
NARROMINE SHIRE COUNCIL
ORDINARY MEETING BUSINESS PAPER – 8 SEPTEMBER 2021
SUPPLEMENTARY REPORT TO COUNCIL – FINANCE & CORPORATE STRATEGY

1. DRAFT 2020/2021 FINANCIAL STATEMENTS REFERRAL TO AUDIT

Author	Acting Director Finance and Corporate Strategy
Responsible Officer	Acting Director Finance and Corporate Strategy
Link to Strategic Plans	CSP – 4.3 A financially sound Council that is responsible and sustainable

Executive Summary

This report presents the Draft 2020/2021 Financial Statements to be referred to audit.

Report

Section 413(1) of the Local Government Act stipulates that Council must prepare financial reports for each year, and must refer them for audit as soon as practical after the end of that year. In addition, Council's financial reports must be audited within 4 months after the end of the year concerned.

The Statement of Councillors and Management made pursuant Section 413(2)(c) of the Local Government Act and the Local Government Code of Accounting Practice and Financial Reporting must be in the approved format and be signed in accordance with a resolution of Council.

Council's auditors will be undertaking the financial statements and workpapers audit from 6 September 2021. As such, Council must consider referring the draft financial reports to audit.

Financial Implications

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

Legal and Regulatory Compliance

Local Government Act, 1993 – Sections 413(1) and 413(2)(c)
Local Government Code of Accounting Practice and Financial Reporting Update No.27

Risk Management Issues

Nil

Internal/External Consultation

NSW Audit Office – Client Service Plan
NSC Internal Audit and Risk Committee – have provided conditional in principle consent to refer to audit.

NARROMINE SHIRE COUNCIL
ORDINARY MEETING BUSINESS PAPER – 8 SEPTEMBER 2021
SUPPLEMENTARY REPORT TO COUNCIL – FINANCE & CORPORATE STRATEGY

2. DRAFT 2020/2021 FINANCIAL STATEMENTS REFER TO AUDIT (Cont'd)

Attachments

- 1 Draft General-Purpose Financial Statements
- 2 Draft Special-Purpose Financial Statements
- 3 Draft Special Schedules

RECOMMENDATION

1. That Council's 2020/21 Draft Financial Statements be referred to audit to the NSW Audit Office.
2. That Council resolves that the draft annual Financial Statements are in accordance with:
 - the Local Government Act 1993 and the Regulations made there under;
 - the Australian Accounting Standards and professional pronouncements, and
 - the Local Government Code of Accounting Practice and Financial Reporting;– presents fairly the Council's operating result and financial position for the year, and
 - accords with Council's accounting and other records;
 - and that Council is not aware of any matter that would render this report false or misleading in any way.
3. That Council adopt the Councillors/Management "Statements" and resolve that they be signed and attached to the year-end accounts.
4. That Council delegates to the General Manager the authority to "finalise the date" at which the Auditor's report and Financial Statements are to be presented to the public (as per section 418(1) of the Local Government Act 1993).
5. That Council note and adopt the value of the nominated Internal Reserves and their closing balances as listed in Note 7(c) of the General-Purpose Financial Statement.

Jeanette Coen
Acting Director Finance & Corporate Strategy
Responsible Accounting Officer

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.*



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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	B2-3	341	296
6,708	Grants and contributions provided for operating purposes	B2-4	7,938	7,845
1,648	Grants and contributions provided for capital purposes	B2-4	6,262	3,982
628	Interest and investment income	B2-5	2,551	(130)
351	Other income	B2-6	190	223
–	Net gains from the disposal of assets	B4-1	–	514
–	Net share of interests in joint ventures and associates using the equity method	D2a	6	–
22,025	Total income from continuing operations		29,633	24,616
Expenses from continuing operations				
7,452	Employee benefits and on-costs	B3-1	7,542	6,959
6,730	Materials and services	B3-2	6,999	6,669
225	Borrowing costs	B3-3	108	93
5,840	Depreciation, amortisation and impairment for non-financial assets	B3-4	6,275	5,680
50	Other expenses	B3-5	1,191	798
–	Net losses from the disposal of assets	B4-1	231	–
20,297	Total expenses from continuing operations		22,346	20,199
1,728	Operating result from continuing operations		7,287	4,417
1,728	Net operating result for the year attributable to Council		7,287	4,417
80	Net operating result for the year before grants and contributions provided for capital purposes		1,025	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		7,287	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	D2-1	(5)	–
Total items which will not be reclassified subsequently to the operating result		1,246	(6,082)
Total other comprehensive income for the year		1,246	(6,082)
Total comprehensive income for the year attributable to Council		8,533	(1,665)

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

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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	5,195	7,252
Investments	C1-2	21,189	17,681
Receivables	C1-4	1,991	1,817
Inventories	C1-5	6,286	1,387
Other		84	92
Total current assets		34,745	28,229
Non-current assets			
Receivables	C1-4	491	351
Inventories	C1-5	-	4,707
Infrastructure, property, plant and equipment	C1-6	310,869	308,134
Investment property		48	-
Intangible Assets		1,556	-
Right of use assets	C2-1	28	28
Investments accounted for using the equity method	D2-1	331	324
Total non-current assets		313,323	313,544
Total assets		348,068	341,773
LIABILITIES			
Current liabilities			
Payables	C3-1	2,692	4,063
Lease liabilities	C2-1	28	13
Borrowings	C3-2	2,530	957
Employee benefit provisions	C3-3	1,629	1,551
Total current liabilities		6,879	6,584
Non-current liabilities			
Lease liabilities	C2-1	-	15
Borrowings	C3-2	2,244	4,812
Employee benefit provisions	C3-3	51	48
Provisions	C3-4	1,921	1,874
Total non-current liabilities		4,216	6,749
Total liabilities		11,095	13,333
Net assets		336,973	328,440
EQUITY			
Accumulated surplus	C4-1	148,044	140,762
IPPE revaluation reserve	C4-1	188,929	187,678
Council equity interest		336,973	328,440
Total equity		336,973	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

