "all firefighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the firefighting equipment has been purchased or constructed".

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

C2 Liabilities of Council

C2-1 Payables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Payables				
Goods and services – operating expenditure	1,918	–	1,432	–
Accrued expenses:				
– Salaries and wages	193	–	–	–
– Other expenditure accruals	–	–	2,083	–
Other	255	–	257	–
Prepaid rates	326	–	291	–
Total payables	2,692	–	4,063	–
Total payables	2,692	–	4,063	–

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

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

C2-2 Borrowings

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Loans – secured ¹	2,530	2,244	957	4,812
Total borrowings	2,530	2,244	957	4,812

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

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in C2-1.

(a) Changes in liabilities arising from financing activities

\$ '000	2020		Non-cash movements				2021
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	5,769	(995)	–	–	–	–	4,774
Lease liability (Note C2-1b)	28	–	–	–	–	–	28
Total liabilities from financing activities	5,797	(995)	–	–	–	–	4,802

\$ '000	2019		Non-cash movements				2020
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	3,248	2,521	–	–	–	–	5,769
Lease liability (Note C2-1b)	–	28	–	–	–	–	28
Total liabilities from financing activities	3,248	2,549	–	–	–	–	5,797

C2-2 Borrowings (continued)

(b) Financing arrangements

\$ '000	2021	2020
Total facilities		
Credit cards/purchase cards	60	60
Total financing arrangements	60	60
Undrawn facilities		
– Credit cards/purchase cards	60	60
Total undrawn financing arrangements	60	60

Additional financing arrangements information

Breaches and defaults

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

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.

C2-3 Employee benefit provisions

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Annual leave	465	–	429	–
Long service leave	963	51	919	48
Other leave	40	–	33	–
ELE on-costs	161	–	170	–
Total employee benefit provisions	1,629	51	1,551	48

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

\$ '000	2021	2020
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	1,004	955
	1,004	955

Description of and movements in provisions

Accounting policy

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

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

C2-4 Provisions

\$ '000	2021 Current	2021 Non-Current	2020 Current	2020 Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	1,921	–	1,874
Sub-total – asset remediation/restoration	–	1,921	–	1,874
Total provisions	–	1,921	–	1,874

C2-4 Provisions (continued)

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Net carrying amount
2021		
At beginning of year	1,874	1,874
Additional provisions	–	–
Amounts used (payments)	–	–
Other	47	47
Total other provisions at end of year	1,921	1,921
2020		
At beginning of year	144	144
Additional provisions	–	–
Amounts used (payments)	–	–
Other	1,730	1,730
Total other provisions at end of year	1,874	1,874

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.

Asset remediation – tips and quarries

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

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

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

C3 Reserves

C3-1 Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

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

D Council structure

D1 Results by fund

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

D1-1 Income Statement by fund

\$ '000	General 2021	Water 2021	Sewer 2021
Income from continuing operations			
Rates and annual charges	7,579	651	1,179
User charges and fees	1,268	1,278	390
Interest and investment revenue	1,648	190	713
Other revenues	341	–	–
Grants and contributions provided for operating purposes	7,898	82	21
Grants and contributions provided for capital purposes	8,212	913	–
Other income	190	–	–
Total income from continuing operations	27,136	3,114	2,303
Expenses from continuing operations			
Employee benefits and on-costs	6,521	405	205
Materials and services	4,940	1,199	791
Borrowing costs	108	–	–
Depreciation, amortisation and impairment of non-financial assets	5,625	568	439
Other expenses	1,261	–	–
Net losses from the disposal of assets	231	–	–
Total expenses from continuing operations	18,686	2,172	1,435
Operating result from continuing operations	8,450	942	868
Net operating result for the year	8,450	942	868
Net operating result attributable to each council fund	8,450	942	868
Net operating result for the year before grants and contributions provided for capital purposes	238	29	868

D1-2 Statement of Financial Position by fund

\$ '000	General 2021	Water 2021	Sewer 2021
ASSETS			
Current assets			
Cash and cash equivalents	5,125	—	—
Investments	11,473	2,022	7,694
Receivables	1,164	508	319
Inventories	2,586	—	—
Other	84	—	—
Total current assets	20,432	2,530	8,013
Non-current assets			
Receivables	491	—	—
Inventories	3,700	—	—
Infrastructure, property, plant and equipment	274,123	21,312	20,039
Investments accounted for using the equity method	330	—	—
Investment property	48	—	—
Right of use assets	28	—	—
Total non-current assets	278,720	21,312	20,039
TOTAL ASSETS	299,152	23,842	28,052
LIABILITIES			
Current liabilities			
Payables	2,645	47	—
Lease liabilities	28	—	—
Borrowings	2,530	—	—
Employee benefit provision	1,629	—	—
Total current liabilities	6,832	47	—
Non-current liabilities			
Borrowings	2,244	—	—
Employee benefit provision	51	—	—
Provisions	1,921	—	—
Total non-current liabilities	4,216	—	—
TOTAL LIABILITIES	11,048	47	—
Net assets	288,104	23,795	28,052
EQUITY			
Accumulated surplus	125,842	13,368	11,812
Revaluation reserves	162,261	10,427	16,241
Council equity interest	288,103	23,795	28,053
Total equity	288,103	23,795	28,053

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.

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

\$ '000	Carrying value 2021	Carrying value 2020	Fair value 2021	Fair value 2020
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	5,125	7,252	5,194	7,246
Receivables	2,482	2,168	2,482	2,168
Fair value through profit and loss				
Investments				
– Held for trading	21,189	17,681	21,189	17,681
Total financial assets	28,796	27,101	28,865	27,095
Financial liabilities				
Payables	2,692	4,063	2,692	3,797
Loans/advances	4,774	5,769	4,774	5,769
Total financial liabilities	7,466	9,832	7,466	9,566

Fair value is determined as follows:

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

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

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

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

The risks associated with the investments 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.
- **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.
- **Liquidity risk** – the risk that the Council will not be able to pay its debts as and when they fall due.

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

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

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

(a) Market risk – interest rate and price risk

\$ '000	2021	2020
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	86	72
Impact of a 10% movement in price of investments		
– Equity / Income Statement	2,119	1,768

(b) Credit risk

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

The major risk associated with these receivables is credit risk – the risk that debts due and payable to Council may not be repaid in full.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives.

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

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.

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

A profile of Council's receivables credit risk at balance date follows:

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
2021						
Gross carrying amount	650	91	57	26	–	824
2020						
Gross carrying amount	698	84	51	28	3	864

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
2021						
Gross carrying amount	1,278	2	2	1	434	1,717
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	2.70%	0.68%
ECL provision	–	–	–	–	12	12
2020						
Gross carrying amount	1,223	86	28	11	32	1,380
Expected loss rate (%)	0.00%	5.80%	100.00%	100.00%	100.00%	5.51%
ECL provision	–	5	28	11	32	76

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.

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2021							
Trade/other payables	0.00%	–	2,366	–	–	2,366	2,366
Loans and advances	3.75%	–	1,022	3,635	117	4,774	4,774
Total financial liabilities		–	3,388	3,635	117	7,140	7,140
2020							
Trade/other payables	0.00%	–	–	–	–	–	3,772
Loans and advances	3.75%	–	792	4,748	1,164	6,704	5,769
Total financial liabilities		–	792	4,748	1,164	6,704	9,541

Loan agreement breaches

There have been no breaches to loan agreements during the reporting year.

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).

E2-1 Fair value measurement (continued)

		Fair value measurement hierarchy									
\$ '000	Notes	Date of latest valuation		Level 1 Quoted prices in active mkts		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Recurring fair value measurements											
Financial assets											
Financial investments	C1-2										
– 'Held for trading/fair value through profit or loss'		30/06/21	30/06/20	26,384	24,933	–	–	–	–	26,384	24,933
Total financial assets				26,384	24,933	–	–	–	–	26,384	24,933
Infrastructure, property, plant and equipment											
Operational land	C1-6	30/06/18	30/06/18	–	–	4,802	4,221	–	–	4,802	4,221
Community land		30/06/18	30/06/18	–	–	2,246	1,696	–	–	2,246	1,696
Buildings – non-specialised		30/06/18	30/06/18	–	–	–	–	2,538	2,714	2,538	2,714
Buildings – specialised		30/06/18	30/06/18	–	–	–	–	15,105	15,834	15,105	15,834
Other structures		30/06/19	30/06/19	–	–	–	–	3,596	3,538	3,596	3,538
Roads		30/06/20	30/06/20	–	–	–	–	194,154	192,268	194,154	192,268
Bridges		30/06/20	30/06/20	–	–	–	–	13,030	13,229	13,030	13,229
Footpaths		30/06/20	30/06/20	–	–	–	–	1,997	1,677	1,997	1,677
Stormwater drainage		30/06/20	30/06/20	–	–	–	–	15,068	14,907	15,068	14,907
Water supply network		30/06/17	30/06/17	–	–	–	–	18,199	17,029	18,199	17,029
Sewerage network		30/06/17	30/06/17	–	–	–	–	19,273	18,688	19,273	18,688
Swimming pools		30/06/19	30/06/19	–	–	–	–	3,617	3,789	3,617	3,789
Other open space/recreational assets		30/06/19	30/06/19	–	–	–	–	3,410	3,023	3,410	3,023
Other infrastructure		30/06/20	30/06/20	–	–	–	–	265	190	265	190
Aerodrome		30/06/19	30/06/19	–	–	–	–	3,391	3,597	3,391	3,597
Total infrastructure, property, plant and equipment				–	–	7,048	5,917	293,643	290,483	300,691	296,400

E2-1 Fair value measurement (continued)

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

Valuation techniques

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

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

Infrastructure, property, plant and equipment (IPPE)

Plant and equipment, office equipment and furniture and fittings

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

- Plant and Equipment - Graders, trucks, rollers, tractors, mowers and motor vehicles.
- Office Equipment - Computer Servers, surveillance equipment, Software, photocopiers, radio equipment etc.
- Furniture & Fittings - Desks, Cabinets, Ergonomic chairs

Operational and community land

Operational Land is based on the Land Value provided by an external Valuer in 2018. It is based on average unit rate based on the Land Value for similar properties, having regard to the highest and best use for the land. Community Land has been valued in 2017 using valuations of the Valuer General.

Buildings – non-specialised and specialised

Non-Specialised & Specialised Buildings values were provided by an external Valuer in 2018. The approach estimated the replacement cost for each building by componentising the building into significant parts and taking into account asset condition and remaining useful life. While all buildings were physically inspected and the unit rates based on square metres no market based evidence (Level 2) could not be established. As such these assets were classified as having been valued as Level 3 valuation inputs.

