

Murrumbidgee Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2021



General Purpose Financial Statements

for the year ended 30 June 2021

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Overview

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

35 Jerilderie Street
Jerilderie NSW 2716

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.murrumbidgee.nsw.gov.au.

Murrumbidgee 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 26 October 2021.



Cr Ruth McRae

Mayor

26 October 2021



Cr Robert Black

Councillor

26 October 2021



John Scarce

General Manager

26 October 2021



Vicki Sutton

Responsible Accounting Officer

26 October 2021

Murrumbidgee Council

Income Statement

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
	Income from continuing operations			
6,039	Rates and annual charges	B2-1	5,897	5,710
2,728	User charges and fees	B2-2	2,465	2,305
282	Other revenue	B2-3	278	224
7,344	Grants and contributions provided for operating purposes	B2-4	9,256	8,604
7,233	Grants and contributions provided for capital purposes	B2-4	4,714	6,253
362	Interest and investment income	B2-5	161	500
182	Other income	B2-6	170	165
–	Net gains from the disposal of assets	B4-1	–	17
24,170	Total income from continuing operations		22,941	23,778
	Expenses from continuing operations			
7,119	Employee benefits and on-costs	B3-1	7,380	7,249
4,284	Materials and services	B3-2	6,203	5,294
3	Borrowing costs	B3-3	2	6
6,414	Depreciation, amortisation and impairment for non-financial assets	B3-4	5,973	5,935
631	Other expenses	B3-5	648	622
–	Net losses from the disposal of assets	B4-1	113	–
18,451	Total expenses from continuing operations		20,319	19,106
5,719	Operating result from continuing operations		2,622	4,672
5,719	Net operating result for the year attributable to Council		2,622	4,672
(1,514)	Net operating result for the year before grants and contributions provided for capital purposes		(2,092)	(1,581)

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

Murrumbidgee 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		2,622	4,672
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain on revaluation of IPP&E	C1-7	162	893
Gain on revaluation of intangible assets	C1-8	–	–
Total items which will not be reclassified subsequently to the operating result		162	893
Total other comprehensive income for the period		162	893
Total comprehensive income for the year attributable to Council		2,784	5,565

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

Murrumbidgee Council

Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	2020
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	6,555	11,323
Investments	C1-2	20,834	15,756
Receivables	C1-4	1,894	2,549
Inventories	C1-5	1,340	1,024
Contract assets and contract cost assets	C1-6	516	1,173
Other		43	40
Total current assets		31,182	31,865
Non-current assets			
Receivables	C1-4	–	2
Inventories	C1-5	1,161	1,119
Infrastructure, property, plant and equipment	C1-7	264,272	261,338
Intangible Assets	C1-8	1,741	1,741
Total non-current assets		267,174	264,200
Total assets		298,356	296,065
LIABILITIES			
Current liabilities			
Payables	C3-1	1,506	1,343
Contract liabilities	C3-2	9,125	10,005
Borrowings	C3-3	–	41
Employee benefit provisions	C3-4	3,304	3,045
Total current liabilities		13,935	14,434
Non-current liabilities			
Employee benefit provisions	C3-4	73	67
Total non-current liabilities		73	67
Total liabilities		14,008	14,501
Net assets		284,348	281,564
EQUITY			
Accumulated surplus	C4-1	278,020	275,398
IPPE revaluation reserve	C4-1	6,328	6,166
Council equity interest		284,348	281,564
Total equity		284,348	281,564

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

Murrumbidgee Council

Statement of Changes in Equity

for the year ended 30 June 2021

	Notes	as at 30/06/21			as at 30/06/20		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
\$ '000							
Opening balance at 1 July		275,398	6,166	281,564	283,123	5,273	288,396
Changes due to AASB 1058 and AASB 15 adoption		-	-	-	(12,397)	-	(12,397)
Opening balance		275,398	6,166	281,564	270,726	5,273	275,999
Net operating result for the year		2,622	-	2,622	4,672	-	4,672
Net operating result for the period		2,622	-	2,622	4,672	-	4,672
Other comprehensive income							
- Gain on revaluation of IPP&E	C1-7	-	162	162	-	893	893
- Gain on revaluation of intangible assets		-	-	-	-	-	-
Other comprehensive income		-	162	162	-	893	893
Total comprehensive income		2,622	162	2,784	4,672	893	5,565
Closing balance at 30 June		278,020	6,328	284,348	275,398	6,166	281,564

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

Murrumbidgee Council

Statement of Cash Flows

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
Cash flows from operating activities				
Receipts:				
6,039	Rates and annual charges		5,920	5,748
2,728	User charges and fees		2,849	2,831
362	Investment and interest revenue received		217	541
14,577	Grants and contributions		13,302	12,005
464	Other		2,540	1,213
Payments:				
(7,119)	Employee benefits and on-costs		(7,209)	(6,720)
(4,284)	Materials and services		(7,765)	(5,798)
(3)	Borrowing costs		(2)	(7)
—	Bonds, deposits and retention amounts refunded		(3)	(5)
(631)	Other		(672)	(2,256)
12,133	Net cash flows from operating activities	G1-1	9,177	7,552
Cash flows from investing activities				
Receipts:				
—	Sale of investment securities		15,756	19,942
100	Sale of real estate assets		81	159
1,035	Sale of infrastructure, property, plant and equipment		50	731
—	Deferred debtors receipts		3	2
Payments:				
—	Purchase of investment securities		(20,834)	(15,756)
(15,538)	Purchase of infrastructure, property, plant and equipment		(8,922)	(12,912)
—	Purchase of real estate assets		(38)	(39)
—	Purchase of intangible assets		—	(39)
(14,403)	Net cash flows from investing activities		(13,904)	(7,912)
Cash flows from financing activities				
Receipts:				
1,500	Proceeds from borrowings		—	—
Payments:				
(41)	Repayment of borrowings		(41)	(59)
1,459	Net cash provided or (used in) financing activities		(41)	(59)
(811)	Net change in cash and cash equivalents		(4,768)	(419)
7,000	Cash and cash equivalents at beginning of year		11,323	11,742
6,189	Cash and cash equivalents at end of year	C1-1	6,555	11,323
20,000	plus: Investments on hand at end of year	C1-2	20,834	15,756
26,189	Total cash, cash equivalents and investments		27,389	27,079

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

Murrumbidgee Council

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Murrumbidgee 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 26 October 2021. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993* (Act) and *Local Government (General) Regulation 2005* (Regulation), and the Local Government Code of Accounting Practice and Financial Reporting.

Council is a not for-profit entity.

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

Historical cost convention

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

Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-7
- (ii) estimated fair values of intangible assets - refer Note C1-8
- (iii) employee benefit provisions – refer Note C3-4.

COVID-19 Impacts

During the 2021 financial year, Covid-19 ('COVID') has continued to cause a disruption to Council's business practices with a number of staff working remotely from home or at other Council facilities away from the main administration building when required. Whilst this has caused some inconvenience it has not resulted in significant additional cost. Some costs have been incurred for additional equipment and staff salaries for employees required to isolate.

Rate collections are similar to the previous years, as detailed in Note C1-4. Other receivables have not been impacted.

Overall the financial impact has not been significant and is not anticipated to increase in future years.

Council is of the view that physical non-current assets will not experience substantial declines in value due to COVID-19. Fair value for the majority of Council's non-current assets is determined by replacement cost where there is no anticipated material change in value due to COVID-19.

For assets where fair value is determined by market value Council has no evidence of material changes to these values. With COVID-19 emerging late in the financial reporting cycle it is not practical to obtain external valuations of these assets at 30 June 2021.

A1-1 Basis of preparation (continued)

Significant judgements in applying the Council's accounting policies

- i. Impairment of receivables – refer Note C1-4.
- ii. Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-2 – B2-4.

Monies and other assets received by Council

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
- Coleambally Town Improvement
- Darlington Point Town Improvement
- Coleambally Water Supply Fund
- Darlington Point Water Supply Fund
- Jerilderie Water Supply Fund
- Coleambally Sewerage Fund
- Darlington Point Sewerage Fund
- Jerilderie Sewerage Fund

Due to their immaterial value and nature, the following committees, entities and operations have been excluded from consolidation:

- Balmeringa Management Committee
- Central Coree Sports Complex Management Committee
- Yamma Recreation Reserve Management Committee
- Jerilderie Tidy Town Committee
- Coleambally Townlife Committee
- Darlington Point Townlife/Australia Day Committee
- Coleambally Australia Day Committee
- Jerilderie Australia Day Committee
- Heritage Darlington Point
- Murrumbidgee Economic & Tourism Advisory Group

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.