\$ '000	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
Opening balance at 1 July		140,762	187,678	328,440	136,345	193,760	330,105
Net operating result for the year		7,287	–	7,287	4,417	–	4,417
Net operating result for the period		7,287	–	7,287	4,417	–	4,417
Other comprehensive income							
– Gain / (loss) on revaluation of IPP&E	C1-6	–	1,251	1,251	–	(6,082)	(6,082)
Joint ventures and associates	D2-1	(5)	–	(5)	–	–	–
Other comprehensive income		(5)	1,251	1,246	–	(6,082)	(6,082)
Total comprehensive income		7,282	1,251	8,533	4,417	(6,082)	(1,665)
Closing balance at 30 June		148,044	188,929	336,973	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				
<i>Receipts:</i>				
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		14,200	11,827
–	Bonds, deposits and retention amounts received		29	11
651	Other		572	504
<i>Payments:</i>				
(7,452)	Employee benefits and on-costs		(7,268)	(6,986)
(6,730)	Materials and services		(6,572)	(4,355)
(225)	Borrowing costs		(118)	(92)
(50)	Other		(3,215)	1,378
7,568	Net cash flows from operating activities	G1-1	11,884	14,908
Cash flows from investing activities				
<i>Receipts:</i>				
–	Sale of investment securities		–	18,440
1,134	Sale of real estate assets		–	–
–	Sale of infrastructure, property, plant and equipment		580	63
<i>Payments:</i>				
–	Purchase of investment securities		(3,219)	(13,360)
–	Purchase of investment property		(48)	–
(7,550)	Purchase of infrastructure, property, plant and equipment		(8,309)	(11,583)
(1,100)	Purchase of real estate assets		(133)	(5,235)
–	Purchase of intangible assets		(1,817)	(161)
(7,516)	Net cash flows from investing activities		(12,946)	(11,836)
Cash flows from financing activities				
<i>Receipts:</i>				
1,100	Proceeds from borrowings		–	3,040
<i>Payments:</i>				
(956)	Repayment of borrowings		(995)	(519)
144	Net cash flows from financing activities		(995)	2,521
196	Net change in cash and cash equivalents		(2,057)	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	5,195	7,252
–	plus: Investments on hand at end of year	C1-2	21,189	17,681
196	Total cash, cash equivalents and investments		26,384	24,933

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

Narromine Shire Council

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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 C1-6
- (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

A1-1 Basis of preparation (continued)

The Trust Fund

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

Goods and Services Tax (GST)

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

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

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

Volunteer services

Volunteer services are not recognised as they are not material, would not have otherwise been purchased if not donated nor can they be reliably measured.

New accounting standards and interpretations issued not yet effective

New accounting standards and interpretations issued but not yet effective

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

A1-1 Basis of preparation (continued)

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.

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.

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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	2,113	1,807	(2,053)	(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	7	–	–	2	7	(2)	5,518	4,977	43,378	39,923
Total functions and activities	29,633	24,616	22,346	20,199	7,287	4,417	14,200	11,827	348,068	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.

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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)	(119)	(74)
Rates levied to ratepayers	6,005	5,790
Pensioner rate subsidies received	45	81
Total ordinary rates	6,050	5,871
Annual charges		
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>		
Domestic waste management services	1,217	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)	(95)	(22)
Annual charges levied	3,297	3,099
Pensioner subsidies received:		
– Water	20	21
– Sewerage	21	20
– Domestic waste management	21	26
Total annual charges	3,359	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
Registration fees	5	9
Regulatory fees	9	18
Section 10.7 certificates (EP&A Act)	27	19
Section 603 certificates	19	10
Other	1	3
Impounding fees	–	1
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	391	182
Recycling income (non-domestic)	75	199
Swimming centres	38	86
Waste disposal tipping fees	31	30
Water connection fees	11	6
Showgrounds	40	37
Sport and fitness centre	44	49
Other	11	6
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 over time (1)	–	–
User charges and fees recognised at a point in time (2)	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.

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

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

B2-3 Other revenue

\$ '000	2021	2020
Legal fees recovery – rates and charges (extra charges)	3	15
Diesel rebate	104	59
Insurance claims recoveries	4	8
Sales – general	28	53
Insurance rebates	170	56
Other	32	105
Total other revenue	341	296

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)	341	296
Total other revenue	341	296

Accounting policy for other revenue

Where the revenue relates to a contract with customer, the revenue is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

Where the revenue relates to a contract which is not enforceable or does not contain sufficiently specific performance obligations then revenue is recognised when an unconditional right to a receivable arises or the cash is received, which is earlier.

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B2-4 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:				
– Water	–	21	975	–
– Domestic waste management	–	26	–	–
– Other	40	20	532	–
Water supplies	–	–	–	1,129
Bushfire and emergency services	116	116	–	–
Community centres	–	–	1,025	212
Economic development	2	150	154	606
Library	80	79	–	–
LIRS subsidy	–	–	44	53
Noxious weeds	103	115	–	–
Recreation and culture	–	–	1,173	285
Community infrastructure grant	29	84	375	869
Street lighting	46	46	–	–
Traffic route subsidy	–	–	77	77
Transport (roads to recovery)	1,365	1,361	–	–
Transport (other roads and bridges funding)	–	–	130	598
Other specific grants	141	7	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	47	54	4	2
Motor vehicle leaseback	41	36	–	–
Total special purpose grants and non-developer contributions – cash	3,147	3,249	5,830	3,982
Non-cash contributions				
Other	–	–	19	–
Total other contributions – non-cash	–	–	19	–
Total special purpose grants and non-developer contributions (tied)	3,147	3,249	5,849	3,982
Total grants and non-developer contributions	7,804	7,830	6,212	3,982
Comprising:				
– Commonwealth funding	4,608	4,565	2,056	47

continued on next page ...

B2-4 Grants and contributions (continued)

\$ '000	Operating 2021	Operating 2020	Capital 2021	Capital 2020
– State funding	606	2,041	3,744	3,924
– Other funding	2,590	1,224	412	11
	7,804	7,830	6,212	3,982

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B2-4 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		7,938	7,845	6,262	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)		7,938	7,845	6,262	3,982
Total grants and contributions		7,938	7,845	6,262	3,982

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B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

\$ '000	Operating 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	-	-

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

B2-4 Grants and contributions (continued)

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.

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B2-5 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	(606)
Distribution income (TCorp)	2,013	941
Fair value adjustments		
– Movements in investments at fair value through profit and loss	289	(547)
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.

B2-6 Other income

\$ '000	Notes	2021	2020
Rental income			
Investment properties			
Lease income (excluding variable lease payments not dependent on an index or rate)		180	191
Total Investment properties		180	191
Other lease income			
Other		4	6
Total Other lease income		4	6
Total rental income	C2-2	184	197
Net share of interests in joint ventures and associates using the equity method			
Joint ventures		6	26
Total net share of interests in joint ventures and associates using the equity method	D2-1	6	26
Total other income		190	223

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2021	2020
Salaries and wages	5,949	5,928
Travel expenses	6	16
Employee leave entitlements (ELE)	918	846
Superannuation	663	637
Workers' compensation insurance	328	315
Fringe benefit tax (FBT)	37	26
Training costs (other than salaries and wages)	102	130
Sick leave insurance	–	4
Protective clothing	15	15
Other	35	36
Total employee costs	8,053	7,953
Less: capitalised costs	(511)	(994)
Total employee costs expensed	7,542	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		3,567	3,103
Contractor and consultancy costs		1,457	1,561
Audit Fees	F2-1	77	120
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	152	175
Advertising		114	88
Computer software charges		217	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		94	130
Legal expenses:			
Expenses from leases of low value assets		24	29
– Legal expenses: planning and development		8	–
– Legal expenses: debt recovery		6	–