Other structures

Other Structures comprise of telemetry systems, cemetery, sale yards, waste facilities, and the family day care etc. The cost approach has been utilised whereby replacement cost was estimated for each asset by taking into account a range of factors including asset condition and remaining useful life. Other Structures were revalued externally during 2018/19 by AssetVal Pty Ltd using the brownfield approach.

Roads

Roads were externally valued using the brownfield approach during 19/20 by AssetVal Pty Ltd, major changes include giving road pavement and Seal a long life and a short life component, and separating the floodways which have shorter lives. Market based evidence (level 2) were used for Gravel pavement, Seal, Culverts, Footpath, and K&G.

Bridges

Bridges were externally valued using the brownfield approach during 19/20 by AssetVal Pty Ltd, major changes include componentising bridges from one asset into components, Substructure, superstructure, abutments etc. Major Culverts over 6m long were considered bridges and transferred from stormwater into bridges.

Footpaths

Footpaths were externally valued using the brownfield approach during 19/20 by AssetVal Pty Ltd, Market based evidence (level 2) were used for concrete Footpaths and cycleways. The cost approach has been utilised whereby replacement cost was estimated for each asset by taking into account a range of factors including asset condition and remaining useful life.

Stormwater drainage

Stormwater assets were externally valued using the brownfield approach during 19/20 by AssetVal Pty Ltd, with previously unaccounted for assets now valued Market based evidence (level 2) were used for culverts, and K&G. The cost approach has been utilised whereby replacement cost was estimated for each asset by taking into account a range of factors including asset condition and remaining useful life.

Water supply network

Assets in this class comprise of pipes, valves, pumps, bores, and reservoirs and are valued using the brownfield and cost approach. The Water Network values were provided by an external valuer in 2017. The unit rates are 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. This asset class is indexed each year in line with the NSW Reference Rates Manual as published by the Office of Water.

E2-1 Fair value measurement (continued)

Sewerage network

Assets in this class comprise of Treatment Plants, Pumping stations, sewerage pipelines and Manholes and are valued using the brownfield and cost approach. The Sewerage Network values were provided by an external valuer in 2017. The unit rates are based on linear metres of certain diameter pipes and prices per treatment item or similar may be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. This asset class is indexed each year in line with the NSW Reference Rates Manual as published by the Office of Water.

Open space recreation

Assets within this class comprise playground equipment, softfall surfaces, shade structures, irrigation, fencing, lighting, furniture, sculptures and monuments etc. and are valued using the cost approach whereby replacement cost was estimated for each asset by taking into account a range of factors including asset condition and remaining useful life. All Open Space Recreation Assets were last revalued externally during 2018/19 by AssetVal Pty Ltd using the brownfield approach.

Aerodrome

Assets within this class comprise the Aerodrome sealed runways at Narromine along with associated furniture, signage, lighting, fencing, and control structures and are valued using the cost approach whereby replacement cost was estimated for each asset by taking into account a range of factors including asset condition and remaining useful life. All assets were last valued externally during 2018/19 by AssetVal Pty Ltd using the brownfield approach.

Swimming pools

Assets within this class comprise the 50m 8 lane outdoor pool, and childrens pool at Narromine, and the 25m outdoor pool at Trangie with associated furniture, filtration systems etc and are valued using the cost approach whereby replacement cost was estimated for each asset by taking into account a range of factors including asset condition and remaining useful life. All assets were last valued externally during 2018/19 by AssetVal Pty Ltd using the brownfield approach.

The valuation process for level 3 fair value measurements

Fair Value - Valuation techniques

Class	Valuation Technique(s)	Unobservable Inputs
Plant, equipment, furniture, fittings and office equipment	Fair value	Current replacement cost of modern equivalent asset, asset condition, useful life and residual value
Operational Land	Fair value	Land value, land area, level of restriction
Community Land	Fair value	VG value (price per square metre)
Buildings	Fair value	Current Replacement Cost, Remaining Useful Life, Residual Value
Roads, Bridges & Footpaths	Fair value	Current Replacement Cost, Remaining Useful Life, Residual Value
Stormwater Drainage	Fair value	Current Replacement Cost, Remaining Useful Life, Residual Value
Water Supply Network	Fair value	Current Replacement Cost, Remaining Useful Life, Residual Value
Sewerage Network	Fair value	Current Replacement Cost, Remaining Useful Life, Residual Value
Swimming Pools, Other Open Space/Recreational Assets	Fair value	Current Replacement Cost, Remaining Useful Life, Residual Value
Other Infrastructure	Fair value	Current Replacement Cost, Remaining Useful Life, Residual Value
Aerodrome	Fair value	Current Replacement Cost, 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:

\$ '000	Plant and equipment		Office equipment		Furniture and fittings		Operational Land	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	4,682	4,395	289	276	55	35	4,221	4,150
Total gains or losses for the period								
Other movements								
Purchases (GBV)	1,303	758	109	80	1	28	–	8
Disposals (WDV)	(5)	–	–	–	–	–	(34)	–
Depreciation and impairment	(865)	(471)	(62)	(67)	(10)	(8)	–	–
Revaluation	2,460	–	(1)	–	(1)	–	382	63
Closing balance	7,575	4,682	335	289	45	55	4,569	4,221

\$ '000	Community Land		Buildings non-specialised		Buildings specialised		Other structures	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	1,695	1,758	2,714	2,870	16,102	16,660	3,538	3,505
Total gains or losses for the period								
Other movements								
Purchases (GBV)	–	–	8	31	404	256	244	207
Depreciation and impairment	–	–	(184)	(187)	(992)	(1,062)	(184)	(174)
Revaluation	551	(63)	–	–	8	248	(1)	–
Closing balance	2,246	1,695	2,538	2,714	15,522	16,102	3,597	3,538

\$ '000	Roads		Bridges		Footpaths		Stormwater drainage	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	192,195	194,575	13,229	18,909	1,677	1,789	14,907	13,582
Total gains or losses for the period								
Other movements								
Purchases (GBV)	4,746	2,103	–	–	598	25	420	–
Depreciation and impairment	(2,039)	(1,760)	(199)	(212)	(84)	(43)	(231)	(173)
Revaluation	(889)	(2,723)	–	(5,468)	(194)	(94)	(161)	1,498
Closing balance	194,013	192,195	13,030	13,229	1,997	1,677	14,935	14,907

E2-1 Fair value measurement (continued)

\$ '000	Water supply network		Sewerage network		Swimming pools		Other open space/ recreational assets	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	17,029	16,237	18,688	18,760	3,789	2,213	3,025	2,891
Total gains or losses for the period								
Other movements								
Purchases (GBV)	1,808	880	1,392	131	–	1,665	621	257
Disposals (WDV)	–	–	–	–	–	(28)	(1)	–
Depreciation and impairment	(567)	(533)	(439)	(408)	(172)	(61)	(169)	(178)
Revaluation	1,236	445	165	205	–	–	(63)	55
Closing balance	19,506	17,029	19,806	18,688	3,617	3,789	3,413	3,025

\$ '000	Other infrastructure		Aerodrome		Total	
	2021	2020	2021	2020	2021	2020
Opening balance	265	264	3,155	3,749	301,255	306,618
Purchases (GBV)	–	–	20	15	11,674	6,444
Disposals (WDV)	10	–	(23)	–	(53)	(28)
Depreciation and impairment	(10)	(12)	(164)	(167)	(6,371)	(5,516)
Revaluation	–	13	(28)	(442)	3,464	(6,263)
Closing balance	265	265	2,960	3,155	309,969	301,255

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.

(i) Defined benefit superannuation contribution plans

Council participates in an employer-sponsored defined benefit superannuation scheme, and makes contributions as determined by the superannuation scheme's trustees.

Member councils bear responsibility of ensuring there are sufficient funds available to pay out the required benefits as they fall due.

The scheme's most recent full actuarial review indicated that the net assets of the scheme were not sufficient to meet the accrued benefits of the schemes defined benefit member category with member councils required to make significantly higher contributions in future years.

The Local Government Superannuation Scheme is a defined benefit plan that has been deemed to be a "multi-employer fund" for the purposes of AASB 119 Employee Benefits and accordingly Council has not recorded any net liability from its defined benefit scheme obligations in accordance with AASB 119.

Future contributions made to the defined benefit scheme to rectify the net deficit position will be recognised as an expense when they become payable – similar to the accounting for defined contributions plans.

Member councils are treated as Pooled Employers for the purpose of AASB119. 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 standard employer contribution rates are:

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

(*) For 180 Point Members, employers are required to contribute 7% of salaries for the year ended 30 June 2021 (increasing to 7.5% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to member's defined benefits.

The past service contribution for each Pooled Employer is a share of the past service contributions of \$40.0 million per annum 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.

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

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

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

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

E3-1 Contingencies (continued)

The plan is a defined benefit plan. However, 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). As such, there is not sufficient reliable information to allow each sponsoring employer to account for its proportionate share of the defined benefit obligation, sub-group assets and costs associated with the sub-group in the same way as it would for a single employer sponsored defined benefit plan.

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of superannuation expenses at Note 4 (a) for the year ending 30 June 2021 was \$ 90,377.92.

The last valuation of the scheme was performed by Mr Richard Boyfield FIAA (AFS Licence # 411770) as at 30 June 2020.

Council's expected contribution to the Fund for the next annual reporting period is \$77,787.00.

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 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.

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review has been completed around December 2021.

Council's additional lump sum contribution per annum of 0.10% of the total additional lump sum contributions for all Pooled Employers (of \$40m each year from 1 July 2017 to 30 June 2021) provides an indication of the level of participation of Council compared with other employers in the Pooled Employer sub 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.

E3-1 Contingencies (continued)

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

2. Other liabilities

(iv) 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.

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

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

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

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

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

\$ '000	2021	2020
Compensation:		
Short-term benefits	1,093	1,118
Post-employment benefits	89	90
Total	1,182	1,208

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	Outstanding balances including commitments	Terms and conditions
\$ '000				
2021				
Office Supplies	1	13	–	30 days
2020				
Office Supplies	1	17	–	30 days

1 Council makes ad hoc purchases from Stationery Store Online, a company which is controlled by a member of the KMP of the council. The total annual contract value is around \$11,000 and purchases are made in accordance with the Procurement policy and based on market rates.

2 During the financial year 2020-21, a related party of a KMP sold a parcel of land to the Council. Payment was made in full at settlement.

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2021	2020
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	24	27
Councillors' fees	99	108
Other Councillors' expenses (including Mayor)	29	40
Total	152	175

F1-3 Other related parties

\$ '000	Ref	Transactions during the year	Outstanding balances including commitments	Terms and conditions
2021				
Library Services	3	384	—	30 days
2020				
Library Services	3	383	—	30 days

- 3 Council has joined with Western Plains Regional Council and Warrumbungle Shire Council to form a Joint Venture arrangement called Macquarie Regional Library. Council contributes a proportion of the costs of the entity and receives a share of profits and net assets.