The following Trust monies and properties are held by Council but not considered to be under the control of Council and therefore are excluded from these financial statements:

- Wallis Estate
- Sundry Trust Deposits

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

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.

A1-1 Basis of preparation (continued)

Volunteer services

Council does not make use of volunteer services.

New accounting standards and interpretations issued not yet effective

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

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

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

New accounting standards adopted during the year

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 30 June 2021.

Those newly adopted standards have had no impact on Council's reported financial position, financial performance and/or associated financial statement.

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 and Administration	11,526	14,573	6,606	6,675	4,920	7,898	7,784	7,949	36,588	38,503
Public Order and Safety	359	278	720	615	(361)	(337)	354	271	1,924	1,953
Health	8	13	46	42	(38)	(29)	–	–	852	888
Environmental Protection	470	1,518	1,140	1,050	(670)	468	209	1,162	16,541	16,707
Community Services and Education	518	399	510	544	8	(145)	272	312	1,144	1,037
Housing and Community Amenities	581	293	700	600	(119)	(307)	107	111	4,533	4,531
Recreation and Cultural	2,894	618	2,031	1,708	863	(1,090)	2,319	2,271	20,512	16,934
Mining, Manufacturing and Construction	25	44	53	13	(28)	31	–	–	226	226
Transport and Communications	2,924	2,630	4,728	5,011	(1,804)	(2,381)	2,834	2,630	185,810	185,400
Economic Affairs	1,709	1,473	1,841	1,069	(132)	404	18	–	3,307	3,112
Water Supply	1,278	1,311	1,157	1,082	121	229	73	151	12,527	12,334
Sewerage Services	649	628	787	697	(138)	(69)	–	–	14,392	14,440
Total functions and activities	22,941	23,778	20,319	19,106	2,622	4,672	13,970	14,857	298,356	296,065

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 and Administration

Governance and administration functions of Council, Council depot and general purpose revenue.

Public Order and Safety

Animal control, fire and emergency services.

Health

Health, food control and medical services.

Environmental Protection

Noxious plants, environmental protection, solid waste management, street cleaning, drainage and stormwater management.

Community Services and Education

Community services administration, aged and disabled services and children's services.

Housing and Community Amenities

Public cemeteries, public conveniences, street lighting, town planning and other community amenities.

Recreation and Cultural

Public libraries, museum, community centres and halls, other cultural activities, sports grounds and venues, swimming pools, parks and gardens, other sport and recreation.

Mining, Manufacturing and Construction

Building control, quarries and gravel pits.

Transport and Communications

Roads, bridges, footpaths, car parks, aerodrome, tree maintenance and radio communications.

Economic Affairs

Caravan parks, industrial development and promotion, real estate development, saleyards, tourism and area promotion, share farming, private works including State Road maintenance contracts and other business activities.

Water Supply

Provision of water supply to towns.

Sewerage Services

Provision of sewerage services to towns.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	Timing	2021	2020
Ordinary rates			
Residential	2	340	330
Farmland	2	3,848	3,784
Business	2	156	109
Less: pensioner rebates (mandatory)	2	(32)	(32)
Rates levied to ratepayers		4,312	4,191
Pensioner rate subsidies received	2	17	18
Total ordinary rates		4,329	4,209
Special rates			
Town improvement	2	56	54
Less: pensioner rebates (mandatory)	2	(3)	(3)
Rates levied to ratepayers		53	51
Pensioner rate subsidies received:			
– Other	2	2	2
Total special rates		55	53
Annual charges			
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic waste management services	2	210	202
Stormwater management services	2	10	10
Water supply services	2	636	598
Waste management services (non-domestic)	2	104	105
Sewerage services	2	584	563
Less: pensioner rebates (mandatory)	2	(70)	(68)
Annual charges levied		1,474	1,410
Pensioner subsidies received:			
– Water	2	12	12
– Sewerage	2	12	12
– Domestic waste management	2	15	14
Total annual charges		1,513	1,448
Total rates and annual charges		5,897	5,710
Timing of revenue recognition for rates and annual charges			
Rates and annual charges recognised at a point in time (2)		5,897	5,710
Total rates and annual charges		5,897	5,710

The timing column notation (above) identifies the revenue recognition pattern for material items of Council's revenue:

- (1) indicates income recognised under AASB 15 or AASB 1058 "over time",
- (2) indicates income recognised under AASB 15 or AASB 1058 "at a point in time".

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

Accounting policy

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

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

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

B2-2 User charges and fees

\$ '000	Timing	2021	2020
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Water supply services	2	475	509
Sewerage services	2	7	6
Waste management services (non-domestic)	2	29	28
Total specific user charges		511	543
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Building regulation	2	23	17
Building services – other	2	5	8
Planning and building regulation	2	49	68
Private works – section 67	2	491	380
Regulatory/ statutory fees	2	2	6
Registration fees	2	3	4
Section 10.7 certificates (EP&A Act)	2	18	12
Section 603 certificates	2	12	7
Total fees and charges – statutory/regulatory		603	502
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Community centres	2	4	5
Leaseback fees – Council vehicles	2	43	48
Library	2	1	2
Park rents	2	3	3
Transport for NSW works (state roads not controlled by Council)	2	1,102	1,012
Saleyards	2	11	21
Waste disposal tipping fees	2	7	10
Cemetery	2	78	48
Community care services	2	87	80
Other	2	15	31
Total fees and charges – other		1,351	1,260
Total user charges and fees		2,465	2,305
Timing of revenue recognition for user charges and fees			
User charges and fees recognised at a point in time (2)		2,465	2,305
Total user charges and fees		2,465	2,305

Accounting policy

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

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

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

B2-3 Other revenue

\$ '000	Timing	2021	2020
Commissions and agency fees	2	88	90
Diesel rebate	2	76	55
Recycling income (non-domestic)	2	26	6
Insurance rebates	2	22	37
Miscellaneous sales	2	15	3
Temporary water transfer	2	–	7
Other	2	9	15
Contributions to long service leave	2	42	11
Total other revenue		278	224

Timing of revenue recognition for other revenue

Other revenue recognised at a point in time (2)	278	224
Total other revenue	278	224

Accounting policy for other revenue

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

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

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

Fines are recognised when the penalty has been paid.

B2-4 Grants and contributions

\$ '000	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance	2	2,305	2,283	—	—
Payment in advance - future year allocation					
Financial assistance	2	2,469	2,420	—	—
Amount recognised as income during current year		4,774	4,703	—	—
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Previously specific grants:					
Child care	2	—	80	12	22
Water supplies	2	73	—	—	151
Economic development	2	2	—	—	—
Employment and training programs	2	26	—	—	—
Environmental programs	1	132	40	—	1,076
Heritage and cultural	2	10	—	—	27
Library	2	73	73	—	—
Noxious weeds	2	77	45	—	—
Bushfire and emergency services	2	—	58	—	—
NSW rural fire services	2	352	167	1	42
Recreation and culture	1	6	—	489	2,167
Stronger Communities Fund	1	—	—	916	2,301
Community services	2	190	188	—	—
Stronger Country Communities	1	93	—	2,698	159
Street lighting	2	46	46	—	—
Drought Communities	1	944	781	—	—
Transport (roads to recovery)	2	1,512	1,512	—	—
Transport (other roads and bridges funding)	1	—	—	225	38
Local roads and community infrastructure	1	—	—	175	—
Planning portal	2	9	—	—	—
Other specific grants	2	37	6	5	—
Previously contributions:					
Solar farm contribution	2	20	20	—	—
Recreation and culture	2	—	—	9	5
Transport for NSW contributions (regional roads, block grant)	2	880	880	123	200
Other contributions	2	—	5	—	—
Total special purpose grants and non-developer contributions – cash		4,482	3,901	4,653	6,188
Total special purpose grants and non-developer contributions (tied)		4,482	3,901	4,653	6,188
Total grants and non-developer contributions		9,256	8,604	4,653	6,188
Comprising:					
– Commonwealth funding		7,256	7,185	95	—
– State funding		1,949	1,394	4,543	6,183
– Other funding		51	25	15	5
		9,256	8,604	4,653	6,188