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B3-2 Materials and services (continued)

\$ '000	2021	2020
– Legal expenses: other	18	19
Other	14	37
Total materials and services	6,999	6,669
Total materials and services	6,999	6,669

B3-3 Borrowing costs**(i) Interest bearing liability costs**

Interest on loans	61	79
Other debts	–	10
Total interest bearing liability costs	61	89
Total interest bearing liability costs expensed	61	89
Discount adjustments relating to movements in provisions (other than ELE)	47	4
Total borrowing costs expensed	108	93

Accounting policy

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

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

\$ '000	Notes	2021	2020
Depreciation and amortisation			
Plant and equipment		508	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
Right of use assets	C2-1	–	–
Other assets:			
– Aerodrome		164	167
Intangible assets		119	132
Total depreciation and amortisation costs		6,133	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		6,275	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.

B3-5 Other expenses

\$ '000	Notes	2021	2020
Impairment of receivables			
Other		25	40
Total impairment of receivables	C1-4	25	40
Other			
Contributions/levies to other levels of government		–	–
– Emergency services levy (includes FRNSW, SES, and RFS levies)		13	–
– Macquarie regional library		463	383
– NSW fire brigade levy		39	35
– NSW rural fire service levy		400	280
Donations, contributions and assistance to other organisations (Section 356)		251	60
Total other		1,166	758

Accounting policy

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

Impairment expenses are recognised when identified.

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

\$ '000	Notes	2021	2020
Gain (or loss) on disposal of property (excl. investment property)			
Proceeds from disposal – property		371	–
Less: carrying amount of property assets sold/written off		(61)	–
Gain (or loss) on disposal		310	–
Gain (or loss) on disposal of plant and equipment			
	C1-6		
Proceeds from disposal – plant and equipment		209	63
Less: carrying amount of plant and equipment assets sold/written off		(599)	(284)
Gain (or loss) on disposal		(390)	(221)
Gain (or loss) on disposal of investments			
	C1-2		
Proceeds from disposal/redemptions/maturities – investments		–	785
Less: carrying amount of investments sold/redeemed/matured		–	(50)
Gain (or loss) on disposal		–	735
Gain (or loss) on disposal of non-current assets classified as 'held for sale'			
Less: carrying amount of 'held for sale' assets sold/written off		(151)	–
Gain (or loss) on disposal		(151)	–
Net gain (or loss) on disposal of assets		(231)	514

Accounting policy

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

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 17/06/2020 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
REVENUES				
Other revenues	300	341	41	14% F
Capital grants and contributions	1,648	6,262	4,614	280% F
Interest and investment revenue	628	2,551	1,923	306% F
Net gains from disposal of assets	-	-	-	∞ F
Other income	351	190	(161)	(46)% U

B5-1 Material budget variations (continued)

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
EXPENSES				
Materials and services	6,730	6,999	(269)	(4)% U
Borrowing costs	225	108	117	52% F
Other expenses	50	1,191	(1,141)	(2,282)% U
Net losses from disposal of assets	-	231	(231)	∞ U
STATEMENT OF CASH FLOWS				
Cash flows from operating activities	7,568	11,884	4,316	57% F
Cash flows from investing activities	(7,516)	(12,958)	(5,442)	72% U
Cash flows from financing activities	144	(995)	(1,139)	(791)% U

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B6 Material Income Statement items

B6-1 Material Income Statement items

Borrowing costs 52% favourable

Budgeted borrowings not taken up in full due to project delays.

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.

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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
Total cash and cash equivalents	5,195	7,252

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	5,195	7,252
Balance as per the Statement of Cash Flows	5,195	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	26,384	-	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)
- fair value through other comprehensive income – equity instrument (FVOCI-equity).

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		2020	
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	26,384	–	24,933	–
attributable to:				
External restrictions	14,047	–	11,560	–
Internal restrictions	9,528	–	8,561	–
Unrestricted	2,809	–	4,812	–
	26,384	–	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

	824	–
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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	30
OROC – Unexpended Grants	–	70
Street Lighting - Special Purpose loan	5	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
Alkane roads contribution	4	–
Alkane Tomingley water tank project	–	35
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
Natfly	–	4
OHS	173	110
Playground shade	–	49
Quarries	327	187
Stormwater – levee bank	2	2
Strategic Business Initiatives	–	87
Street tree planting/irrigation	7	7
Tomingley - Dicken Park Landscaping	–	5
Trangie Historical Group	1	1
Wetlands development	46	46
Youth education activities	18	18
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 investment in finance lease	–	–	–	–
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.

C1-4 Receivables (continued)

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.

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C1-5 Inventories

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
(i) Inventories at cost				
Real estate for resale	5,968	–	1,128	4,707
Stores and materials	318	–	259	–
Total inventories at cost	6,286	–	1,387	4,707
Total inventories	6,286	–	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	5,968	–	1,128	4,707
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition costs	241	–	342	523
Development costs	5,727	–	786	4,184
Total costs	5,968	–	1,128	4,707
Total real estate for resale	5,968	–	1,128	4,707
Movements:				
Real estate assets at beginning of the year	1,128	4,707	600	–
– Purchases and other costs	4,840	(4,707)	528	4,707
Total real estate for resale	5,968	–	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.

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	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	1,378	–	–	(1,713)	–	4,396	–	4,396
Plant and equipment	8,605	(3,922)	4,683	1,272	(5)	(508)	–	–	9,104	(3,998)	5,106
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	4,802	–	4,802
– 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)	–	–	33,649	(18,544)	15,105
– Other structures	4,945	(1,407)	3,538	244	–	(184)	–	–	5,165	(1,569)	3,596
– Roads	229,803	(37,608)	192,195	3,864	–	(2,039)	–	–	233,808	(39,654)	194,154
– Bridges	20,454	(7,225)	13,229	–	–	(199)	–	–	20,454	(7,424)	13,030
– Footpaths	3,476	(1,799)	1,677	404	–	(84)	–	–	3,880	(1,883)	1,997
– Stormwater drainage	23,009	(8,102)	14,907	258	–	(231)	–	–	23,401	(8,333)	15,068
– Water supply network	30,848	(13,819)	17,029	965	–	(567)	–	151	32,717	(14,518)	18,199
– Sewerage network	28,452	(9,763)	18,689	1,094	–	(439)	–	165	29,523	(10,250)	19,273
– 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)	–	–	5,764	(2,354)	3,410
– Other infrastructure	414	(149)	265	–	–	(10)	–	–	414	(149)	265
Other assets:											
– Aerodrome	16,072	(12,917)	3,155	20	(23)	(164)	–	–	16,667	(13,276)	3,391
– Intangibles	943	(676)	267	–	–	(119)	–	–	1,062	(766)	296
– Remediation Assets	1,880	–	1,880	–	–	–	(1,880)	–	–	–	–
Total infrastructure, property, plant and equipment	430,803	(122,669)	308,134	10,437	(63)	(6,133)	(3,593)	1,251	439,340	(128,471)	310,869