F2 Other relationships

F2-1 Audit fees

\$ '000	2021	2020
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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

	60	104
Remuneration for audit and other assurance services	60	104

Total Auditor-General remuneration	60	104
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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

\$ '000	2021	2020
Net operating result from Income Statement	10,260	4,417
Adjust for non-cash items:		
Depreciation and amortisation	6,490	5,651
Net losses/(gains) on disposal of assets	231	(514)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value' or 'held for trading'	(289)	547
– Revaluation decrements / impairments of IPP&E direct to P&L	142	29
Share of net (profits)/losses of associates/joint ventures using the equity method	(6)	(26)
+/- Movement in operating assets and liabilities and other cash items:		
Decrease/(increase) in receivables	(297)	240
Increase/(decrease) in provision for impairment of receivables	(17)	25
Decrease/(increase) in inventories	(59)	(5)
Decrease/(increase) in other current assets	8	(2)
Increase/(decrease) in payables	486	519
Increase/(decrease) in accrued interest payable	–	1
Increase/(decrease) in other accrued expenses payable	(1,890)	2,064
Increase/(decrease) in other liabilities	33	259
Increase/(decrease) in provision for employee benefits	81	(27)
Increase/(decrease) in other provisions	47	1,730
Net cash provided from/(used in) operating activities from the Statement of Cash Flows	15,220	14,908

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2021	2020
---------	------	------

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

Property, plant and equipment

Sewerage and water infrastructure	261	870
Buildings	330	41
Road infrastructure	322	271
Plant and equipment	–	21
Sports & Recreation	2,703	–
Other	335	18
Total commitments	3,951	1,221

These expenditures are payable as follows:

Within the next year	3,951	1,221
Total payable	3,951	1,221

G3-1 Events occurring after the reporting date

Pre-ambble

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

G5 Statement of developer contributions as at 30 June 2021

G5-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
S7.12 levies – under a plan	237	56	–	12	(170)	–	135	–
Total S7.11 and S7.12 revenue under plans	237	56	–	12	(170)	–	135	–
S64 contributions	227	129	–	37	–	–	393	–
Total contributions	464	185	–	49	(170)	–	528	–

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

S7.12 Levies – under a plan

	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
\$ '000		Cash	Non-cash					
S7.12 LEVIES – UNDER A PLAN								
Drainage	10	–	–	–	–	–	10	–
Roads	8	–	–	–	–	–	8	–
Open space	26	–	–	–	–	–	26	–
Community facilities	193	56	–	12	(170)	–	91	–
Total	237	56	–	12	(170)	–	135	–

G6 Statement of performance measures

G6-1 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}	2,404	10.39%	6.15%	0.93%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	23,133				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	15,132	46.91%	51.97%	54.33%	> 60.00%
Total continuing operating revenue ¹	32,258				
3. Unrestricted current ratio					
Current assets less all external restrictions	16,101	3.22x	2.86x	4.97x	> 1.50x
Current liabilities less specific purpose liabilities	5,004				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	9,002	8.16x	11.46x	12.89x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	1,103				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	820	7.94%	8.72%	10.26%	< 10.00%
Rates and annual charges collectable	10,331				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	5,125	3.71	8.23	15.33	> 3.00
Monthly payments from cash flow of operating and financing activities	1,380	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

G6-2 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}	8.09%	5.44%	1.32%	(7.25)%	37.69%	27.69%	> 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	39.98%	45.88%	68.05%	63.20%	99.09%	98.89%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	3.22x	2.86x	53.83x	36.87x	∞	∞	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	6.44x	9.34x	∞	∞	∞	∞	> 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	9.65%	10.55%	0.00%	0.00%	0.00%	0.00%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	3.71	12.24	∞	0.00	∞	0.00	> 3.00
Monthly payments from cash flow of operating and financing activities	mths	mths					mths

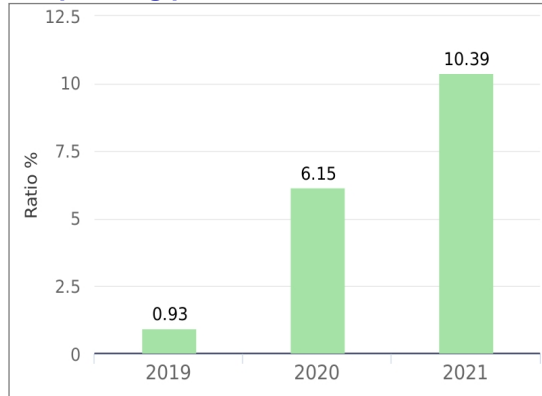
(1) - (2) Refer to Notes at Note 23a above.

(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 10.39%

Council operating performance ratio increased over the last 3 years and is above the OLG benchmark.

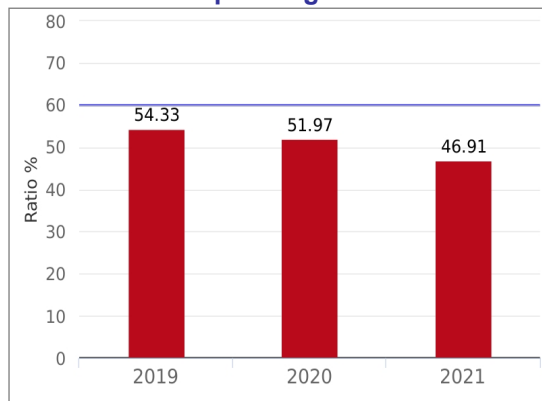
Benchmark: — > 0.00%

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 46.91%

As a rural Council with limited revenue generating opportunities Council has generated 47% of total revenue. OLG has set a benchmark of 60%.

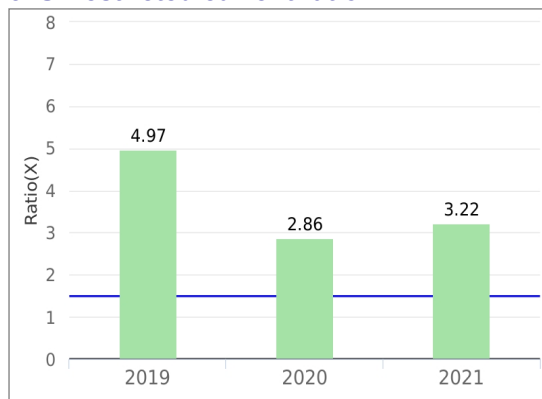
Benchmark: — > 60.00%

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 3.22x

OLG benchmark is 1.5 times
Council is well above the OLG benchmark of 1.5 times.

Benchmark: — > 1.50x

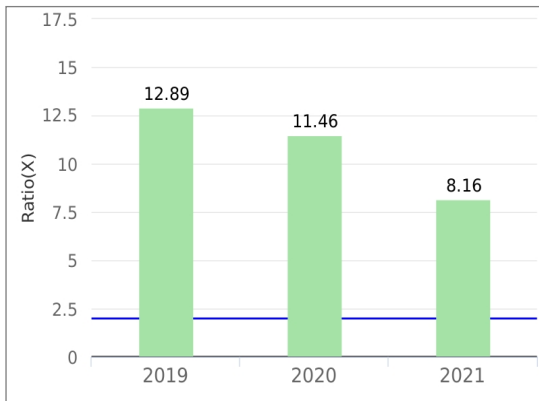
Source of benchmark: Code of Accounting Practice and Financial Reporting

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 8.16x

OLG benchmark is 2.0 times.

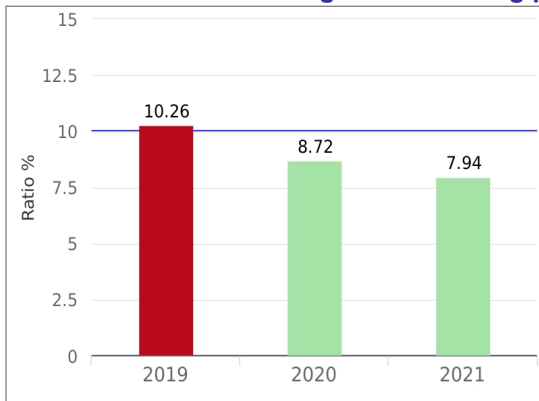
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2020/21 result

2020/21 ratio 7.94%

OLG benchmark is 10%.

Council result is 7.94%, lower than the benchmark and a slight improvement compared to prior year of 8.72%.

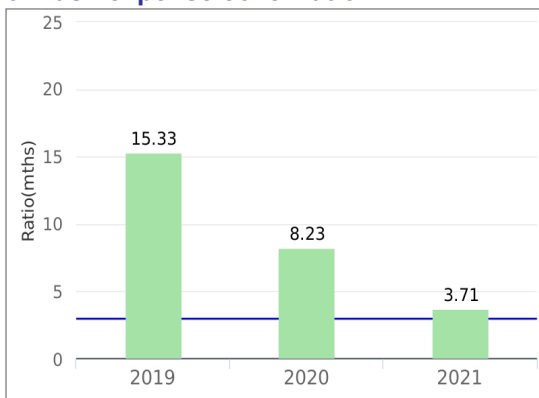
Benchmark: — < 10.00%

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 3.71 mths

Council is above OLG's benchmark for rural councils of 3.0 times. Council's ratio has reduced from previous years due to placing less funds in term deposits.

Benchmark: — > 3.00mths

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Narromine Shire Council

To the Councillors of the Narromine Shire Council

Opinion

I have audited the accompanying financial statements of Narromine 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 B4-1 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.



Unaib Jeffrey
Delegate of the Auditor-General for New South Wales

26 October 2021
SYDNEY



Cr Craig Davies
Mayor
Narromine Shire Council
PO Box 115
Narromine NSW 2821

Contact: Unaib Jeoffrey
Phone no: 02 9275 7450
Our ref: D2122918/1769

26 October 2021

Dear Mayor

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

I have audited the general purpose financial statements (GPFS) of the Narromine 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.

INCOME STATEMENT

Operating result

	2021	2020	Variance
	\$m	\$m	%
Rates and annual charges revenue	9.4	9.0	↑ 4.4
Grants and contributions revenue	17.1	11.8	↑ 44.9
Operating result from continuing operations	10.3	4.4	↑ 134
Net operating result before capital grants and contributions	1.0	0.4	↑ 150

The Council's operating result from continuing operations of \$10.3 million (including depreciation and amortisation expense of \$6.3 million) was \$5.9 million higher than the 2019–20 result. This was primarily attributable to an increase in grant fundings relating to capital works for community centres, recreation and culture purposes and other specific grant being the Local Roads & Community Infrastructure Program.