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):					
Cash contributions					
S 7.11 – contributions towards amenities/services	2	–	–	61	65
Total developer contributions – cash		–	–	61	65
Total developer contributions		–	–	61	65
Total contributions		–	–	61	65
Total grants and contributions		9,256	8,604	4,714	6,253
Timing of revenue recognition for grants and contributions					
Grants and contributions recognised over time (1)		1,175	821	4,503	5,741
Grants and contributions recognised at a point in time (2)		8,081	7,783	211	512
Total grants and contributions		9,256	8,604	4,714	6,253

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				
Unspent funds at 1 July	604	1,524	10,005	12,611
Add: operating grants recognised as income in the current period but not yet spent	5	3	–	–
Add: Funds received and not recognised as revenue in the current year	–	–	1,385	10,005
Less: capital grants recognised in a previous reporting period now spent	(360)	(923)	(2,265)	(12,611)
Unspent funds at 30 June	249	604	9,125	10,005
Contributions				
Unspent funds at 1 July	18	408	441	376
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	224	18	61	65
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	(18)	(408)	(95)	–
Unspent contributions at 30 June	224	18	407	441

B2-4 Grants and contributions (continued)

Accounting policy

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

The performance obligations vary according to the agreement but include milestones within AASB 15 grants. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

Capital grants

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

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

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

Developer contributions

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

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

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

Other grants and contributions

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

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

B2-5 Interest and investment income

\$ '000	2021	2020
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	31	37
– Cash and investments	130	463
Total interest and investment income (losses)	161	500
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	14	16
General Council cash and investments	99	371
Restricted investments/funds – external:		
Water fund operations	22	45
Sewerage fund operations	26	68
Total interest and investment income	161	500

Accounting policy

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

B2-6 Other income

\$ '000	Notes	2021	2020
Rental income			
Other lease income			
Property Rental		48	48
Housing Rental		122	117
Total Other lease income		170	165
Total rental income	C2-2	170	165
Total other income		170	165

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2021	2020
Salaries and wages	5,814	5,593
Employee leave entitlements (ELE)	1,287	1,198
Superannuation	703	753
Workers' compensation insurance	326	197
Fringe benefit tax (FBT)	36	44
Other	9	3
Total employee costs	8,175	7,788
Less: capitalised costs	(795)	(539)
Total employee costs expensed	7,380	7,249
Number of 'full-time equivalent' employees (FTE) at year end	83	82
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)	91	86

Accounting policy

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

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.

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

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

B3-2 Materials and services

\$ '000	Notes	2021	2020
Raw materials and consumables		10,764	13,245
Contractor and consultancy costs		1,569	2,882
– Waste collection		113	135
Audit Fees	F2-1	72	68
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	181	181
Advertising		57	28
Bank charges		14	14
Electricity and heating		353	297
Fire control expenses		78	124
Insurance		443	396
Street lighting		93	90
Subscriptions and publications		109	59
Telephone and communications		89	88
Valuation fees		21	20
Travel expenses		3	20
Subscriptions – shires association		22	22
Training costs (other than salaries and wages)		80	121
Other expenses		1	–
Legal expenses:			
– Legal expenses: planning and development		1	–
– Legal expenses: other		6	12
Expenses from leases of low value assets		3	4
Total materials and services		14,072	17,806
Less: capitalised costs		(7,869)	(12,512)
Total materials and services		6,203	5,294

Accounting policy

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

B3-3 Borrowing costs

\$ '000	2021	2020
(i) Interest bearing liability costs		
Interest on loans	2	6
Total interest bearing liability costs	2	6
Total interest bearing liability costs expensed	2	6
Total borrowing costs expensed	2	6

Accounting policy

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

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

\$ '000	Notes	2021	2020
Depreciation and amortisation			
Plant and equipment		1,203	1,061
Office equipment		81	113
Furniture and fittings		10	7
Land improvements (depreciable)		339	300
Infrastructure:	C1-7		
– Buildings – non-specialised		175	172
– Buildings – specialised		552	524
– Other structures		39	27
– Roads		2,998	3,207
– Bridges		80	79
– Footpaths		69	67
– Other road assets		45	41
– Stormwater drainage		145	144
– Water supply network		305	291
– Sewerage network		290	279
– Swimming pools		38	34
– Other open space/recreational assets		46	44
Other assets:			
– Library books		11	7
Total gross depreciation and amortisation costs		6,426	6,397
Less: capitalised costs		(453)	(462)
Total depreciation and amortisation costs		5,973	5,935
Total depreciation, amortisation and impairment for non-financial assets		5,973	5,935

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.

Impairment of non-financial assets

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

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

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

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

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

B3-5 Other expenses

\$ '000	2021	2020
Other		
Contributions/levies to other levels of government		
– NSW – SES	8	6
– NSW fire brigade levy	23	21
– NSW rural fire service levy	467	327
– Mobile book library contribution	102	98
Donations, contributions and assistance to other organisations (Section 356)	48	170
Total other	648	622
Total other expenses	648	622

Accounting policy

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

Impairment expenses are recognised when identified.

B4 Gains or losses

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

\$ '000	Notes	2021	2020
Gain (or loss) on disposal of plant and equipment	C1-7		
Proceeds from disposal – plant and equipment		50	731
Less: carrying amount of plant and equipment assets sold/written off		–	(455)
Gain (or loss) on disposal		50	276
Gain (or loss) on disposal of infrastructure	C1-7		
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure assets sold/written off		(197)	(307)
Gain (or loss) on disposal		(197)	(307)
Gain (or loss) on disposal of real estate assets held for sale	C1-5		
Proceeds from disposal – real estate assets		81	159
Less: carrying amount of real estate assets sold/written off		(47)	(111)
Gain (or loss) on disposal		34	48
Gain (or loss) on disposal of investments	C1-2		
Proceeds from disposal/redemptions/maturities – investments		15,756	19,942
Less: carrying amount of investments sold/redeemed/matured		(15,756)	(19,942)
Gain (or loss) on disposal		–	–
Net gain (or loss) on disposal of assets		(113)	17

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 14/07/2020 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 -----	
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REVENUES

User charges and fees	2,728	2,465	(263)	(10)%	U
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Council's User Fees and Charges are reduced due to a variance in the amount of RMS works undertaken.

Operating grants and contributions	7,344	9,256	1,912	26%	F
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Council received additional grants for Drought Communities Funding, together with increased Roads to Recovery and Rural Fire Services grants. The uptake of Stronger Community and Stronger Country Community Fund grants not included within the original budgeted figures are also included.

Capital grants and contributions	7,233	4,714	(2,519)	(35)%	U
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Council included proposed grants for water supply works and caravan park upgrades within the original budget estimates. The grant for the caravan park upgrade works was not successful and major water supply works have been deferred. Subsequent additional grant funds for Stronger Country Communities upgrade works have been utilised over the year, with these funds being previously held as liabilities.

Interest and investment revenue	362	161	(201)	(56)%	U
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Interest on investments is down on budget due to the continuing decline in interest rates.

EXPENSES

Materials and services	4,284	6,203	(1,919)	(45)%	U
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Additional costs of materials and services have been generated as a result of additional works on grant funded programs.

Net losses from disposal of assets	—	113	(113)	∞	U
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Council does not budget for gain/loss on disposal however with the renewal of assets council was required to write off the residual value of several infrastructure assets.

STATEMENT OF CASH FLOWS

Cash flows from operating activities	12,133	9,177	(2,956)	(24)%	U
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Council cash flow varied substantially as a result of the variation of capital grants received during the year.

Cash flows from financing activities	1,459	(41)	(1,500)	(103)%	U
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Council did not take up the proposed borrowings.

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	2,352	2,504
Cash-equivalent assets		
– Short-term deposits	4,203	8,819
Total cash and cash equivalents	6,555	11,323

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	6,555	11,323
Balance as per the Statement of Cash Flows	6,555	11,323

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
Debt securities at amortised cost				
Long-term deposits	20,834	–	15,756	–
Total	20,834	–	15,756	–
Total financial investments	20,834	–	15,756	–
Total cash assets, cash equivalents and investments	27,389	–	27,079	–

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 at amortised cost.

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.

C1-2 Financial investments (continued)

Council's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the Statement of Financial Position.

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 the Income Statement.