(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
		Stormwater assets	
Water and sewer assets		Drains	80 to 100
Dams and reservoirs	80 to 100	Culverts	50 to 100
Bores	20 to 40	Flood control structures	80 to 100
Reticulation pipes: PVC	70 to 80		
Reticulation pipes: other	25 to 100		
Pumps and telemetry	15 to 75		
		Other infrastructure assets	
Transportation assets		Bulk earthworks	infinite
Sealed roads: surface	15 to 100	Swimming pools	50 to 70
Sealed roads: structure	20 to 100	Other open space/recreational assets	10 to 100
Unsealed roads	10 to 30	Other infrastructure	50 to 100
Bridge: concrete	80 to 300		
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".

As the assets are not controlled by Council they do not meet AASB's SAC4 definition of an asset and cannot be recognised. Until such time as discussions on this matter have concluded and the legislation changed, Council will not recognise rural fire service assets including land, buildings, plant and vehicles.

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C2 Leasing activities

C2-1 Council as a lessee

Exceptions to Lease Accounting

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

(a) Income Statement

\$ '000	2021	2020
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The amounts recognised in the Income Statement relating to leases where Council is a lessee are shown below:

Expenses relating to low-value leases	24	29
	24	29

(b) Statement of Cash Flows

Total cash outflow for leases	24	29
	24	29

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

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C2-1 Council as a lessee (continued)

Accounting policy

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

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

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

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

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / Concessionary leases

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

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties and /or plant and equipment to community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included as investment property and/or IPP&E (refer in this note part (v) below) in the Statement of Financial Position.

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

\$ '000	2021	2020
(i) Assets held as investment property		
Investment property operating leases relate to operating leases in place over Council investment property assets.		
The amounts recognised in the Income Statement relating to operating leases where Council is a lessor are shown below		
Lease income (excluding variable lease payments not dependent on an index or rate)	180	191
Total income relating to operating leases for investment property assets	180	191
Operating lease expenses		
Direct operating expenses that generated rental income	272	263
Total expenses relating to operating leases	272	263

C2-2 Council as a lessor (continued)

\$ '000	2021	2020
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Repairs and maintenance: investment property

(ii) Assets held as property, plant and equipment

Council provides operating leases on Council buildings, the table below relates to operating leases on assets disclosed in C1-8.

Lease income (excluding variable lease payments not dependent on an index or rate)	4	6
Total income relating to operating leases for Council assets	4	6

(iii) Maturity analysis of undiscounted lease payments to be received after reporting date for all operating leases:

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

< 1 year	177	203
1–2 years	88	177
2–3 years	34	88
3–4 years	34	34
4–5 years	34	34
> 5 years	102	138
Total undiscounted lease payments to be received	469	674

Accounting policy

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

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

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

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

C3 Liabilities of Council

C3-1 Payables

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Payables				
Goods and services – operating expenditure	1,918	–	1,432	–
Accrued expenses:				
– Borrowings	–	–	10	–
– Salaries and wages	193	–	–	–
– Other expenditure accruals	–	–	2,083	–
Security bonds, deposits and retentions	70	–	41	–
Other	185	–	206	–
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.

C3-2 Borrowings

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	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 Note 17.

Borrowings relating to restricted assets

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Total borrowings relating to unrestricted assets	2,530	2,244	957	4,812
Total borrowings	2,530	2,244	957	4,812

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

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

(a) Changes in liabilities arising from financing activities

\$ '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

C3-2 Borrowings (continued)

	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
\$ '000							
Loans – secured	5,769	(995)	–	–	–	–	4,774
Lease liability (Note C2-1b)	28	–	–	–	–	–	28
Total liabilities from financing activities	5,797	(995)	–	–	–	–	4,802

	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
\$ '000							
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

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C3-2 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.

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C3-3 Employee benefit provisions

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	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.

C3-4 Provisions

\$ '000	2021	2021	2020	2020
	Current	Non-Current	Current	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

C3-4 Provisions (continued)

\$ '000	2021 Current	2021 Non-Current	2020 Current	2020 Non-Current
Provisions relating to restricted assets				
Total provisions relating to restricted assets	-	-	-	-
Total provisions relating to unrestricted assets	-	1,921	-	1,874
Total provisions	-	1,921	-	1,874

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

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

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

C3-4 Provisions (continued)

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.

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C4 Reserves

C4-1 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.

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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	7,835	82	21
Grants and contributions provided for capital purposes	5,349	913	–
Other income	190	–	–
Share of interests in joint ventures and associates using the equity method	6	–	–
Total income from continuing operations	24,216	3,114	2,303
Expenses from continuing operations			
Employee benefits and on-costs	6,932	405	205
Materials and services	4,992	1,199	808
Borrowing costs	108	–	–
Depreciation, amortisation and impairment of non-financial assets	5,268	568	439
Other expenses	1,208	–	(17)
Net losses from the disposal of assets	231	–	–
Total expenses from continuing operations	18,739	2,172	1,435
Operating result from continuing operations	5,477	942	868
Net operating result for the year	5,477	942	868
Net operating result attributable to each council fund	5,477	942	868
Net operating result for the year before grants and contributions provided for capital purposes	128	29	868

D1-2 Statement of Financial Position by fund

\$ '000	General 2021	Water 2021	Sewer 2021
ASSETS			
Current assets			
Cash and cash equivalents	5,195	–	–
Investments	11,473	2,022	7,694
Receivables	1,164	508	319
Inventories	6,286	–	–
Other	84	–	–
Total current assets	24,202	2,530	8,013
Non-current assets			
Receivables	491	–	–
Infrastructure, property, plant and equipment	269,517	21,312	20,040
Investments accounted for using the equity method	331	–	–
Investment property	48	–	–
Intangible assets	1,556	–	–
Right of use assets	28	–	–
Total non-current assets	271,971	21,312	20,040
TOTAL ASSETS	296,173	23,842	28,053
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	285,125	23,795	28,053
EQUITY			
Accumulated surplus	122,864	13,368	11,812
Revaluation reserves	162,261	10,427	16,241
Council equity interest	285,125	23,795	28,053
Total equity	285,125	23,795	28,053

D2 Interests in other entities

\$ '000	Council's share of net assets	
	2021	2020
Council's share of net income		
Net share of interests in joint ventures and associates using the equity method – income		
Joint ventures	6	–
Total net share of interests in joint ventures and associates using the equity method – income	6	–
Total Council's share of net income	6	–
Council's share of net assets		
Net share of interests in joint ventures and associates using the equity method – assets		
Joint ventures	331	324
Total net share of interests in joint ventures and associates using the equity method – assets	331	324
Total Council's share of net assets	331	324

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D2-1 Interests in joint arrangements

Net carrying amounts – Council's share

\$ '000	Nature of relationship	Place of business	Interest in ownership			
			2021	2020	2021	2020
Macquarie Regional Library	Joint Venture	Narromine	331	324	13.8%	13.8%
Total carrying amounts – material joint ventures			331	324	13.8%	13.8%

Material joint ventures

The following information is provided for joint ventures that are individually material to the Council. Included are the total amounts as per the joint venture financial statements, adjusted for fair-value adjustments at acquisition date and differences in accounting policies, rather than the Council's share.