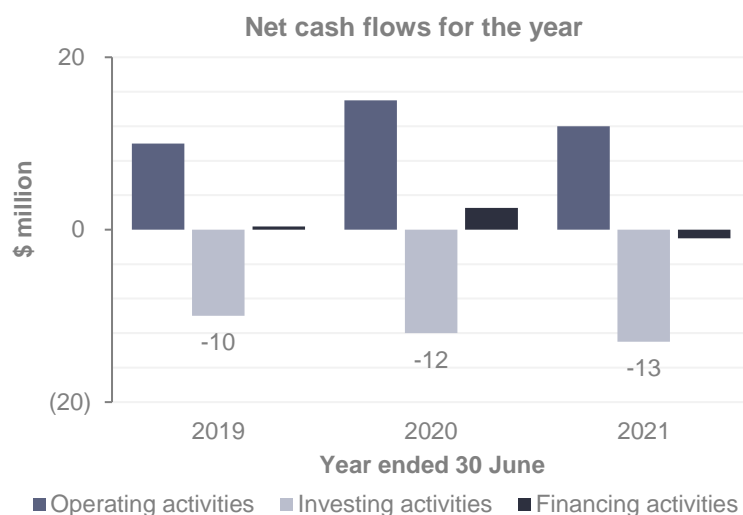
The net operating result before capital grants and contributions (\$1.0 million) was \$0.6 million higher than the 2019–20 result.

Rates and annual charges revenue (\$9.4 million) increased by \$0.4 million (4.4% per cent) in 2020–21 in due to the rate peg of 2.6 per cent, a new residential subdivision, an increase in sewerage services from the prior year.

Grants and contributions revenue (\$17.1 million) increased by \$2.3 million (20.1 per cent) in 2020–21 due to capital grant as noted above.

STATEMENT OF CASH FLOWS

- The Council reported an increase in cash and cash equivalents from \$24.9 million at 30 June 2020 to \$26.4 million at 30 June 2021.
- Cash inflows from operating activities increased from 2019-20 mainly due to higher receipts in grants and contributions which were partially offset by higher payments for employee benefit and material and services expenses.
- Cash outflows from investing activities increased due to an increase in purchases of intangible assets.
- Cashflows from financing activities decreased since there were only repayments of borrowings with nil receipts from borrowings during the year.



FINANCIAL POSITION

Cash and investments

Cash and investments	2021	2020	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	26.3	24.9	<ul style="list-style-type: none"> External restrictions primarily include funds for water supply and sewerage services, specific purpose unexpended grants and domestic waste management. The increase in the current year is attributable to the water and sewer restrictions. Internal restrictions are due to Council policy or decisions for forward plans including the capital works program.
Restricted cash and investments:			
• External restrictions	14.0	11.6	
• Internal restrictions	9.6	8.6	
• Unrestricted	2.7	4.8	

PERFORMANCE

Performance measures

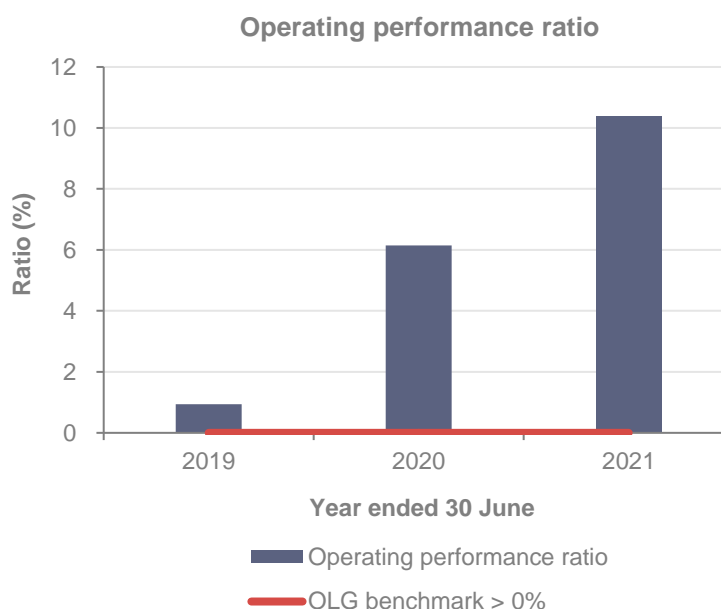
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning, Industry and Environment.

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 has exceeded the OLG benchmark for the current reporting period.

The increased ratio was consistent with the improved result before capital grants and contributions in 2020–21.



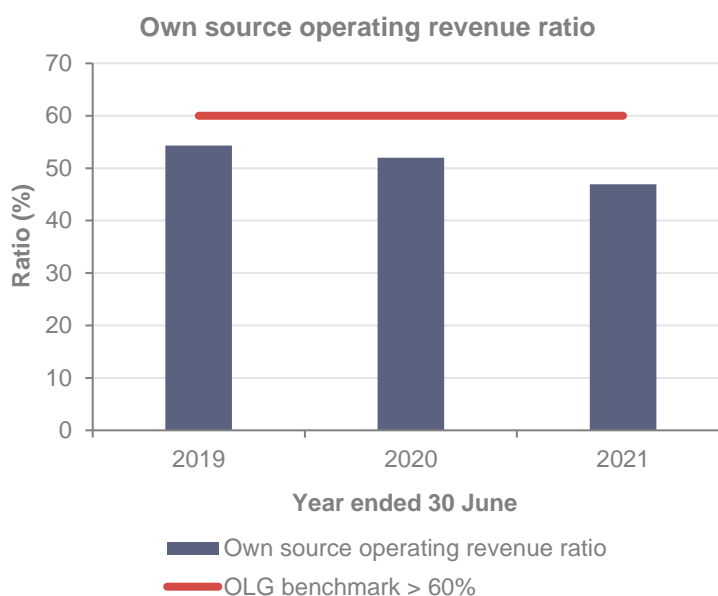
Own source operating revenue ratio

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 has not met the OLG benchmark for the past three reporting periods.

The ratio in 2020-21 remained consistent with the prior year.

This ratio reflects that Council has a reliance on grant funding as a source of revenue.

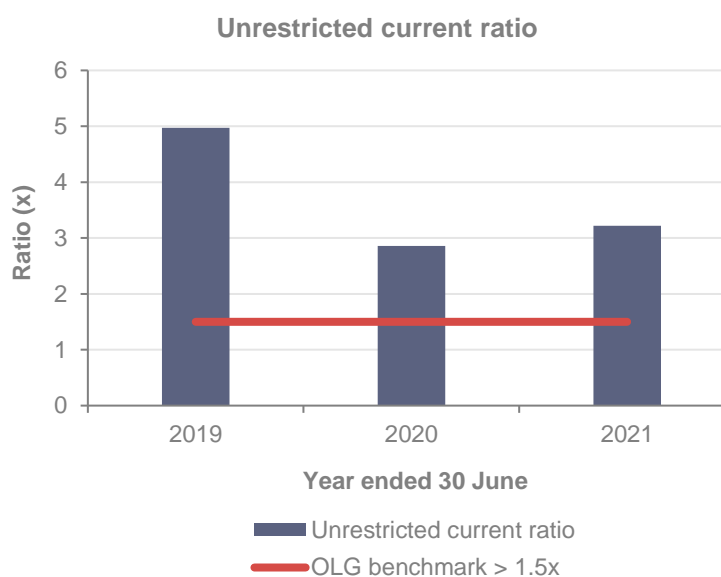


Unrestricted current ratio

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

The Council exceeded the OLG benchmark for the past three years.

This ratio indicates that Council currently has \$3.22 of unrestricted current assets available to service every \$1.00 of its unrestricted current liabilities.

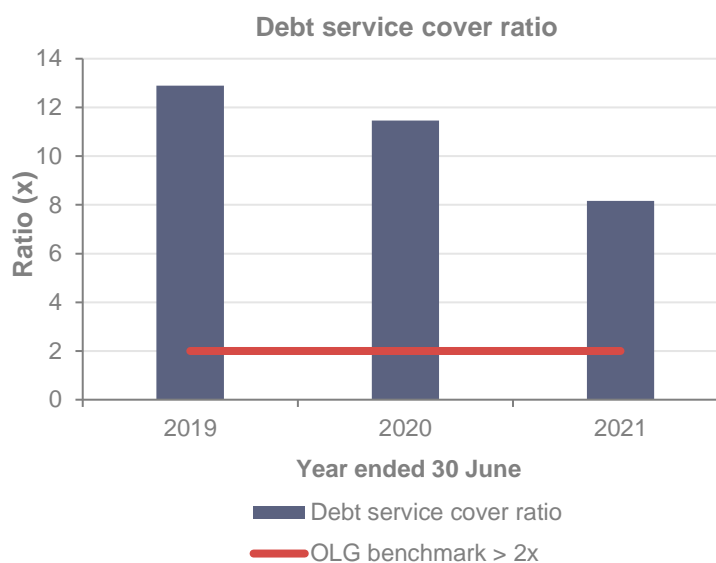


Debt service cover ratio

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 has exceeded the OLG benchmark for the past three years.

Council appears to be effectively monitoring its liquidity levels to ensure it can meet its borrowing costs when they fall due.

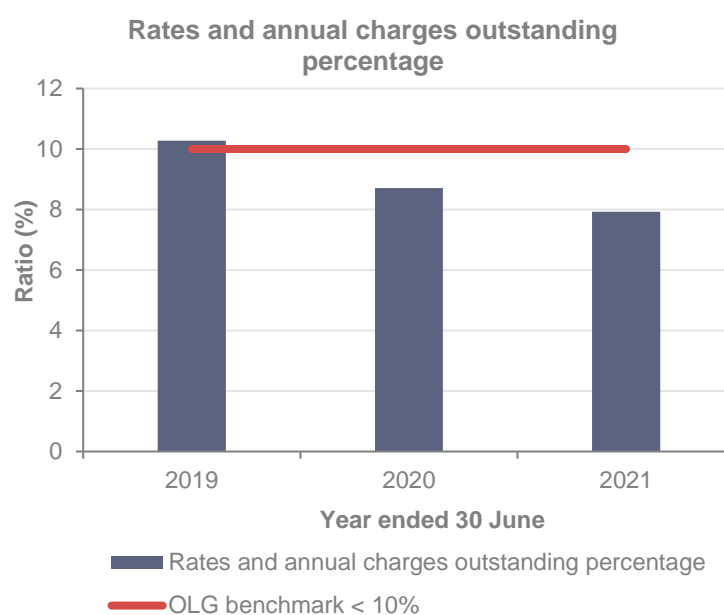


Rates and annual charges outstanding percentage

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 has exceeded the OLG benchmark for the current reporting period.

This ratio has decreased due to the receipt of several long overdue rates and charges.