C1-3 Restricted cash, cash equivalents and investments

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Total cash, cash equivalents and investments	27,389	–	27,079	–
attributable to:				
External restrictions	17,304	–	17,950	–
Internal restrictions	8,150	–	8,578	–
Unrestricted	1,935	–	551	–
	27,389	–	27,079	–

\$ '000	2021	2020
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Details of restrictions

External restrictions – included in liabilities

Specific purpose unexpended grants – general fund	9,125	10,005
External restrictions – included in liabilities	9,125	10,005

External restrictions – other

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

Developer contributions – general	407	441
Transport for NSW contributions	224	18
Specific purpose unexpended grants (recognised as revenue) – general fund	249	604
Water fund	2,596	2,289
Sewer fund	4,197	4,087
Other special levies	432	432
Domestic waste management	74	74
External restrictions – other	8,179	7,945

Total external restrictions

17,304 **17,950**

Internal restrictions

Council has internally restricted cash, cash equivalents and investments as follows:

Plant and vehicle replacement	1,654	1,663
Infrastructure replacement	2,704	3,016
Employees leave entitlement	1,071	1,220
Carry over works	193	197
Deposits, retentions and bonds	24	27
SES	15	15
Local environmental plan	20	20
Financial Assistance Grant advance payment	2,469	2,420
Total internal restrictions	8,150	8,578

Total restrictions

25,454 **26,528**

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	430	–	444	–
Interest and extra charges	39	–	40	–
User charges and fees	846	–	1,060	–
Accrued revenues				
– Interest on investments	11	–	66	–
– Other income accruals	–	–	16	–
Deferred debtors	2	–	3	2
Government grants and subsidies	453	–	–	–
Net GST receivable	123	–	939	–
Other debtors	20	–	11	–
Total	1,924	–	2,579	2
Less: provision of impairment				
User charges and fees	(30)	–	(30)	–
Total provision for impairment – receivables	(30)	–	(30)	–
Total net receivables	1,894	–	2,549	2

Accounting policy

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

Impairment

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

When estimating ECL, Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment, and including forward-looking information.

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

When considering the ECL for rates and annual charges 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.

Credit losses are measured at 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.

Council writes off a 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.

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

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

Covid 19

Council's rate and user charges collections have not been significantly impacted by the Covid 19 pandemic and are comparable to prior years, therefore no adjustment has been made to the impairment provision.

C1-5 Inventories

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
(i) Inventories at cost				
Real estate for resale	461	1,161	532	1,119
Stores and materials	879	–	492	–
Total inventories at cost	1,340	1,161	1,024	1,119
Total inventories	1,340	1,161	1,024	1,119

(i) Other disclosures

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
(a) Details for real estate development				
Residential	370	926	441	884
Industrial/commercial	91	235	91	235
Total real estate for resale	461	1,161	532	1,119

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

\$ '000	2021	2020
Real estate for resale	431	431
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 Contract assets and Contract cost assets

\$ '000	Notes	2021	2020
Contract assets	C1-6	516	1,173
Total contract assets and contract cost assets		516	1,173

Contract assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Other	516	–	1,173	–
Total contract assets	516	–	1,173	–

Significant changes in contract assets

Contract assets has reduced as council was paid the amounts due as at 30 June 2020.

Accounting policy

Contract assets

Contract assets represent Council's right to payment in exchange for goods or services the Council has transferred to a customer when that right is conditional on something other than the passage of time.

Contract assets arise when the amounts billed to customers are based on the achievement of various milestones established in the contract and therefore the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer. Once an invoice or payment claim is raised or the relevant milestone is reached, Council recognises a receivable.

Impairment of contract assets is assessed using the simplified expected credit loss model where lifetime credit losses are recognised on initial recognition.

C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2020				Asset movements during the reporting period							At 30 June 2021		
	\$ '000	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	TfRs from/(to) real estate assets (Note C1-5)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	1,529	–	–	1,529	371	263	–	–	(754)	–	–	1,409	–	1,409
Plant and equipment	13,428	(6,969)	6,459	–	–	808	–	(1,203)	–	–	–	14,006	(7,942)	6,064
Office equipment	897	(726)	171	–	–	38	–	(81)	–	–	–	926	(798)	128
Furniture and fittings	369	(293)	76	–	–	65	–	(10)	–	–	–	433	(302)	131
Land:														
– Operational land	3,296	–	3,296	–	–	–	–	–	–	20	–	3,316	–	3,316
– Community land	1,902	–	1,902	–	–	–	–	–	–	–	–	1,902	–	1,902
Land improvements – depreciable	12,690	(1,967)	10,723	–	61	618	–	(339)	6	–	–	13,316	(2,247)	11,069
Infrastructure:														
– Buildings – non-specialised	8,221	(3,016)	5,205	–	–	244	–	(175)	116	–	–	8,458	(3,068)	5,390
– Buildings – specialised	30,132	(12,703)	17,429	–	735	1,260	(144)	(552)	2	–	–	31,439	(12,709)	18,730
– Other structures	828	(86)	742	–	–	905	–	(39)	627	–	–	2,359	(124)	2,235
– Roads	167,336	(54,250)	113,086	–	2,938	–	(7)	(2,998)	–	–	–	167,924	(54,905)	113,019
– Bridges	6,649	(4,154)	2,495	–	–	–	–	(80)	–	–	–	6,649	(4,234)	2,415
– Footpaths	4,129	(973)	3,156	–	24	181	–	(69)	–	–	–	4,332	(1,040)	3,292
– Other road assets (including bulk earthworks)	2,150	(996)	1,154	–	–	–	–	(45)	–	–	–	2,150	(1,041)	1,109
– Bulk earthworks (non-depreciable)	64,258	–	64,258	–	–	–	–	–	–	–	–	64,258	–	64,258
– Stormwater drainage	13,287	(4,626)	8,661	–	55	–	(19)	(145)	3	–	–	13,310	(4,755)	8,555
– Water supply network	17,922	(9,617)	8,305	–	18	4	(4)	(305)	–	–	73	18,091	(10,000)	8,091
– Sewerage network	20,480	(10,499)	9,981	–	65	–	(23)	(290)	–	–	89	20,686	(10,864)	9,822
– Swimming pools	1,738	(72)	1,666	–	–	377	–	(38)	–	–	–	2,115	(110)	2,005
– Other open space/recreational assets	1,378	(360)	1,018	–	8	319	–	(46)	–	–	–	1,699	(400)	1,299
Other assets:														
– Library books	43	(17)	26	–	–	18	–	(11)	–	–	–	55	(22)	33
Total infrastructure, property, plant and equipment	372,662	(111,324)	261,338	–	4,275	5,100	(197)	(6,426)	–	20	162	378,833	(114,561)	264,272

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

C1-7 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	W/P transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000												
Capital work in progress	1,801	–	1,801	–	833	–	–	(1,105)	–	1,529	–	1,529
Plant and equipment	12,766	(7,811)	4,955	–	3,020	(455)	(1,061)	–	–	13,428	(6,969)	6,459
Office equipment	860	(614)	246	–	38	–	(113)	–	–	897	(726)	171
Furniture and fittings	360	(287)	73	–	10	–	(7)	–	–	369	(293)	76
Land:												
– Operational land	2,778	–	2,778	–	–	–	–	–	518	3,296	–	3,296
– Community land	1,699	–	1,699	–	–	–	–	–	203	1,902	–	1,902
Land improvements – depreciable	11,373	(2,304)	9,069	–	1,536	–	(300)	418	–	12,690	(1,967)	10,723
Infrastructure:												
– Buildings – non-specialised	8,014	(2,847)	5,167	–	210	–	(172)	–	–	8,221	(3,016)	5,205
– Buildings – specialised	28,550	(12,597)	15,953	468	1,536	(62)	(524)	58	–	30,132	(12,703)	17,429
– Other structures	741	(59)	682	–	87	–	(27)	–	–	828	(86)	742
– Roads	166,121	(53,318)	112,803	3,490	–	–	(3,207)	–	–	167,336	(54,250)	113,086
– Bridges	6,649	(4,075)	2,574	–	–	–	(79)	–	–	6,649	(4,154)	2,495
– Footpaths	3,729	(931)	2,798	49	399	(23)	(67)	–	–	4,129	(973)	3,156
– Other road assets (including bulk earthworks)	2,091	(955)	1,136	–	59	–	(41)	–	–	2,150	(996)	1,154
– Bulk earthworks (non-depreciable)	64,151	–	64,151	–	107	–	–	–	–	64,258	–	64,258
– Stormwater drainage	13,283	(4,487)	8,796	11	–	(2)	(144)	–	–	13,287	(4,626)	8,661
– Water supply network	17,557	(9,389)	8,168	151	71	–	(291)	128	78	17,922	(9,617)	8,305
– Sewerage network	19,803	(10,129)	9,674	29	24	–	(279)	439	94	20,480	(10,499)	9,981
– Swimming pools	1,761	(982)	779	1,079	–	(220)	(34)	62	–	1,738	(72)	1,666
– Other open space/recreational assets	1,331	(414)	917	113	32	–	(44)	–	–	1,378	(360)	1,018
Other assets:												
– Library books	141	(130)	11	–	22	–	(7)	–	–	43	(17)	26
Total infrastructure, property, plant and equipment	365,559	(111,329)	254,230	5,390	7,984	(762)	(6,397)	–	893	372,662	(111,324)	261,338