Details

Principal activity		Measurement method
Macquarie Regional Library	Provision of Library Services	Equity Method

Relevant interests and fair values

	Interest in outputs		Proportion of voting power	
	2021	2020	2021	2020
Macquarie Regional Library	13.8%	13.8%	33.3%	33.3%

Summarised financial information for joint ventures

\$ '000	Macquarie Regional Library	
	2021	2020
Statement of financial position		
Current assets		
Cash and cash equivalents	1,987	1,860
Other current assets	8	10
Non-current assets		
	1,186	1,244
Current liabilities		
Other current liabilities	781	479
Net assets	2,400	2,635
Statement of comprehensive income		
Income	3,129	2,983
Interest income	14	23
Depreciation and amortisation	(400)	(390)
Other expenses	(2,688)	(2,394)
Profit/(loss) from continuing operations	55	222
Profit/(loss) for the period	55	222
Total comprehensive income	55	222
Share of income – Council (%)	11.8%	12.0%
Profit/(loss) – Council (\$)	6	27
Total comprehensive income – Council (\$)	6	27

continued on next page ...

D2-1 Interests in joint arrangements (continued)

\$ '000	Macquarie Regional Library	
	2021	2020
Reconciliation of the carrying amount		
Opening net assets (1 July)	2,345	2,123
Profit/(loss) for the period	55	222
Closing net assets	2,400	2,345
Council's share of net assets (%)	13.8%	13.8%
Council's share of net assets (\$)	331	364

Accounting policy**Joint ventures:**

Interests in joint ventures are accounted for using the equity method in accordance with AASB128 Investments in Associates and Joint Ventures.

Under this method, the investment is initially recognised as a cost and the carrying amount is increased or decreased to recognise the council's share of the profit or loss and other comprehensive income of the joint venture after the date of acquisition.

If the council's share of losses of a joint venture equals or exceeds its interest in the joint venture, the council discontinues recognising its share of further losses.

The council's share in the joint venture's gains or losses arising from transactions between itself and its joint venture are eliminated.

Adjustments are made to the joint venture's accounting policies where they are different from those of the council for the purposes of the consolidated financial statements.

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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	5,195	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	28,866	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	166	–	–	–	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%	70	1,255	1,004	–	2,329	2,366
Loans and advances	3.75%	–	1,022	3,635	117	4,774	4,774
Total financial liabilities		70	2,277	4,639	117	7,103	7,140
2020							
Trade/other payables	0.00%	41	–	–	–	41	3,772
Loans and advances	3.75%	–	792	4,748	1,164	6,704	5,769
Total financial liabilities		41	792	4,748	1,164	6,745	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)

\$ '000	Notes	Fair value measurement hierarchy									
		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	30/06/2018	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, and components related to 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.

Roads

Roads were externally valued 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 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 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 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 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 publish 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 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, 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.

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.

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.

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E2-1 Fair value measurement (continued)

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.

Fair value measurements using significant unobservable inputs (level 3)

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E2-1 Fair value measurement (continued)

b. The valuation process for level 3 fair value measurements

Fair Value- Valuation techniques

The valuation techniques prescribed by AASB 13 can be summarised as:

'Cost Approach': A valuation technique that reflects the amount what would be required to replace the service capacity of an asset (current replacement cost).

Income Approach: Valuation technique that converts future amounts (cash flows inflows/outflows) to signal the current (i.e. discounted) amount.

The fair value measurement is determined on the basis of the value indicated by current market expectations about these future amounts.

'Market Approach': A valuation technique that uses prices and other relevant information, generated by market transactions involving identical or comparable (similar) assets, liabilities or a group of assets and liabilities such as a business.

Valuation techniques used to derive Level 2 and Level 3 Fair Values

Where Council is unable to derive Fair Valuations using quoted market prices of identical assets (i.e. 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: Level 2 valuation process for some asset classes where the basis was Cost Approach under level 2 input which were determined based on, whereby maximising observable inputs and minimising unobservable inputs as below:

- Quoted prices for similar asset in active markets
- Current replacement cost concept
- Purchase price
- Useful life

Level 3 valuation process for some asset classes where the basis was Cost Approach, The inputs used for this technique were:

- Pattern of consumption
- Residual Value
- Asset Condition
- Unit rates
- Useful life

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)	1,272	758	109	80	–	28	–	8
Disposals (WDV)	(340)	–	–	–	–	–	(34)	–
Depreciation and impairment	(508)	(471)	(62)	(67)	(10)	(8)	–	–
Revaluation	–	–	–	–	–	–	615	63
Closing balance	5,106	4,682	336	289	45	55	4,802	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	263	256	244	207
Depreciation and impairment	–	–	(184)	(187)	(992)	(1,062)	(184)	(174)

continued on next page ...

E2-1 Fair value measurement (continued)

\$ '000	Community Land		Buildings non-specialised		Buildings specialised		Other structures	
	2021	2020	2021	2020	2021	2020	2021	2020
Revaluation	553	(63)	–	–	(268)	248	–	–
Closing balance	2,248	1,695	2,538	2,714	15,105	16,102	3,598	3,538

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E2-1 Fair value measurement (continued)

\$ '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)	3,864	2,103	–	–	404	25	258	–
Depreciation and impairment	(2,039)	(1,760)	(199)	(212)	(84)	(43)	(231)	(173)
Revaluation	134	(2,723)	–	(5,468)	–	(94)	134	1,498
Closing balance	194,154	192,195	13,030	13,229	1,997	1,677	15,068	14,907

\$ '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)	965	880	1,094	131	–	1,665	557	257
Disposals (WDV)	–	–	–	–	–	(28)	(3)	–
Depreciation and impairment	(567)	(533)	(439)	(408)	(172)	(61)	(169)	(178)
Revaluation	772	445	(70)	205	–	–	–	55
Closing balance	18,199	17,029	19,273	18,688	3,617	3,789	3,410	3,025

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E2-1 Fair value measurement (continued)

\$ '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	9,058	6,444
Disposals (WDV)	10	–	(23)	–	(390)	(28)
Depreciation and impairment	(10)	(12)	(164)	(167)	(6,014)	(5,516)
Revaluation	–	13	403	(442)	2,273	(6,263)
Closing balance	265	265	3,391	3,155	306,182	301,255

Highest and best use

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

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E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

(i) Third party claims

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

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

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

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

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

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

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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	Impairment provision on outstanding balances	Impairment expense
\$ '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 Council hired plant and equipment during the year from McCutcheon Agri Trust, a trust which has a KMP has an interest. Amounts were billed based on on normal rates for such supplies and services and were due and payable under normal payment terms following the Council's procurement process.