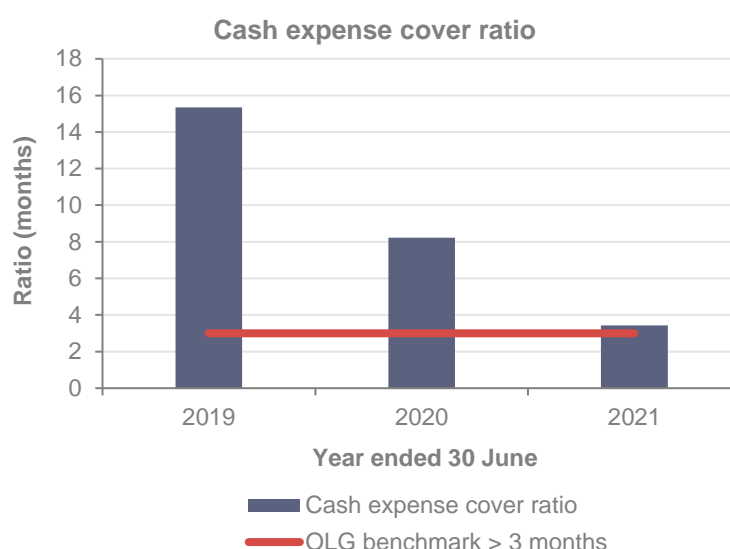
Cash expense cover ratio

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 has slightly exceeded the OLG benchmark for the current reporting period.

This indicates that Council had the capacity to cover 3.71 months of cash expenditure without additional cash inflows at 30 June 2021.

Council is holding less cash on hand with all surplus funds invested in managed funds rather than term deposits.



Infrastructure, property, plant and equipment renewals

Council spent \$13 million on asset renewals in 2020-21 compared to \$10.8 million in 2019-20. Asset renewals are defined as the replacement of existing assets as opposed to the acquisition of new assets.

A short-term benchmark of Council's strategic asset management is to assess the rate at which Council's assets are being renewed against the rate at which they are depreciating. In 2020-21, asset renewals of \$13 million represented 200% of Council's \$6.5 million depreciation expense. This result was 7% higher than the 2019-20 result of 193%.

Asset renewals in 2020-21 were carried out in accordance with Council's capital works program and were primarily related to roads and sewerage assets.

OTHER MATTERS

Impact of new accounting standards

AASB 1059 'Service Concession Arrangements: Grantors'

The Council's assessment has not identified any arrangements with private sector operators that should be classified as either service concession arrangements within AASB 1059, leases or outsourcing arrangements. As such, AASB 1059 did not have a material impact on Council's financial statements.

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.



Unaib Jeffrey
Delegate of the Auditor-General for New South Wales

cc: Ms Jane Redden, General Manager
Mr Ron Gillard, Chair of the Audit, Risk and Improvement Committee
Kiersten Fishburn, Secretary of the Department of Planning, Industry and Environment

Narromine Shire Council

General Purpose Financial Statements

for the year ended 30 June 2021

Narromine Shire Council

General Purpose Financial Statements

for the year ended 30 June 2021

Narromine Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS for the year ended 30 June 2021

*To enhance our Shire's image, lifestyle and environment
through effective leadership, community involvement and
commitment to service.*



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).

Narromine Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2021

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 08 September 2021.



Cr Craig Davies
Mayor
08 September 2021



Cr Dawn Collins
Councillor
08 September 2021



Jane Redden
General Manager
08 September 2021



Jeanelle Coen
Responsible Accounting Officer
08 September 2021

Narromine Shire Council

Income Statement of water supply business activity

for the year ended 30 June 2021

\$ '000	2021	2020
Income from continuing operations		
Access charges	651	620
User charges	1,212	1,244
Fees	66	9
Interest	190	102
Grants and contributions provided for non-capital purposes	82	38
Total income from continuing operations	2,201	2,013
Expenses from continuing operations		
Employee benefits and on-costs	405	481
Materials and services	1,199	1,144
Depreciation, amortisation and impairment	568	534
Total expenses from continuing operations	2,172	2,159
Surplus (deficit) from continuing operations before capital amounts	29	(146)
Grants and contributions provided for capital purposes	913	1,112
Surplus (deficit) from continuing operations after capital amounts	942	966
Surplus (deficit) from all operations before tax	942	966
Less: corporate taxation equivalent [based on result before capital]	(8)	–
Surplus (deficit) after tax	934	966
Plus accumulated surplus	12,423	11,457
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	8	–
Closing accumulated surplus	13,365	12,423
Return on capital %	0.1%	(0.7)%
Subsidy from Council	289	327
Calculation of dividend payable:		
Surplus (deficit) after tax	934	966
Less: capital grants and contributions (excluding developer contributions)	(913)	(1,112)
Surplus for dividend calculation purposes	21	–
Potential dividend calculated from surplus	11	–

Narromine Shire Council

Income Statement of sewerage business activity

for the year ended 30 June 2021

\$ '000	2021	2020
Income from continuing operations		
Access charges	1,179	1,143
User charges	380	319
Liquid trade waste charges	10	11
Interest	713	313
Grants and contributions provided for non-capital purposes	21	20
Total income from continuing operations	2,303	1,806
Expenses from continuing operations		
Employee benefits and on-costs	205	179
Materials and services	808	696
Depreciation, amortisation and impairment	439	408
Other expenses	(17)	23
Total expenses from continuing operations	1,435	1,306
Surplus (deficit) from continuing operations before capital amounts	868	500
Surplus (deficit) from continuing operations after capital amounts	868	500
Surplus (deficit) from all operations before tax	868	500
Less: corporate taxation equivalent [based on result before capital]	(226)	(138)
Surplus (deficit) after tax	642	362
Plus accumulated surplus	10,943	10,443
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	226	138
Closing accumulated surplus	11,811	10,943
Return on capital %	4.3%	2.6%
Subsidy from Council	–	–
Calculation of dividend payable:		
Surplus (deficit) after tax	642	362
Surplus for dividend calculation purposes	642	362
Potential dividend calculated from surplus	321	181

Narromine Shire Council

Statement of Financial Position of water supply business activity

as at 30 June 2021

\$ '000	2021	2020
ASSETS		
Current assets		
Investments	2,022	1,461
Receivables	508	235
Total current assets	2,530	1,696
Non-current assets		
Receivables	–	180
Infrastructure, property, plant and equipment	21,312	20,622
Total non-current assets	21,312	20,802
Total assets	23,842	22,498
LIABILITIES		
Current liabilities		
Payables	47	46
Total current liabilities	47	46
Total liabilities	47	46
Net assets	23,795	22,452
EQUITY		
Accumulated surplus	13,368	12,424
Revaluation reserves	10,427	10,028
Total equity	23,795	22,452

Narromine Shire Council

Statement of Financial Position of sewerage business activity

as at 30 June 2021

\$ '000	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	–	5,374
Investments	7,694	1,823
Receivables	319	229
Total current assets	8,013	7,426
Non-current assets		
Receivables	–	78
Infrastructure, property, plant and equipment	20,040	19,124
Total non-current assets	20,040	19,202
Total assets	28,053	26,628
Net assets	28,053	26,628
EQUITY		
Accumulated surplus	11,812	10,944
Revaluation reserves	16,241	15,684
Total equity	28,053	26,628

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 SPFS 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 (NSW), the *Local Government (General) Regulation 2005*, 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, current values of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the NCP.

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 NCP 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, return 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)

Narromine Shire Council Water Supply

Comprising the whole of the operations and net assets of the water supply activities of Council servicing the towns of Narromine, Trangie, and Tomingley.

Narromine Shire Council Sewerage Service

Comprising the whole of the operations and net assets of the sewerage reticulation and treatment activities of Council servicing the towns of Narromine and Trangie.

Category 2

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

none

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.

Note – Significant Accounting Policies (continued)

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

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

Notional rate applied (%)

Corporate income tax rate – 26%

Land tax – the first \$755,000 of combined land values attracts 0%. For the combined land values in excess of \$755,000 up to \$4,616,000 the rate is 1.6% + \$100. For the remaining combined land value that exceeds \$4,616,000 a premium marginal rate of 2.0% applies.

Payroll tax – 4.85% on the value of taxable salaries and wages in excess of \$1,200,000.

In accordance with the DoI - Water, 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 NSW Office of Water Guidelines to 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 NSW Office of 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. For the 2020-21 income year companies that are base rate entities must apply the lower 26% company tax rate.

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

Accordingly, there is no need for disclosure of internal charges in the SPFS. The rate applied of 26% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

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 0.88% 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 DoI - 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 DoI - 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 DoI - Water.



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Narromine Shire Council

To the Councillors of the Narromine Shire Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Narromine 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.

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 'Unaib Jeffrey', with a long, sweeping horizontal stroke extending to the right.

Unaib Jeffrey

Delegate of the Auditor-General for New South Wales

26 October 2021
SYDNEY

Narromine Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2021

Narromine Shire Council

SPECIAL SCHEDULES for the year ended 30 June 2021

*To enhance our Shire's image, lifestyle and environment
through effective leadership, community involvement and
commitment to service.*



Narromine Shire Council

Special Schedules

for the year ended 30 June 2021

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Narromine Shire Council

Permissible income for general rates

\$ '000	Notes	Calculation 2020/21	Calculation 2021/22
Notional general income calculation ¹			
Last year notional general income yield	a	5,872	6,017
Plus or minus adjustments ²	b	(8)	8
Notional general income	$c = a + b$	5,864	6,025
Permissible income calculation			
Or rate peg percentage	e	2.60%	2.00%
Or plus rate peg amount	$i = e \times (c + g)$	152	121
Sub-total	$k = (c + g + h + i + j)$	6,016	6,146
Plus (or minus) last year's carry forward total	l	—	(1)
Sub-total	$n = (l + m)$	—	(1)
Total permissible income	$o = k + n$	6,016	6,145
Less notional general income yield	p	6,017	6,146
Catch-up or (excess) result	$q = o - p$	—	(1)
Carry forward to next year ⁶	$t = q + r + s$	—	(1)

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the Valuation of Land Act 1916.
- (6) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the *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

Narromine Shire Council

To the Councillors of Narromine Shire Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Narromine 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 'Unaib Jeffrey', with a long, sweeping horizontal stroke extending to the right.