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

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

Accounting policy

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

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

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

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

Useful lives of IPPE

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

Plant and equipment	Years	Other equipment	Years
Office equipment	3 to 10	Playground equipment	20 to 50
Office furniture	5 to 20	Benches, seats etc.	40 to 50
Computer equipment	5 to 10		
Vehicles	5 to 8	Buildings	
Heavy plant/road making equipment	5 to 20	Buildings: masonry	20 to 75
Other plant and equipment	5 to 20	Buildings: other	20 to 63
Water and sewer assets		Stormwater assets	
Dams and reservoirs	100	Drains	80 to 120
Bores	5 to 40	Culverts	50 to 200
Reticulation pipes: PVC	50 to 100	Flood control structures	80 to 100
Reticulation pipes: other	15 to 75		
Pumps and telemetry	15 to 20		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	18 to 25	Bulk earthworks	infinite
Sealed roads: structure	100	Swimming pools	25 to 60
Unsealed roads	15 to 20	Other open space/recreational assets	20
Bridge: concrete	80 to 150		
Bridge: other	80 to 150		
Road pavements	60		
Kerb, gutter and footpaths	15 to 100		

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

Revaluation model

Infrastructure, property, plant and equipment are held at fair value. Comprehensive valuations are performed at least every 5 years, however the carrying amount of assets is assessed by Council at each reporting date to confirm that it is not materially different from current fair value.

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

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

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

Land under roads

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

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

Crown reserves

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

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

Rural Fire Service assets

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

Until such time as discussions on this matter have concluded and the legislation changed, Council will recognise only the land and building assets of the rural fire service.

Externally restricted infrastructure, property, plant and equipment

\$ '000	as at 30/06/21			as at 30/06/20		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
Water supply						
WIP	555	—	555	555	—	555
Plant and equipment	102	50	52	102	46	56
Land						
— Operational land	28	—	28	28	—	28
— Improvements — depreciable	33	28	5	33	27	6
Buildings	20	2	18	20	2	18
Infrastructure	18,091	10,000	8,091	17,922	9,617	8,305
Total water supply	18,829	10,080	8,749	18,660	9,692	8,968
Sewerage services						
Plant and equipment	90	47	43	80	42	38
Land						
— Operational land	136	—	136	115	—	115
— Improvements — depreciable	34	33	1	34	33	1
Infrastructure	20,686	10,864	9,822	20,480	10,499	9,981
Total sewerage services	20,946	10,944	10,002	20,709	10,574	10,135
Domestic waste management						
Plant and equipment	13	7	6	12	7	5
Land						
— Operational land	91	—	91	91	—	91
— Improvements — depreciable	451	146	305	451	132	319
Buildings	83	20	63	83	18	65
Total domestic waste management	638	173	465	637	157	480
Total restricted infrastructure, property, plant and equipment	40,413	21,197	19,216	40,006	20,423	19,583

C1-8 Intangible assets

Intangible assets are as follows:

\$ '000	2021	2020
Water Licenses		
Opening values at 1 July		
Gross book value	1,741	1,702
Net book value – opening balance	1,741	1,702
Movements for the year		
- Purchases	–	39
Closing values at 30 June		
Gross book value	1,741	1,741
Total water licenses – net book value	1,741	1,741
Total intangible assets – net book value	1,741	1,741

Accounting policy

Water Licences

Council holds a number of high and general security water licences, which it recognises as an intangible asset.

The water licences are individually tradeable on the open water licence sales market.

Water licences are individually separated from the land and can be sold on a permanent or temporary transfer basis.

At present, Council only trades the water entitlement associated with the water licences on a temporary basis, with income received from the sales of water entitlements disclosed as other revenue.

No amortisation costs are applicable as high and general security water licences have an indefinite life.

Water licences purchased are initially recorded at cost and are valued at least every 5 years based on market evidence. Water licencers are tested for impairment annually based on market sales evidence. If the recoverable amount is less than carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as impairment loss.

C2 Leasing activities

C2-1 Council as a lessee

Council has a lease for a plan printer. Information relating to the leases in place and associated balances and transactions is provided below.

Terms and conditions of leases

Office and IT equipment

Council has a lease for a plan printer which is a low value asset. The lease is for 5 years and will expire in the 2020/21 financial year with no renewal option, the payments are fixed.

(a) Income Statement

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

\$ '000	2021	2020
Expenses relating to low-value leases	3	4
	3	4

(b) Statement of Cash Flows

Total cash outflow for leases	3	4
	3	4

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

Accounting policy

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

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

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.

C2-2 Council as a lessor

Operating leases

Council leases out a number of housing properties to staff and other properties to community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included in IPP&E (refer in this note 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
---------	------	------

(ii) Assets held as property, plant and equipment

Council provides operating leases on Council houses and for community groups, the table below relates to operating leases on assets disclosed in C1-7.

Lease income (excluding variable lease payments not dependent on an index or rate)	170	165
Total income relating to operating leases for Council assets	170	165

Amount of IPPE leased out by Council under operating leases

Land	667	667
Buildings	3,856	3,643
Total amount of IPPE leased out by Council under operating leases	4,523	4,310

(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	130	168
1–2 years	125	145
2–3 years	109	140
3–4 years	102	125
4–5 years	102	122
> 5 years	93	113
Total undiscounted lease payments to be received	661	813

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 Current	2021 Non-current	2020 Current	2020 Non-current
Payables				
Goods and services – operating expenditure	1,203	–	971	–
Accrued expenses:				
– Salaries and wages	180	–	241	–
Advances	12	–	10	–
Security bonds, deposits and retentions	24	–	27	–
Other	(2)	–	14	–
Prepaid rates	89	–	80	–
Total payables	1,506	–	1,343	–
Total payables	1,506	–	1,343	–

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 Contract Liabilities

\$ '000	Notes	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	9,125	–	10,005	–
Total grants received in advance		9,125	–	10,005	–
Total contract liabilities		9,125	–	10,005	–

Notes

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

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

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

\$ '000	2021	2020
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	2,265	3,029
Operating grants (received prior to performance obligation being satisfied)	–	63
Total revenue recognised that was included in the contract liability balance at the beginning of the period	2,265	3,092

Significant changes in contract liabilities

Council spent \$2,265,000 from previously held grants and received grants of \$1,385,000 including \$824,000 for the Local Roads and Community Infrastructure Program that remained unspent as at 30 June 2021.

Accounting policy

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

C3-3 Borrowings

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Loans – secured ¹	–	–	41	–
Total borrowings	–	–	41	–

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

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

(a) Changes in liabilities arising from financing activities

\$ '000	2020		Non-cash movements	2021
	Opening Balance	Cash flows	Acquisition due to change in accounting policy	Closing balance
Loans – secured	41	(41)	–	–
Total liabilities from financing activities	41	(41)	–	–

\$ '000	2019		Non-cash movements	2020
	Opening Balance	Cash flows	Acquisition due to change in accounting policy	Closing balance
Loans – secured	100	(59)	–	41
Total liabilities from financing activities	100	(59)	–	41

(b) Financing arrangements

\$ '000	2021	2020
Total facilities		
- Credit cards/purchase cards	18	18
Total financing arrangements	18	18
Undrawn facilities		
- Credit cards/purchase cards	9	18
Total undrawn financing arrangements	9	18

Accounting policy

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

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

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

C3-4 Employee benefit provisions

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Annual leave	904	–	849	–
Long service leave	2,251	70	2,135	66
ELE on-costs	149	3	61	1
Total employee benefit provisions	3,304	73	3,045	67

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	2,674	2,446
	2,674	2,446

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.