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

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F1-3 Other related parties

\$ '000	Ref	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
2021						
Library Services	2	384	–	30 days	–	–
2020						
Library Services	2	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.					

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F2 Other relationships

F2-1 Audit fees

\$ '000	2021	2020
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
Non NSW Auditor-General audit firms		
(ii) Non-assurance services		
Benchmarking advice	17	16
Remuneration for non-assurance services	17	16
Total remuneration of non NSW Auditor-General audit firms	17	16
Total audit fees	77	120

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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	7,287	4,417
Adjust for non-cash items:		
Depreciation and amortisation	6,133	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	(12)	(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	(10)	1
Increase/(decrease) in other accrued expenses payable	(1,890)	2,064
Increase/(decrease) in other liabilities	43	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	11,884	14,908

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2021	2020
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Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Property, plant and equipment

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

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G3-1 Events occurring after the reporting date

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

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G4 Changes from prior year statements

G4-1 Changes in accounting policy

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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

\$ '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								
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	Prior periods		Benchmark
			2020	2019	
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	1,122	4.86%	2.48%	0.94%	>0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	23,070				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	15,132	51.59%	51.97%	54.34%	>60.00%
Total continuing operating revenue ¹	29,332				
3. Unrestricted current ratio					
Current assets less all external restrictions	19,871	3.97x	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	7,363	6.68x	10.22x	12.90x	>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	7.93%	8.71%	10.27%	<10.00%
Rates and annual charges collectable	10,334				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	5,195	3.43	8.23	15.34	>3.00
Monthly payments from cash flow of operating and financing activities	1,514	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}	1.21%	0.93%	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	44.87%	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	3.97x	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	4.95x	8.10x	∞	∞	∞	∞	>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	9.64%	10.53%	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	3.43 mths	12.24 mths	∞	0.00	∞	0.00	>3.00 mths
Monthly payments from cash flow of operating and financing activities							

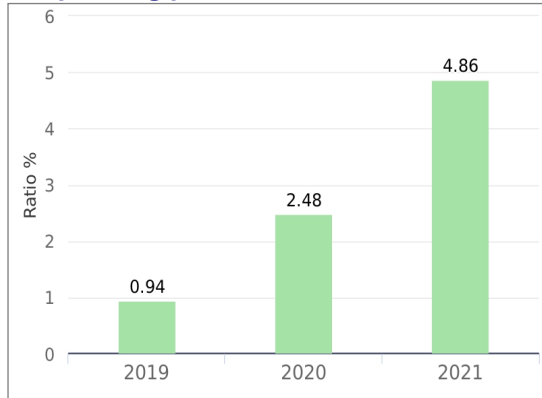
(1) - (2) Refer to Notes at Note 23a above.

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

H Additional Council disclosures (unaudited)

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

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2020/21 result

2020/21 ratio 4.86%

OLG benchmark is greater than 0%.
Council operating performance ratio is 4.86%.

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 51.59%

OLG benchmark is 60%.
This financial year, Council achieved 51.59%

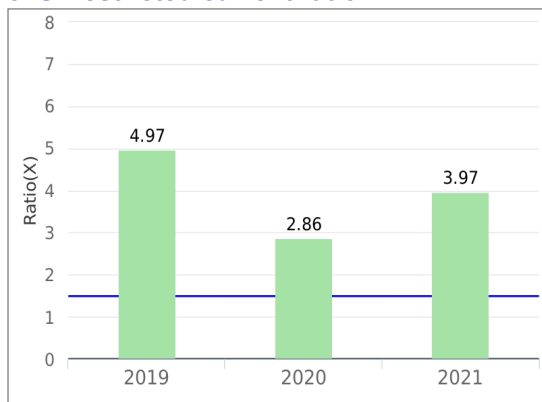
Benchmark: — > 60.00%

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 3.97x

OLG benchmark is 1.5 times
Council result this financial year is 3.97 times

Benchmark: — > 1.50x

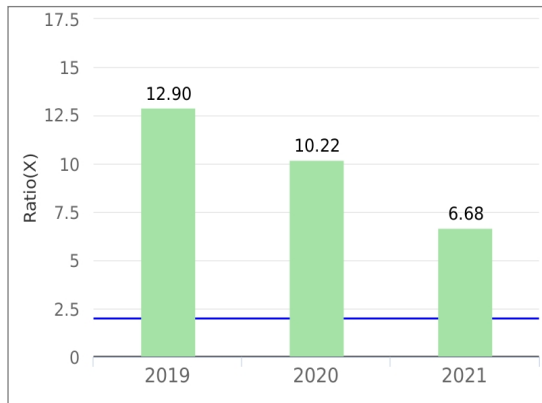
Source of benchmark: Code of Accounting Practice and Financial Reporting

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 6.68x

OLG benchmark is 2.0 times
Result is 6.68 times this financial year

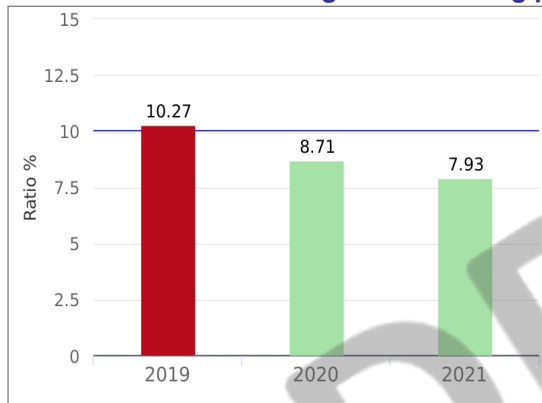
Benchmark: — > 2.00x

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 7.93%

OLG benchmark is 10%.
Council result is 7.93%, lower than the benchmark and a slight improvement compared to prior year of 8.71%.