Unaib Jeffrey

Delegate of the Auditor-General for New South Wales

26 October 2021
SYDNEY

Narromine 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	399	399	1,353	1,457	17,643	39,291	17.0%	59.0%	22.0%	1.0%	1.0%
	Other	—	—	—	—	417	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	399	399	1,353	1,457	18,060	39,291	17.0%	59.0%	22.0%	1.0%	1.0%
Other structures	Other structures	53	53	—	—	3,597	5,165	56.0%	28.0%	15.0%	1.0%	0.0%
	Sub-total	53	53	—	—	3,597	5,165	56.0%	28.0%	15.0%	1.0%	0.0%
Roads	Roads	—	—	—	—	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Sealed roads	1,829	1,829	1,241	1,007	157,804	182,580	23.0%	12.0%	64.0%	1.0%	0.0%
	Unsealed roads	1,409	1,409	2,458	1,953	26,074	35,214	42.0%	39.0%	15.0%	4.0%	0.0%
	Bridges	205	205	—	—	13,030	20,454	50.0%	34.0%	15.0%	1.0%	0.0%
	Footpaths	116	116	4	4	1,997	3,880	17.0%	39.0%	41.0%	3.0%	0.0%
	Other road assets	641	641	322	320	10,276	16,014	31.0%	27.0%	38.0%	4.0%	0.0%
	Other	—	—	—	—	(141)	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Other road assets (incl. bulk earth works)	—	—	—	—	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	4,200	4,200	4,025	3,284	209,040	258,142	28.1%	18.8%	51.5%	1.6%	0.0%
Water supply network	Water supply network	321	321	1,313	1,289	18,199	32,717	47.0%	46.0%	6.0%	1.0%	0.0%
	Other	—	—	—	—	(620)	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	321	321	1,313	1,289	17,579	32,717	47.0%	46.0%	6.0%	1.0%	0.0%
Sewerage network	Sewerage network	295	295	799	844	19,273	29,523	68.0%	18.0%	13.0%	1.0%	0.0%
	Other	—	—	—	—	233	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	295	295	799	844	19,506	29,523	68.0%	18.0%	13.0%	1.0%	0.0%
Stormwater drainage	Stormwater drainage	465	465	242	211	15,068	23,401	25.0%	34.0%	39.0%	2.0%	0.0%
	Other	—	—	—	—	(133)	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	465	465	242	211	14,935	23,401	25.0%	34.0%	39.0%	2.0%	0.0%
Open space / recreational assets	Swimming pools	50	50	245	376	3,620	5,035	30.0%	60.0%	8.0%	1.0%	1.0%
	Other Open Space Recreational	58	58	1,134	1,172	3,410	5,764	15.0%	49.0%	35.0%	1.0%	0.0%
	Sub-total	108	108	1,379	1,548	7,030	10,799	22.0%	54.1%	22.4%	1.0%	0.5%

Narromine Shire Council

Report on infrastructure assets as at 30 June 2021 (continued)

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	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
Other infrastructure assets	Other	347	347	1,435	1,444	265	414	16.0%	19.0%	63.0%	1.0%	1.0%
	Sub-total	347	347	1,435	1,444	265	414	16.0%	19.0%	63.0%	1.0%	1.0%
	Total – all assets	6,188	6,188	10,546	10,077	290,012	399,452	31.5%	26.9%	40.0%	1.5%	0.1%

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

Infrastructure asset condition assessment 'key'

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

Narromine 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 ¹					
Asset renewals ¹	8,778	166.57%	153.11%	190.38%	>= 100.00%
Depreciation, amortisation and impairment	5,270				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	6,188	2.09%	2.14%	2.14%	< 2.00%
Net carrying amount of infrastructure assets	295,892				
Asset maintenance ratio					
Actual asset maintenance	10,077	95.55%	94.45%	94.45%	> 100.00%
Required asset maintenance	10,546				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	6,188	1.55%	1.47%	1.56%	
Gross replacement cost	399,452				

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

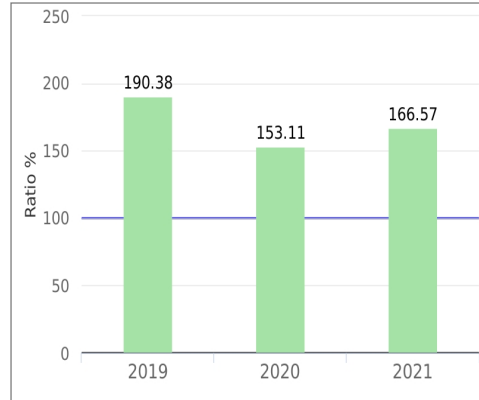
(1) Excludes WIP

(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.

Narromine 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	166.57%
Council is well above benchmark due to extensive renewal program.	

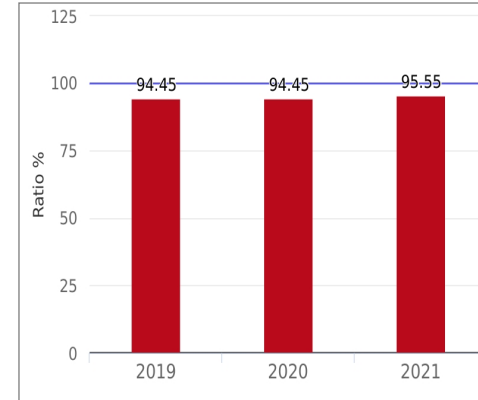
Benchmark: — $\geq 100.00\%$

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

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	95.55%
Council is slightly below the benchmark due to consistent shortfall in actual asset maintenance expenditure compared to required expenditure.	

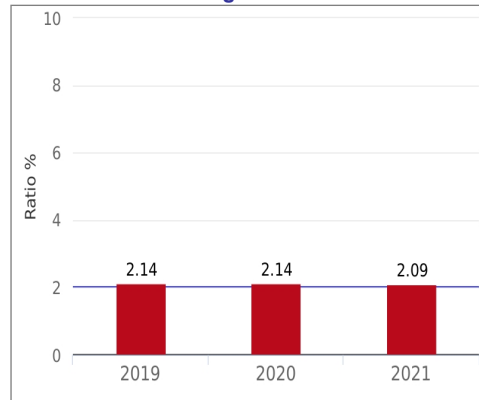
Benchmark: — $> 100.00\%$

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

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	2.09%
Council's infrastructure backlog has remained around 2% for the past years slightly above OLG benchmark.	

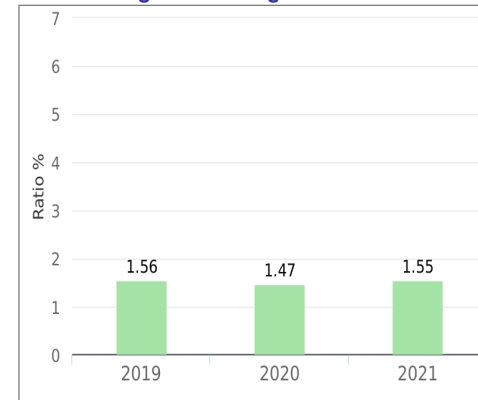
Benchmark: — $< 2.00\%$

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

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	1.55%
Council has maintained the ratio at a consistent level for the past 3 years.	

Narromine 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 ¹							
Asset renewals ¹							
Depreciation, amortisation and impairment	166.84%	164.28%	151.32%	164.79%	183.60%	32.11%	>= 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	2.15%	2.21%	1.83%	1.81%	1.51%	1.52%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	94.19%	93.02%	98.17%	98.16%	105.63%	105.69%	> 100.00%
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	1.65%	1.55%	0.98%	1.00%	1.00%	1.00%	

(1) Excludes WIP

(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.



Narromine Shire Council

Quarterly Budget Review

2021-2022

**First Quarter (Q1)
30 September 2021**



Narromine Shire Council

Quarterly Budget Review Statement
for the period 01/07/21 to 30/09/21

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Narromine Shire Council

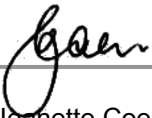
Quarterly Budget Review Statement
for the period 01/07/21 to 30/09/21

Report by responsible accounting officer

The following statement is made in accordance with Clause 203(2) of the Local Government (General) Regulations 2005:

30 September 2021

It is my opinion that the Quarterly Budget Review Statement for Narromine Shire Council for the quarter ended 30/09/21 indicates that Council's projected financial position at 30/6/22 will be satisfactory at year end, having regard to the projected estimates of income and expenditure and the original budgeted income and expenditure.

Signed:  _____
Jeanette Coen
Responsible accounting officer

date: 3/11/2021

Narrromine Shire Council

Quarterly Budget Review Statement

for the period 01/07/21 to 30/09/21

Income & expenses budget review statement

Budget review for the quarter ended 30 September 2021

Income & expenses - Council Consolidated

(\$000's)	Original budget 2021/22	Approved changes					Revised budget 2021/22	Variations for this Sep Qtr		Notes	Projected year end result	Actual YTD figures
		Carry forwards	Other than by QBRS	Sep QBRS	Dec QBRS	Mar QBRS						
Income												
Development and Environmental Services							-				-	
Building	265						265				265	
Fire Prevention & Emergency Services	340						340				340	
Planning	27						27				27	
Regulatory Services	97						97				97	
Manager Development & Environmental Services	1						1				1	
Public Health	6						6				6	
Engineering							-				-	
Water	1,758						1,758				1,758	
Roads Bridges Footpaths	2,599						2,599				2,599	
Manager Engineering Office	15						15				15	
Parks & Reserves	7						7				7	
Sport & Recreation Facilities	158						158				158	
Mining	142						142				142	
Street Lighting	47						47				47	
Stormwater Drainage	57						57				57	
Aerodrome	97						97				97	
Quarry Operations	331						331				331	
Cemeteries	77						77				77	
Plant Operations	1,899						1,899				1,899	
Private Works	22						22				22	
Sewer	1,487						1,487				1,487	
Waste Management	1,912						1,912				1,912	
Buildings and Property	22						22				22	
CEO Office	69						69				69	
Governance							-				-	
Corporate Services							-				-	
Manager Corporate Service Office							-				-	
Finance	3,365						3,365				3,365	
Human Resources	25						25				25	
Rates	6,028						6,028				6,028	
Community & Economic Development	20						20				20	
Libraries	34						34				34	
Manager Community Services Office							-				-	
Health Services	110						110				110	
Children Youth and Family Services	1						1				1	
Tourism and Events	7						7				7	
Business and Economic Development	478						478				478	
Community and Social Development							-				-	
Total income from continuing operations	21,503	-	-	-	-	-	736	-			736	-