C4 Reserves

C4-1 Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

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

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	4,869	418	610
User charges and fees	1,689	763	13
Interest and investment revenue	113	22	26
Other revenues	277	1	—
Grants and contributions provided for operating purposes	9,183	73	—
Grants and contributions provided for capital purposes	4,714	—	—
Other income	170	—	—
Total income from continuing operations	21,015	1,277	649
Expenses from continuing operations			
Employee benefits and on-costs	6,811	314	255
Materials and services	5,461	529	213
Borrowing costs	2	—	—
Depreciation, amortisation and impairment of non-financial assets	5,368	310	295
Other expenses	648	—	—
Net losses from the disposal of assets	86	4	23
Total expenses from continuing operations	18,376	1,157	786
Operating result from continuing operations	2,639	120	(137)
Net operating result for the year	2,639	120	(137)
Net operating result attributable to each council fund	2,639	120	(137)
Net operating result for the year before grants and contributions provided for capital purposes	(2,075)	120	(137)

D1-2 Statement of Financial Position by fund

\$ '000	General 2021	Water 2021	Sewer 2021
ASSETS			
Current assets			
Cash and cash equivalents	1,395	2,099	3,061
Investments	19,201	497	1,136
Receivables	1,476	294	124
Inventories	1,314	26	—
Contract assets and contract cost assets	443	73	—
Other	43	—	25
Total current assets	23,872	2,989	4,346
Non-current assets			
Inventories	1,161	—	—
Infrastructure, property, plant and equipment	245,521	8,749	10,002
Intangible assets	952	789	—
Other	—	—	44
Total non-current assets	247,634	9,538	10,046
TOTAL ASSETS	271,506	12,527	14,392
LIABILITIES			
Current liabilities			
Payables	1,506	—	—
Contract liabilities	9,125	—	—
Borrowings	25	—	—
Employee benefit provision	3,304	—	—
Total current liabilities	13,960	—	—
Non-current liabilities			
Borrowings	44	—	—
Employee benefit provision	73	—	—
Total non-current liabilities	117	—	—
TOTAL LIABILITIES	14,077	—	—
Net assets	257,429	12,527	14,392
EQUITY			
Accumulated surplus	252,704	11,480	13,836
Revaluation reserves	4,725	1,047	556
Council equity interest	257,429	12,527	14,392
Total equity	257,429	12,527	14,392

D1-3 Details of internal loans

(in accordance with s410(3) of the *Local Government Act 1993*)

Details of individual internal loans	Council ID / Ref
Borrower (by purpose)	Real Estate Development
Lender (by purpose)	Sewer Fund
Date of Minister's approval	4/9/2013
Date raised	1/4/2014
Term years	10
Dates of maturity	1/4/24
Rate of interest (%)	variable
Amount originally raised (\$'000)	250,000
Total repaid during year (principal and interest) (\$'000)	\$25,786
Principal outstanding at end of year (\$'000)	\$68,748

D2 Interests in other entities

Subsidiaries, joint arrangements and associates not recognised

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

Name of entity/operation	Principal activity/type of entity	2021 (\$'000) Net profit	2021 (\$'000) Net assets
Western Riverina Libraries	Provision of library services to member local government areas	4	621

Reasons for non-recognition

Council holds an 18% share of equity in the Western Riverina Libraries which it does not consider material and hence is not recognised in these statements.

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

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

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

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

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

The risks associated with the financial instruments held are:

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

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

(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	274	270

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

(b) Credit risk

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

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

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

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

Council makes suitable provision for doubtful receivables as required.

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

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
2021						
Gross carrying amount	–	218	78	92	42	430
2020						
Gross carrying amount	–	354	40	43	7	444

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	487	197	21	67	722	1,494
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	4.16%	2.01%
ECL provision	–	–	–	–	30	30
2020						
Gross carrying amount	2,040	–	3	5	89	2,137
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	33.71%	1.40%
ECL provision	–	–	–	–	30	30

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 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:		Total cash outflows	Actual carrying values
				1 - 5 Years	> 5 Years		
2021							
Trade/other payables	0.00%	24	1,393	—	—	1,417	1,417
Total financial liabilities		24	1,393	—	—	1,417	1,417
2020							
Trade/other payables	0.00%	27	1,236	—	—	1,263	1,263
Loans and advances	8.03%	—	43	—	—	43	41
Total financial liabilities		27	1,279	—	—	1,306	1,304

E2-1 Fair value measurement

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

- Infrastructure, property, plant and equipment
- Intangible assets

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)

	Notes	Fair value measurement hierarchy					
		Level 1 Quoted prices in active mkt		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs	
		2021	2020	2021	2020	2021	2020
\$ '000							
Recurring fair value measurements							
Infrastructure, property, plant and equipment	C1-7						
Plant and equipment		-	-	6,064	6,459	-	6,064
Office equipment		-	-	128	171	-	128
Furniture & fittings		-	-	131	76	-	131
Library books		-	-	33	26	-	33
Operational land		-	-	-	-	3,316	3,296
Community land		-	-	-	-	1,902	1,902
Land improvements – depreciable		-	-	-	-	11,069	10,723
Buildings – non specialised		-	-	-	-	-	-
Buildings – specialised		-	-	5,390	5,205	-	5,390
Other structures		-	-	-	-	18,730	17,429
Roads		-	-	-	-	2,235	742
Bridges		-	-	-	-	113,019	113,086
Footpaths		-	-	-	-	2,415	2,495
Other road assets		-	-	-	-	3,292	3,156
Bulk earthworks (non depreciable)		-	-	-	-	1,109	1,154
Stormwater drainage		-	-	-	-	64,258	64,258
Water supply network		-	-	-	-	8,555	8,661
Sewerage network		-	-	-	-	8,091	8,305
Swimming pools		-	-	-	-	9,822	9,981
Other open space/recreational		-	-	-	-	2,005	1,666
Total infrastructure, property, plant and equipment		-	-	11,746	11,937	251,117	247,872
Intangible assets							
Water licences		-	1,741	1,741	-	-	1,741
Total intangible assets		-	1,741	1,741	-	-	1,741

continued on next page ...

E2-1 Fair value measurement (continued)

Transfers between level 1 and level 2 fair value hierarchies

\$ '000	Fair value hierarchy transfers			
	2021 Level 1 Quoted prices in active mkts	2021 Level 2 Significant observable inputs	2020 Level 1 Quoted prices in active mkts	2020 Level 2 Significant observable inputs
Infrastructure, property, plant and equipment				
Intangible Assets	(1,741)	1,741	—	—
Total Transfers between level 1 and level 2 fair value hierarchies	(1,741)	1,741	—	—

Council's policy for determining transfers between fair value hierarchies is:

– at the end of the reporting period.

Information relating to each level 1 and level 2 fair valuation hierarchy transfer is set out below:

Intangible assets (water licences) have previously been recognised as level 1 due to purchases in open markets. With no trading of these assets in open markets during the financial year, fair value is determined as level 2 at the end of the reporting period.

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

Council officers undertook a re-valuation for these assets as at 30 June 2017. Quoted prices in an active market for similar items and asset conditions have been used to revalue these assets.

Examples of assets within these classes are as follows:

- Plant & Equipment – graders, trucks, rollers, tractors & motor vehicles
- Office Equipment – computers, photocopiers, phone systems etc.
- Furniture & Fittings – chairs, desks, cabinets etc.

Operational and Community land

Operational Land is based on land value provided by the Valuer General for rating purposes.

Community Land is based on land value provided by the Valuer-General for rating purposes.

The new valuations were applied as at 30 June 2020 following a revaluation by the Valuer General.

There has been no change to the valuation process during the year.

Buildings – non-specialised and specialised

Buildings Specialised and Non - Specialised are based on cost price and valuations provided by JRA (a division of Technology One) as at 1 July 2017.

Valuation techniques remained the same for the reporting period.

Other structures

Other Structures comprise of sundry equipment such as monopoles and communication towers and are based on cost price and valuations provided by JRA (a division of Technology One) as at 1 July 2017.