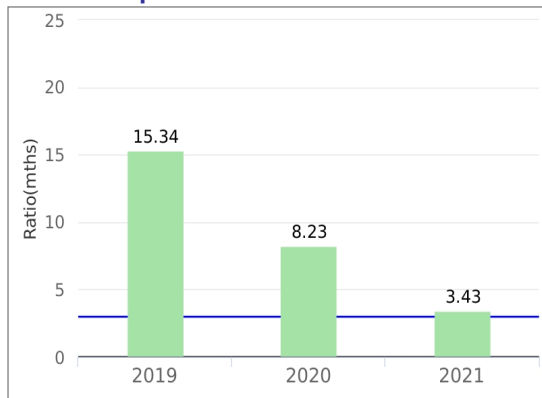
Benchmark: — < 10.00%

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 3.43 mths

OLG benchmark is 3 times.
Result this financial year is 3.43 times, a decrease compared to prior year.

Benchmark: — > 3.00mths

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-2 Financial review

H1-2 Financial review (continued)

Key financial figures of Council over the past 5 years

\$ '000	2021	2020	2019	2018	2017
Inflows:					
Rates and annual charges revenue	9,409	9,037	8,857	8,436	–
User charges revenue	2,936	2,849	3,063	2,988	–
Interest and investment revenue (losses)	2,551	–	1,010	637	–
Grants income – operating and capital	14,016	11,812	9,494	9,381	–
Total income from continuing operations	29,633	24,746	24,494	23,566	–
Sale proceeds from IPPE	580	63	230	955	–
New loan borrowings and advances	–	3,040	752	200	–
Outflows:					
Employee benefits and on-cost expenses	7,542	6,959	6,624	7,075	–
Borrowing costs	108	93	93	101	–
Materials and contracts expenses	6,999	6,669	5,480	4,686	–
Total expenses from continuing operations	22,346	20,199	20,839	20,721	–
Total cash purchases of IPPE	8,309	11,583	10,965	8,617	–
Total loan repayments (incl. finance leases)	995	519	383	363	–
Operating surplus/(deficit) (excl. capital income)	1,025	435	265	14	–
Financial position figures					
Current assets	34,773	28,257	27,097	27,558	–
Current liabilities	6,879	6,584	3,751	3,216	–
Net current assets	27,894	21,673	23,346	24,342	–
Available working capital (Unrestricted net current assets)	8,522	3,366	4,084	3,807	–
Cash and investments – unrestricted	2,809	4,812	4,319	3,255	–
Cash and investments – internal restrictions	9,528	8,561	8,311	7,690	–
Cash and investments – total	26,384	24,933	24,232	24,355	–
Total borrowings outstanding (loans, advances and finance leases)	4,774	5,769	3,248	2,879	–
Total value of IPPE (excl. land and earthworks)	432,292	424,886	421,135	408,854	–
Total accumulated depreciation	128,471	122,669	118,042	112,044	–
Indicative remaining useful life (as a % of GBV)	70%	71%	72%	73%	100%

Source: published audited financial statements of Council (current year and prior year)

H1-3 Council information and contact details

Principal place of business:

124 Dandaloo Street
Narromine NSW 2821

Contact details

Mailing Address:

PO Box 115
Narromine NSW 2821

Telephone: 02 6889 9999

Facsimile: 02 6889 9998

Opening hours:

M-F 8:30 am to 5:00 pm

Internet: www.narromine.nsw.gov.au

Email: mail@narromine.nsw.gov.au

Officers

General Manager

Jane Redden

Responsible Accounting Officer

Jeanette Coen

Public Officer

NSW Auditor General

Auditors

NSW Auditor General

Level 19

Darling Park Tower

201 Sussex Street

Sydney NSW 2000

Elected members

Mayor

Cr Craig Davies

Deputy Mayor

Cr Dawn Collins

Cr Colin Hamilton

Cr James Craft

Cr Les Lambert

Cr Lyn Jablonski

Cr Mark Munro

Cr Robert McCutcheon

Other information

ABN: 99 352 328 405

Narromine Shire Council

General Purpose Financial Statements for the year ended 30 June 2021

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Narromine Shire Council

General Purpose Financial Statements for the year ended 30 June 2021

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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.*



Narromine Shire Council

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

Jeanette 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

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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	20,041	19,124
Total non-current assets	20,041	19,202
Total assets	28,054	26,628
Net assets	28,054	26,628
EQUITY		
Accumulated surplus	11,812	10,944
Revaluation reserves	16,241	15,684
Total equity	28,053	26,628

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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.

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Narromine Shire Council

Special Purpose Financial Statements for the year ended 30 June 2021

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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)	-
Notional general income	c = a + b	5,864	6,017
Permissible income calculation			
Or rate peg percentage	e	2.60%	2.00%
Or plus rate peg amount	i = e x (c + g)	152	120
Sub-total	k = (c + g + h + i + j)	6,016	6,137
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	6,136
Less notional general income yield	p	6,017	-
Catch-up or (excess) result	q = o - p	-	6,137
Carry forward to next year ⁶	t = q + r + s	-	6,137

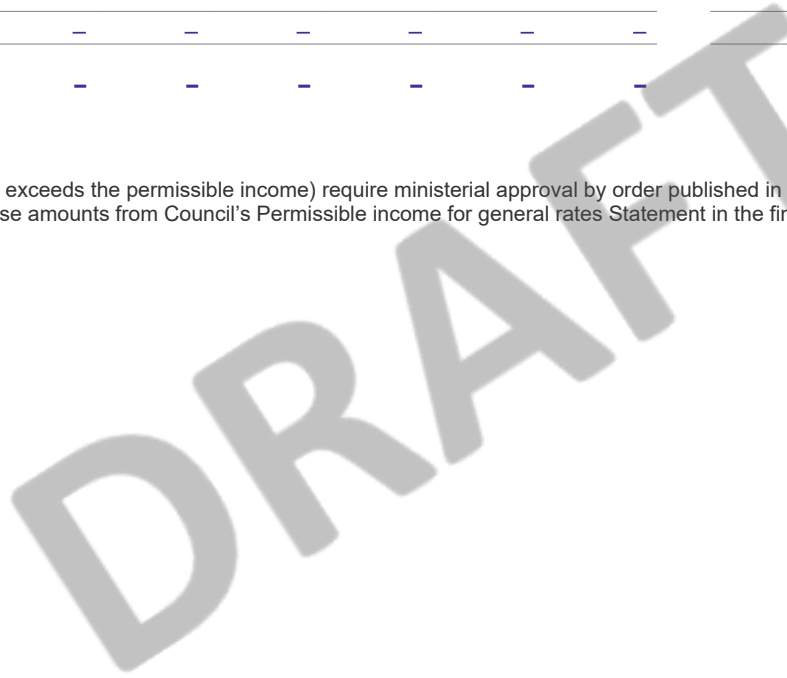
Notes

- (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.