Attachement No. 3

Expenses										
Development and Environmental Services						-	-	-	-	-
Building	11					11	11	11		
Fire Prevention & Emergency Services	602					602	602	602		
Planning	235					235	235	235		
Regulatory Services	436					436	436	436		
Manager Development & Environmental Services	154					154	154	154		
Public Health	116					116	116	116		
Engineering	1,052					1,052	1,052	1,052		
Depot Operations	419					419	419	419		
Water	1,721					1,721	1,721	1,721		
Roads Bridges Footpaths	3,997					3,997	3,997	3,997		
Manager Engineering Office						-	-	-		
Parks & Reserves	1,746					1,746	1,746	1,746		
Sport & Recreation Facilities	510					510	510	510		
Mining	142					142	142	142		
Street Lighting	143					143	143	143		
Stormwater Drainage	258					258	258	258		
Aerodrome	593					593	593	593		
Quarry Operations	331					331	331	331		
Cemeteries	72					72	72	72		
Plant Operations	1,553					1,553	1,553	1,553		
Private Works						-	-	-		
Sewer	1,506					1,506	1,506	1,506		
Waste Management	1,552					1,552	1,552	1,552		
Buildings and Property	134					134	134	134		
Governance	726					726	726	726		
Records Management	159					159	159	159		
CEO Office	1,251					1,251	1,251	1,251		
Corporate Services						-	-	-		
Manager Corporate Service Office	951					951	951	951		
Finance	(224)					(224)	(224)	(224)		
Human Resources	909					909	909	909		
Rates						-	-	-		
Community & Economic Development	44					44	44	44		
Libraries	515					515	515	515		
Manager Community Services Office						-	-	-		
Health Services	132					132	132	132		
Children Youth and Family Services	2					2	2	2		
Tourism and Events	332					332	332	332		
Business and Economic Development	1,375					1,375	1,375	1,375		
Community and Social Development	116					116	116	116		
Total expenses from continuing operations	23,571	-	-	-	-	-	23,571	-	23,571	-
Net operating result from continuing operations	(2,068)	-	-	-	-	-	(22,835)	-	(22,835)	-
Discontinued operations - surplus/(deficit)						-	-	-		
Net operating result from all operations	(2,068)	-	-	-	-	-	(22,835)	-	(22,835)	-
Net operating result before capital items						-	-	-		

This statement forms part of Council's Quarterly Budget Review Statement (QBRS) for the quarter ended xx/xx/xx and should be read in conjunction with the total QBRS report

Narromine Shire Council

Income & expenses budget review statement
Recommended changes to revised budget

Budget Variations being recommended include the following material items:

NIL

Narromine Shire Council

Quarterly Budget Review Statement

for the period 01/07/21 to 30/09/21

Capital budget review statement

Budget review for the quarter ended 30 September 2021

Capital budget - Council Consolidated

(\$000's)	Original budget 2021/22	Approved changes					Revised budget 2021/22	Variations for this Sep Qtr		Notes	Projected year end result	Actual YTD figures
		Carry forwards	Other than by QBRS	Sep QBRS	Dec QBRS	Mar QBRS						
Capital expenditure												
New assets												
- Plant & equipment							-				-	
- Land & buildings	1,620						1,620	569	2,9		2,189	
- Information Technology							-	202	1,7		202	
Renewal assets (replacement)												
- Plant & equipment	911	58					969				969	
- Land & buildings	54	277					331	326	1,4		657	
- Aerodrome	106	1,058					1,164	778	6		1,942	
- Roads, bridges, footpaths	3,579	213					3,792				3,792	
- Parks & Reserves	65	410					475	87	1		562	
- Public Amenities	32	35					67				67	
- Sporting facilities	109	3,364					3,473	36	3,5		3,509	
- Cemeteries	30						30				30	
- Stormwater Management	696	21					717				717	
- Sewer	465	109					574				574	
- Street Lighting		297					297				297	
- Waste	12						12				12	
- Information Technology	93	111					204	50	8		254	
Loan repayments (principal)							-				-	
Water	723	766					1,489				1,489	
Other expenditure... enter description here							-				-	
Total capital expenditure	8,495	6,719	-	-	-	-	15,214	2,048			17,262	-
Capital funding												
Rates & other untied funding							-				-	
Capital grants & contributions	2,808	2,999					5,807	996	1,4,6		6,803	
Reserves:												
- External restrictions/reserves							-	329	9		329	
- Internal restrictions/reserves		3,720					3,720	719	2,3,5,6,7,8,9		4,439	
New loans							-				-	
Receipts from sale of assets												
- Plant & equipment							-				-	
- Land & buildings	589						589				589	
Other funding - Depreciation Add Back	5,673						5,673				5,673	
Donations Received							-	4	3		4	
Total capital funding	9,070	6,719	-	-	-	-	15,789	2,048			17,837	-
Net capital funding - surplus/(deficit)	575	-	-	-	-	-	575	-			575	-

Attachement No. 3

Narromine Shire Council

Quarterly Budget Review Statement
for the period 01/07/21 to 30/09/21

Capital budget review statement **Recommended changes to revised budget**

Budget variations being recommended include the following material items:

Notes	Details		
Revenue			
Murray Darling Basin Economic Development Program - Tomingley Hall Sports Area Works	Commonwealth Grant - Capital Non-recurrent	- 64,000	1
Murray Darling Basin Economic Development Program - Eric Woods Park Upgrade	Commonwealth Grant - Capital Non-recurrent	- 35,000	1
Murray Darling Basin Economic Development Program - Dicken Park Upgrade	Commonwealth Grant - Capital Non-recurrent	- 52,468	1
Murray Darling Basin Economic Development Program - Trangie Showground Amenities	Commonwealth Grant - Capital Non-recurrent	- 125,000	1
Murray Darling Basin Economic Development Program - Trangie CCTV Main Street	Commonwealth Grant - Capital Non-recurrent	- 93,532	1
Murray Darling Basin Economic Development Program - Narromine Hub N Spoke Works	Commonwealth Grant - Capital Non-recurrent	- 110,000	1
Murray Darling Basin Economic Development Program - Narromine CCTV Main Street	Commonwealth Grant - Capital Non-recurrent	- 100,000	1
Murray Darling Basin Economic Development Program - Capicity Building Program	Commonwealth Grant - Operating Non-recurrent	- 20,000	1
Narromine Sports Centre Sporting Equipment - Inland Rail Donation	Donations Received	- 4,000	3
NSW Showgrounds Stimulus 2C Trangie Showground	State Grant Capital Non-Recurrent	- 7,315	4
2021-2022 Regional Airports Program Rd2 - Narromine Aerodrome - Water Mains Replacement	Commonwealth Grant - Capital Non-recurrent	- 125,000	6
2021-2022 Regional Airports Program Rd2 - Narromine Aerodrome - Airside Tree Removal	Commonwealth Grant - Operating Non-recurrent	- 21,000	6
2021-2022 Regional Airports Program Rd2 - Narromine Aerodrome - Taxiway Construction (Gravel New) & Tie Downs	Commonwealth Grant - Capital Non-recurrent	- 111,000	6
2021-2022 Regional Airports Program Rd2 - Narromine Aerodrome - Taxiway Reseal	Commonwealth Grant - Capital Non-recurrent	- 55,000	6
2021-2022 Regional Airports Program Rd2 - Narromine Aerodrome - Reseal of Apron Areas	Commonwealth Grant - Capital Non-recurrent	- 77,000	6
Land Development - Dappo Road	Dappo Rd Sewer Pump Station - South East Corner Land Development	- 329,150	9
Land Development - Dappo Road	Dappo Rd Sewer Pump Station - South East Corner Land Development	- 223,292	9
Revenue Total		- 1,552,757	
Expenditure			
Murray Darling Basin Economic Development Program - Tomingley Hall Sports Area Works	Commonwealth Grant	64,000	1
Murray Darling Basin Economic Development Program - Eric Woods Park Upgrade	Commonwealth Grant	35,000	1
Murray Darling Basin Economic Development Program - Dicken Park Upgrade	Commonwealth Grant	52,468	1
Murray Darling Basin Economic Development Program - Trangie Showground Amenities	Commonwealth Grant	125,000	1
Murray Darling Basin Economic Development Program - Trangie CCTV Main Street	Commonwealth Grant	93,532	1
Murray Darling Basin Economic Development Program - Narromine Hub N Spoke Works	Commonwealth Grant	110,000	1
Murray Darling Basin Economic Development Program - Narromine CCTV Main Street	Commonwealth Grant	100,000	1
Murray Darling Basin Economic Development Program - Capicity Building Program	Commonwealth Grant	20,000	1
GL/Capital Revenue/Gen Managers Contingency Fund	Per Email - Old Backtwer Yard Fence	- 17,000	2
Cattle Proof Fence - Lot 200 Old Backwater Road Narromine	Per Email - Old Backtwer Yard Fence	17,000	2
Narromine Sports Centre Sporting Equipment - Inland Rail Donation	Donation ARTC - Inland Rail	5,002	3
Narromine Sports Centre Gym Equipment Capital	TFR Gym Equipment to Sporting Equipment	- 1,002	3
NSW Showgrounds Stimulus 2C Trangie Showground	NSW Showgrounds Stimulus 2C Trangie Showground Grant	7,315	4
2021-2022 Swimming Pool Shade Structure Replacement-Southern End	Per Email - General Manager Contingency Fund	28,574	5
2021-2022 Trangie Pool - Upgrade to Shade Sail Trangie baby Pool	Per Email - General Manager Contingency Fund	2,002	5
GL/Capital Revenue/Gen Managers Contingency Fund	Per Email - General Manager Contingency Fund	- 30,576	5
2021-2022 Regional Airports Program Rd2 - Narromine Aerodrome - Water Mains Replacement	Regional Airports Program Rd2 Grant	250,000	6
2021-2022 Regional Airports Program Rd2 - Narromine Aerodrome - Airside Tree Removal	Regional Airports Program Rd2 Grant	42,000	6
2021-2022 Regional Airports Program Rd2 - Narromine Aerodrome - Taxiway Construction (Gravel New) & Tie Downs	Regional Airports Program Rd2 Grant	222,000	6
2021-2022 Regional Airports Program Rd2 - Narromine Aerodrome - Taxiway Reseal	Regional Airports Program Rd2 Grant	110,000	6
2021-2022 Regional Airports Program Rd2 - Narromine Aerodrome - Reseal of Apron Areas	Regional Airports Program Rd2 Grant	154,000	6
GL/Financial Services/TFR to/from reserve - General Reserve/Budgets Only	Regional Airports Program Rd2 Grant/Council Resolution	- 389,000	6
2021-2022 Civica Authority - Online Leave Module	Per request from IT Manager	9,321	7
GL/Financial Services/TFR to/from reserve - IT Strategy/Budgets Only	Per request from IT Manager	- 9,321	7
2021-2022 Audio-Video Equipment Replacement Council Chambers	Per request from IT Manager	50,000	8
GL/Financial Services/TFR to/from reserve - IT Strategy/Budgets Only	Per request from IT Manager	- 50,000	8
External Restrictions	Dappo Rd Sewer Pump Station - South East Corner Land Development	329,150	9
Internal Restrictions	Dappo Rd Sewer Pump Station - South East Corner Land Development	223,292	9
Expenditure Total		1,552,757	