Valuation techniques remained the same for the reporting period.

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

Roads bridges and footpaths

Council's Roads, Bridges and Footpaths were inspected and valued by JRA (a division of Technology One) as at 1 July 2017.

E2-1 Fair value measurement (continued)

The valuation was based on cost approach using Level 3 inputs to value this asset class and the following information was determined by the consultant for each component.

- The economic useful life has been assessed based on utilising construction year, asset replacement cost and condition after being reviewed carefully.
- The remaining service potential was determined based on physical condition data sampled by Australis Valuers.
- The replacement costs were developed from unit rates, quantities, sub-component factors and intangible factors.
- Condition assessment is based on factors such as age of the asset, overall condition, economic and functional obsolescence.
- Pattern of consumption straight line pattern of consumption.

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

Drainage infrastructure

Council's drainage infrastructure was valued by JRA (a division of Technology One) as at 1 July 2017. The valuation was based on cost approach using Level 3 inputs to value this asset class and the following information was determined by the consultant for each component.

Water supply network

Assets within this class comprise reservoirs, pumping station, treatment plants and reticulation and delivery mains.

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

Re-valuation was undertaken in-house by JRA (a division of Technology One) as at 30 June 2017.

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

Sewerage network

Assets within this class comprise treatment plants, oxidation ponds, pumping stations and mains.

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

Re-valuation was undertaken JRA (a division of Technology One) as at 30 June 2017.

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

Swimming Pools

These assets are based on cost price and valuations provided by JRA (a division of Technology One) as at 1 July 2017.

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

Other Assets

Assets within this class comprise library books and other open space and recreational assets..

These assets are based on cost price and valuations provided by JRA (a division of Technology One) as at 1 July 2017.

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

Intangible Assets

Water Access Licences

Council values water access licences based on quoted prices in an active market. These were revalued at 30 June 2019.

Fair value measurements using significant unobservable inputs (level 3)

c. The valuation process for level 3 fair value measurements

The valuation processes used have been described above.

Management determines the valuation process and who will undertake the work.

Movements in valuations are reviewed by Council's asset and finance staff.

All valuations were completed by Technology One (formerly JRA) with the exception of Operational and Community Land which were valued using NSW Valuer General's Valuations.

E2-1 Fair value measurement (continued)

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

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

\$ '000	Fair value (30/6/21) 2021	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment			
Operational land	3,316	Land Values	NSW Valuer General's Valuations
Community Land	1,902	Land Values	NSW Valuer General's Valuations
Land Improvements	11,069	Depreciated Replacement Cost	Pattern of consumption, asset condition
Buildings Specialised	18,730	Depreciated Replacement Cost	Asset condition, consumption rate, useful life
Other Structures	2,235	Depreciated Replacement Cost	Asset condition, consumption rate, useful life
Roads	113,019	Depreciated Replacement Cost	Asset condition, consumption rate, useful life
Bridges	2,415	Depreciated Replacement Cost	Asset condition, consumption rate, useful life
Footpaths	3,292	Depreciated Replacement Cost	Asset condition, consumption rate, useful life
Other road assets	1,109	Gross Replacement Cost	Asset condition, consumption rate, useful life
Bulk Earthworks	64,258	Depreciated Replacement Cost	Asset condition, consumption rate, useful life
Stormwater Drainage	8,555	Depreciated Replacement Cost	Asset condition, consumption rate, useful life
Water Supply Network	8,091	Depreciated Replacement Cost	Asset condition, components, consumption rate, useful life
Sewerage Network	9,822	Depreciated Replacement Cost	Asset condition, components, consumption rate, useful life
Swimming Pools	2,005	Depreciated Replacement Cost	Asset condition, consumption rate, useful life
Other open space/recreational assets	1,299	Depreciated Replacement Cost	Asset condition, consumption rate, useful life

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

\$ '000	I,PP&E	
	2021	2020
Opening balance	247,872	241,977
Total gains or losses for the period		
Recognised in other comprehensive income – revaluation surplus	162	893
Other movements		
Transfers from/(to) real estate held for sale	20	–
Purchases (GBV)	8,205	10,346
Disposals (WDV)	(197)	(307)
Depreciation and impairment	(4,945)	(5,037)
Closing balance	251,117	247,872

Highest and best use

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

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

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

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

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

* For 180 Point Members, Employers are required to contribute 7% of salaries for the year ending 30 June 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 members' defined benefits.

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

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

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

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

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

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

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 amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2021 was \$156,741. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2020.

The amount of additional contributions included in the total employer contribution advised above is \$107,500. Council's expected contribution to the plan for the next annual reporting period is \$155,917.

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

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

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

The share of any funding surplus or deficit that can be attributed to Council is .27%

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

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

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

* Plus promotional increases

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

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, which will be a triennial actuarial investigation will be completed by December 2021

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

E3-1 Contingencies (continued)

(iv) Other guarantees

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

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) Tips and quarries restoration

Council operates a number of tips and quarries which will require rehabilitation and restoration at some future date.

As at 30 June 2021 Council is unable to reliably estimate the financial cost of such work.

ASSETS NOT RECOGNISED

(i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30 June 2008.

(ii) Infringement notices/fines

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

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

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

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

(iii) Western Riverina Libraries

Council is a member of the Western Riverina Libraries and has a 1/5th proportion of voting power of the organisation. Council's share in the assets, liabilities and outputs of the organisation is based on the proportional population share and is considered immaterial in amount. Refer note D2.

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

Key management personnel (KMP) of the council are those sixteen (16) 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	1,276	1,285
Post-employment benefits	103	112
Other long-term benefits	363	31
Termination benefits	–	51
Total	1,742	1,479

Other transactions with KMP and their related parties

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

Nature of the transaction	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000					
2021					
Employee expenses relating to close family members of KMP.					
Related Parties, which are Suppliers of Council, supplying goods and services, such as plumbing works and veterinary services, procured utilising Council's procedures & plans for procurement.	402	–	Local Government (State) Award	–	–
	–	–	30 days payment	–	–
2020					
Employee expenses relating to close family members of KMP.					
Related Parties, which are Suppliers of Council, supplying goods and services, such as plumbing works and veterinary services, procured utilising Council's procedures & plans for procurement.	308	–	Local Government (State) Award	–	–
	100	–	30 days payment	–	–

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	27	27
Councillors' fees	110	108
Associated expenses	44	46
Total	181	181

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	72	68
Remuneration for audit and other assurance services	72	68
Total Auditor-General remuneration	72	68
Total audit fees	72	68

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	2,622	4,672
Adjust for non-cash items:		
Depreciation and amortisation	5,973	5,935
Net losses/(gains) on disposal of assets	113	(17)
Adoption of AASB 15/1058	–	(12,397)
+/- Movement in operating assets and liabilities and other cash items:		
Decrease/(increase) in receivables	654	342
Decrease/(increase) in inventories	(387)	(208)
Decrease/(increase) in other current assets	(3)	(35)
Decrease/(increase) in contract assets	657	(1,173)
Increase/(decrease) in payables	232	(119)
Increase/(decrease) in accrued interest payable	–	(1)
Increase/(decrease) in other accrued expenses payable	(61)	202
Increase/(decrease) in other liabilities	(8)	–
Increase/(decrease) in contract liabilities	(880)	10,005
Increase/(decrease) in provision for employee benefits	265	346
Net cash provided from/(used in) operating activities from the Statement of Cash Flows	9,177	7,552

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

Boat Ramp	–	907
Levee Bank	–	–
Buildings	405	2,774
Plant and equipment	–	706
Buildings - Day Care Centre	1,187	–
Buildings - Gymnasium & Amenities	504	–
Total commitments	2,096	4,387

These expenditures are payable as follows:

Within the next year	2,096	4,387
Total payable	2,096	4,387

Sources for funding of capital commitments:

Future grants and contributions	2,096	1,457
Unexpended grants	–	2,224
Internally restricted reserves	–	706
Total sources of funding	2,096	4,387

Details of capital commitments

Coleambally gymnasium & amenities
 Coleambally stadium
 Jerilderie Day Care Centre

G3 Statement of developer contributions as at 30 June 2021

G3-1 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	71	61	-	-	(36)	-	96	-
Total S7.11 and S7.12 revenue under plans	71	61	-	-	(36)	-	96	-
S7.4 planning agreements	370	-	-	-	(59)	-	311	-
Total contributions	441	61	-	-	(95)	-	407	-