\$ '000	Notes	2020/21	2020/21	2020/21	2020/21	2020/21	2020/21	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22
		Former entity name 1	Former entity name 2	Former entity name 3	Former entity name 4	Former entity name 5	New entity name	Former entity name 1	Former entity name 2	Former entity name 3	Former entity name 4	Former entity name 5	New entity name
Permissible income calculation													
Or rate peg percentage	e	0.00%	0.00%	0.00%	0.00%	0.00%		2.00%	2.00%	2.00%	2.00%	2.00%	
Sub-total	k = (c + g + h + i + j)	-	-	-	-	-	-	-	-	-	-	-	-
Total permissible income	o = k + n	-	-	-	-	-	-	-	-	-	-	-	-
Carry forward to next year ⁶	t = q + r + s	-	-	-	-	-	-	-	-	-	-	-	-

Notes

(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.



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)	-
Notional general income	c = a + b	5,864	6,017
Permissible income calculation			
Or rate peg percentage	e	2.60%	2.00%
Or plus rate peg amount	i = e x (c + g)	152	120
Sub-total	k = (c + g + h + i + j)	6,016	6,137
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	6,136
Less notional general income yield	p	6,017	-
Catch-up or (excess) result	q = o - p	-	6,137
Carry forward to next year ⁶	t = q + r + s	-	6,137

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.

\$ '000	Notes	2020/21	2020/21	2020/21	2020/21	2020/21	2020/21	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22
		Former entity name 1	Former entity name 2	Former entity name 3	Former entity name 4	Former entity name 5	New entity name	Former entity name 1	Former entity name 2	Former entity name 3	Former entity name 4	Former entity name 5	New entity name
Permissible income calculation													
Or rate peg percentage	e	0.00%	0.00%	0.00%	0.00%	0.00%		2.00%	2.00%	2.00%	2.00%	2.00%	
Sub-total	k = (c + g + h + i + j)	-	-	-	-	-	-	-	-	-	-	-	-
Total permissible income	o = k + n	-	-	-	-	-	-	-	-	-	-	-	-
Carry forward to next year ⁶	t = q + r + s	-	-	-	-	-	-	-	-	-	-	-	-

Notes

(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.

Narromine Shire Council

Report on infrastructure assets as at 30 June 2021

Asset Class	Asset Category	Estimated cost				Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard \$ '000	to bring to the agreed level of service set by Council \$ '000	2020/21 Required maintenance ^a \$ '000	2020/21 Actual maintenance \$ '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	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	399	399	1,353	1,457	17,643	39,291	17.0%	59.0%	22.0%	1.0%	1.0%
Other structures	Other structures	53	53	–	–	3,596	5,165	56.0%	28.0%	15.0%	1.0%	0.0%
	Sub-total	53	53	–	–	3,596	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	–	–	–	–	–	–	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	209,181	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	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	321	321	1,313	1,289	18,199	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	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	295	295	799	844	19,273	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	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	465	465	242	211	15,068	23,401	25.0%	34.0%	39.0%	2.0%	0.0%
Open space / recreational assets	Swimming pools	50	50	245	376	3,617	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	7,027	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 \$ '000	Estimated cost to bring to the agreed level of service set by Council \$ '000	2020/21 Required maintenance ^a \$ '000	2020/21 Actual maintenance \$ '000	Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
								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	290,252	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	Prior periods		Benchmark
			2020	2019	
Buildings and infrastructure renewals ratio ¹					
Asset renewals ¹	8,778	166.57%	153.11%	190.39%	>=100.00%
Depreciation, amortisation and impairment	5,270				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	6,188	2.10%	2.14%	2.14%	<2.00%
Net carrying amount of infrastructure assets	294,648				
Asset maintenance ratio					
Actual asset maintenance	10,077	95.55%	94.45%	94.46%	>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.

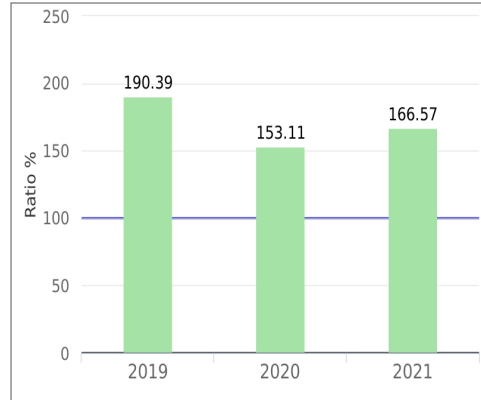
(1) Excludes WIP

(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%

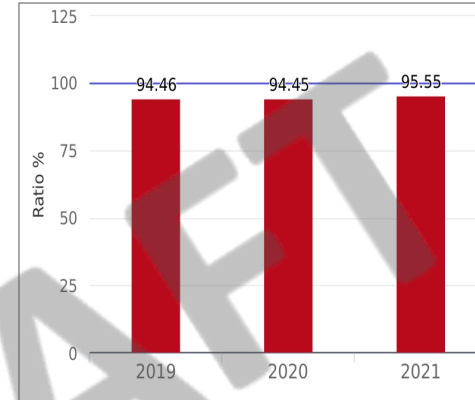
Benchmark: — $\geq 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

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

Commentary on result	
20/21 ratio	95.55%

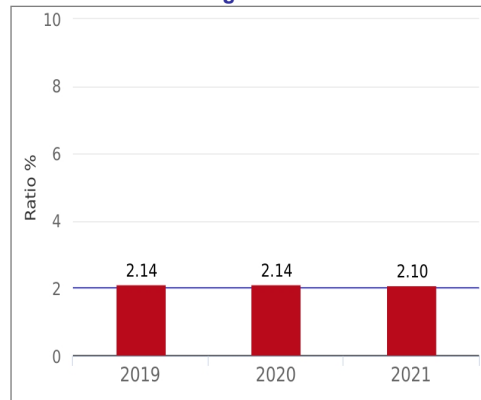
Benchmark: — $> 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

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

Commentary on result	
20/21 ratio	2.10%

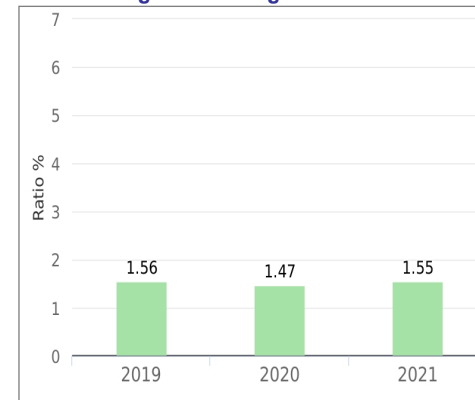
Benchmark: — $< 2.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

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

Commentary on result	
20/21 ratio	1.55%

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	2.17%	2.21%	1.76%	1.81%	1.53%	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.