Cash & investments budget review statement

Budget review for the quarter ended 30 September 2021

Cash & investments - make a choice >>>

(\$000's)	*Original budget 2021/22	Approved changes					Revised budget 2021/22	Variations for this Sep Qtr	Notes	Projected year end result	Actual YTD figures
		Carry forwards	Other than by QBRS	Sep QBRS	Dec QBRS	Mar QBRS					
Externally restricted ⁽¹⁾											
Development Assessment							-			-	
Developers Contributions - Section 7.12 [S94]	135,426						135,426			135,426	
Developers Contributions - Section 7.11	1,595						1,595			1,595	
Special Purposes Unexpended Grants							-			-	
Grants	1,597,269	(1,597,269) **					-			-	
FAGS adv	-						-			-	
Loan Funds	-						-			-	
LIRS Loan	-						-			-	
Specific Purpose Unexpended Loans (js added)	-						-			-	
Design	-						-			-	
Street Lighting (Unexpended loans)	5,142						5,142			5,142	
Waste Management							-			-	
Domestic Waste Management	299,537						299,537			299,537	
Remediation Plan - Amortisation accumulated	541,385						541,385			541,385	
Domestic Waste Carry Forward Capital Works	-						-			-	
Domestic Waste Unexpended Grants	-						-			-	
OROC	-						-			-	
OROC Surplus Operating Funds	-						-			-	
OROC Surplus Operating Funds	30,188						30,188			30,188	
NSRAC/TSRAC	-						-			-	
NSRAC	113,359						113,359			113,359	
NSRAC - Unexpended Grants	-						-			-	
NSRAC - Bonds	3,296						3,296			3,296	
TSRAC	-						-			-	
TSRAC - Unexpended Grants	-						-			-	
TSRAC - Bonds	4,586						4,586			4,586	
External Restrictions - Water Fund	-						-			-	
Water Funds	1,605,712						1,605,712			1,605,712	
Water Funds - s64 Contributions	215,371						215,371			215,371	
Water Fund Grants	270,000	(270,000)					-			-	
Water Fund Capital Carryover	495,288	(495,288)					-			-	
External Restrictions - Sewer Fund	-						-			-	
Sewerage Funds	7,631,020						7,631,020			7,631,020	
Sewerage Funds - s64 Contributions	177,793						177,793			177,793	
Sewer Fund Capital Carryover	108,980	(108,980)					0			0	
Total externally restricted	13,235,947	(2,471,537)	-	-	-	-	10,764,410	-		10,764,410	-
(1) Funds that must be spent for a specific purpose											
Internally restricted ⁽²⁾											
Executive Services											
Strategic Plan	-						-			-	
Election Expenses	66,259						66,259			66,259	
Financial Management											
Employee Leave Entitlements	555,230						555,230			555,230	
Capital Works Carried Forward	3,832,641	(3,832,641)					-			-	
OHS Bonus	133,203						133,203			133,203	
Strategic Plan - Finance Review	-						-			-	
Strategic Plan - Organisational Review	-						-			-	
Office Equipment (LTP)	7,294						7,294			7,294	
Future Capital Works	-						-			-	
FAGS Adv	2,382,852						2,382,852			2,382,852	
Information Technology											
IT Strategy (LTP)	103,424						103,424			103,424	
GIS System Upgrade	-						-			-	
Civic Administration Building											
Administration Buildings (LTP)	24,663						24,663			24,663	
Halls and other Community Buildings	-						-			-	
Other Buildings	-						-			-	
Fire Protection and Emergency Services											
RFS Tanker Replacement	-						-			-	
Environment											
Wetlands Development	45,739						45,739			45,739	
Pigeon Control	-						-			-	
Animal Control											
Pound Improvements (LTP)	-						-			-	
Youth Services											
Youth Activities (js add)	-						-			-	
Youth Education Activities (Mac 2100 Grant)	18,440						18,440			18,440	
Youth Centre Insurance Money	-						-			-	
Skate Park Improvements	-						-			-	
Health Facilities											
Medical Centre + LTP	235,548						235,548			235,548	
Community Halls											
Community Hall Upgrades	-						-			-	
Public Conveniences											
Public Amenities Upgrades (LTP)	31,855						31,855			31,855	
Library Services											
Library Improvements (LTP)	97,310						97,310			97,310	
Cemeteries											
Cemetery Improvements (LTP)	-						-			-	
Cultural Development											
Fowler Engine Restoration	-						-			-	
Trangie Local History Group	1,000						1,000			1,000	
Waste Management - (Not Domestic)							-			-	

Attachement No. 3

Commercial Waste Management	-	-	-	-	-	-	-	-	-
Waste Management Facility Upgrades	-	-	-	-	-	-	-	-	-
Buildings	71,899	71,899	71,899	-	-	-	-	-	-
Operational Support	-	-	-	-	-	-	-	-	-
Depot Improvements (LTP)	75,540	75,540	75,540	-	-	-	-	-	-
Plant & Vehicles Replacement (LTP)	868,576	868,576	868,576	-	-	-	-	-	-
Oaks Bridge	-	-	-	-	-	-	-	-	-
Quarries	327,035	327,035	327,035	-	-	-	-	-	-
RMCC Reserve	-	-	-	-	-	-	-	-	-
Roads & Infrastructure Contingency	-	-	-	-	-	-	-	-	-
Footpaths (LTP)	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	-	-	-
Street Lighting LTP (Reserves)	8,881	8,881	8,881	-	-	-	-	-	-
Stormwater Management	-	-	-	-	-	-	-	-	-
Drainage Construction (LTP)	105,712	105,712	105,712	-	-	-	-	-	-
K & Gutter Construction - Narromine (LTP)	105,912	105,912	105,912	-	-	-	-	-	-
K & Gutter Construction - Trangie (LTP)	108,760	108,760	108,760	-	-	-	-	-	-
K & Gutter Construction - Tomingley (LTP)	22,477	22,477	22,477	-	-	-	-	-	-
Stormwater - Levee Bank	2,000	2,000	2,000	-	-	-	-	-	-
Aerodrome	-	-	-	-	-	-	-	-	-
Aerodrome Development	1,629	1,629	1,629	-	-	-	-	-	-
Aerodrome Capital Improvements (LTP)	147,865	147,865	147,865	-	-	-	-	-	-
Natfly	-	-	-	-	-	-	-	-	-
Mining	-	-	-	-	-	-	-	-	-
Alkane - Community Contributions	184,751	184,751	184,751	-	-	-	-	-	-
Alkane - Environmental Monitoring	137,729	137,729	137,729	-	-	-	-	-	-
Alkane - Roads Contribution	3,773	3,773	3,773	-	-	-	-	-	-
Alkane - Tomingley Water Tanks	-	-	-	-	-	-	-	-	-
Parks, Playing Fields	-	-	-	-	-	-	-	-	-
Playground Equipment Upgrades (LTP)	71,109	71,109	71,109	-	-	-	-	-	-
Playground Shade Structure Upgrades (not LTP)	-	-	-	-	-	-	-	-	-
Playground/Sporting Fields Fencing (LTP)	-	-	-	-	-	-	-	-	-
Park Amenities (LTP)	100,014	100,014	100,014	-	-	-	-	-	-
Street Tree Planting Program	-	-	-	-	-	-	-	-	-
Tomingley Dicken Park Landscaping (capex WO383)	-	-	-	-	-	-	-	-	-
Street Tree Irrigation Program	6,500	6,500	6,500	-	-	-	-	-	-
Softfall Establishment (LTP)	54,781	54,781	54,781	-	-	-	-	-	-
Sporting Facility Upgrades (LTP)	79,793	79,793	79,793	-	-	-	-	-	-
Irrigation System Establishment (LTP)	91,731	91,731	91,731	-	-	-	-	-	-
Recreational Buildings & Infrastructure	-	-	-	-	-	-	-	-	-
Sports Complex/Equipment Upgrades (LTP)	50,605	50,605	50,605	-	-	-	-	-	-
Trangie Showground Pavilion	-	-	-	-	-	-	-	-	-
Nme and Tge Showground Improvements (LTP)	10,000	10,000	10,000	-	-	-	-	-	-
Swimming Pools	-	-	-	-	-	-	-	-	-
Swimming Facilities Upgrade (LTP)	37,136	37,136	37,136	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-	-	-
Economic Development Reserve	-	-	-	-	-	-	-	-	-
Strategic Business Initiatives Reserve	-	-	-	-	-	-	-	-	-
Tourism	-	-	-	-	-	-	-	-	-
Tourism Promotions	-	-	-	-	-	-	-	-	-
Real Estate Development	-	-	-	-	-	-	-	-	-
Land Development	-	-	-	-	-	-	-	-	-
Hangar Development	-	-	-	-	-	-	-	-	-
Industrial Estate Planning	-	-	-	-	-	-	-	-	-
Saleyards and Markets	-	-	-	-	-	-	-	-	-
Saleyards	-	-	-	-	-	-	-	-	-
MVFDC	-	-	-	-	-	-	-	-	-
Family Day Care - Operating Bank Acc	-	-	-	-	-	-	-	-	-
Family Day Care Grants	-	-	-	-	-	-	-	-	-
FDC ELE Reserve - Cash Funded	-	-	-	-	-	-	-	-	-
MVFDC Capital Carry Over	-	-	-	-	-	-	-	-	-
Total internally restricted	10,209,666	(3,832,641)	-	-	-	-	6,377,025	-	6,377,025
(2) Funds that Council has earmarked for a specific purpose									
Unrestricted (ie. available after the above Restrictio	(23,445,613)	6,304,178	-	-	-	-	(17,141,435)	-	(17,141,435)
Total Cash & investments									

*To be amended following adoption of audited financial statements.

**2021/2022 Land Sales updated projection less holding costs and loan repayments

Quarterly Budget Review Statement

for the period 01/07/21 to 30/09/21

Contracts budget review statement

Budget review for the quarter ended 30 September 2021

Part A - Contracts listing - contracts entered into during the quarter

[illegible]

Narromine Shire Council

Quarterly Budget Review Statement

for the period 01/07/21 to 30/09/21

Contracts budget review statement

Comments & explanations relating to contractors listing

Notes Details

[illegible]

Narromine Shire Council

Quarterly Budget Review Statement
for the period 01/07/21 to 30/09/21

Consultancy & legal expenses budget review statement

Consultancy & legal expenses overview

Expense	YTD expenditure (actual dollars)	Budgeted (Y/N)
Consultancies	92,839	Y
Legal Fees	9,247	Y

Definition of a consultant:

A consultant is a person or organisation engaged under contract on a temporary basis to provide recommendations or high level specialist or professional advice to assist decision making by management. Generally it is the advisory nature of the work that differentiates a consultant from other contractors.

Comments

Expenditure included in the above YTD figure but not budgeted includes:

Details