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					
MURRUMBIDGEE COUNCIL DEVELOPER CONTRIBUTION PLAN	71	61	-	-	(36)	-	96	-
Community facilities	71	61	-	-	(36)	-	96	-
Total	71	61	-	-	(36)	-	96	-

G4 Statement of performance measures

G4-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2021	Indicator 2021	Indicators 20202019		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(1,979)	(10.86)%	(9.13)%	(10.93)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	18,227				
2. Own source operating revenue ratio *					
Total continuing operating revenue excluding all grants and contributions ¹	8,971	39.10%	37.47%	35.35%	> 60.00%
Total continuing operating revenue ¹	22,941				
3. Unrestricted current ratio					
Current assets less all external restrictions	12,905	6.04x	6.59x	6.17x	> 1.50x
Current liabilities less specific purpose liabilities	2,136				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	3,996	92.93x	66.82x	40.55x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	43				
5. Rates, annual charges, interest and extra charges outstanding percentage *					
Rates and annual charges outstanding	469	7.31%	7.75%	8.23%	< 10.00%
Rates and annual charges collectable	6,412				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	27,389	20.94	21.89	27.15	> 3.00
Monthly payments from cash flow of operating and financing activities	1,308	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

G4-2 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}							
Total continuing operating revenue excluding capital grants and contributions ¹	(12.20)%	(10.89)%	9.71%	11.40%	(17.57)%	(5.73)%	> 0.00%
2. Own source operating revenue ratio *							
Total continuing operating revenue excluding capital grants and contributions ¹							
Total continuing operating revenue ¹	33.87%	32.29%	94.28%	89.05%	100.00%	100.00%	> 60.00%
3. Unrestricted current ratio							
Current assets less all external restrictions							
Current liabilities less specific purpose liabilities	6.04x	6.59x	∞	∞	∞	∞	> 1.50x
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹							
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	78.63x	56.32x	∞	∞	∞	∞	> 2.00x
5. Rates, annual charges, interest and extra charges outstanding percentage *							
Rates and annual charges outstanding							
Rates and annual charges collectable	4.63%	5.26%	21.51%	15.18%	15.55%	16.48%	< 10.00%
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits							
Monthly payments from cash flow of operating and financing activities	17.19 mths	18.22 mths	36.95 mths	34.68 mths	107.62 mths	117.61 mths	> 3.00 mths

(1) - (2) Refer to Notes at Note G4-1 above.

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



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Murrumbidgee Council

To the Councillors of the Murrumbidgee Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note B-5 Performance against budget
- on the Special Schedules. A separate opinion has been provided on Special Schedule - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Michael Kharzoo
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

29 October 2021
SYDNEY



Cr Ruth McRae
Mayor
Murrumbidgee Council
PO Box 96
JERILDERIE NSW 2716

Contact: Michael Kharzoo
Phone no: (02) 9275 7188
Our ref: D2123172/1764

29 October 2021

Dear Mayor

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

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

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

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

SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS

I identified the following significant audit issues and observations during my audit of the Council's financial statements. These issues and observations were addressed as part of my audit.

Rural fire-fighting equipment not recognised in the financial statements





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

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

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

INCOME STATEMENT

Operating result

	2021 \$m	2020 \$m	Variance %
Rates and annual charges revenue	5.9	5.7	 3.5
Grants and contributions revenue	14.0	14.9	 6.0
Operating result from continuing operations	2.6	4.7	 44.7
Net operating result before capital grants and contributions	(2.1)	(1.6)	 31.3

The Council's operating result from continuing operations (\$2.6 million including depreciation and amortisation expense of \$6.0 million) was \$2.1 million lower than the 2019-20 result. This was driven by the \$0.9 million decrease in grants and contributions as well as a \$0.9 million increase in material and services expenses.

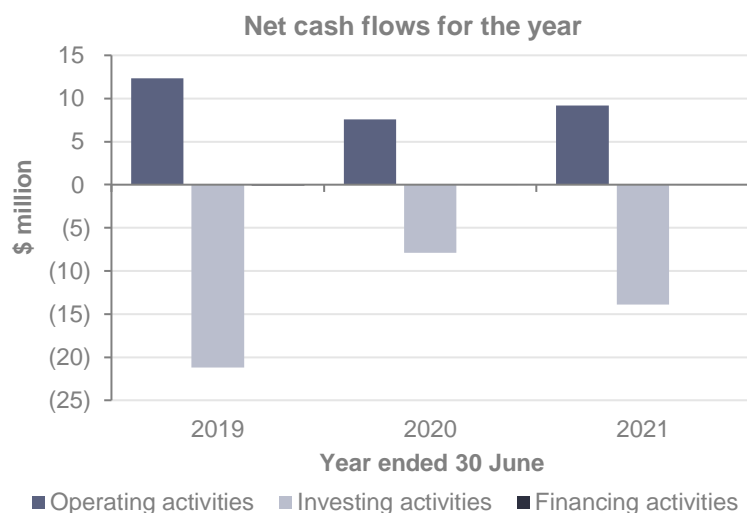
The net operating deficit before capital grants and contributions (\$2.1 million) was \$0.5 million higher than the 2019-20 result. The increase in reported deficit is mainly due to the increase in materials and services expenses.

Rates and annual charges revenue (\$5.9 million) increased by \$0.2 million (3.5 per cent) in 2020–21 due to Council's pegged rate, which increased general rates revenue by 2.6 per cent in 2020-21 and an increase in the annual charges.

Grants and contributions revenue (\$14.0 million) was relatively consistent with the prior year.

STATEMENT OF CASH FLOWS

- Council's cash and cash equivalents was \$6.6 million at 30 June 2021 (\$11.3 million at 30 June 2020). There was a net decrease in cash and cash equivalents of \$4.7 million during the 2020-21 financial year.
- Net cash provided by operating activities has increased by \$1.6 million. This is mainly due to the increase in cash receipts from grants and contributions of \$1.3 million.
- Net cash used in investing activities has increased by \$6.0 million, which is driven by the increase in purchase of investment securities of \$5.1 million.



FINANCIAL POSITION

Cash and investments

Cash and investments	2021	2020	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	27.4	27.1	<ul style="list-style-type: none"> • Externally restricted cash and investments are restricted in their use by externally imposed requirements. This cash balance has remained stable across the 2019-20 and 2020-21 financial years.
Restricted cash and investments:			<ul style="list-style-type: none"> • Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect identified programs of works and any forward plans identified by Council. This has remained stable at \$8.2 million. (\$8.6 million at 30 June 2020).
• External restrictions	17.3	18.0	
• Internal restrictions	8.2	8.6	<ul style="list-style-type: none"> • Unrestricted cash and investments was \$1.9 million, which is available to provide liquidity for day-to-day operations of the Council. This balance has increased from 2019-20 to 2020-21.
• Unrestricted	1.9	0.5	

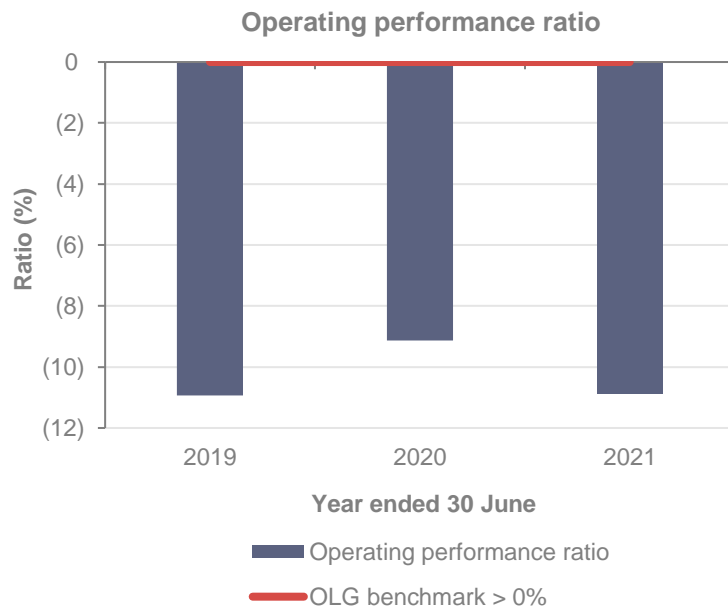
PERFORMANCE

Performance measures

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

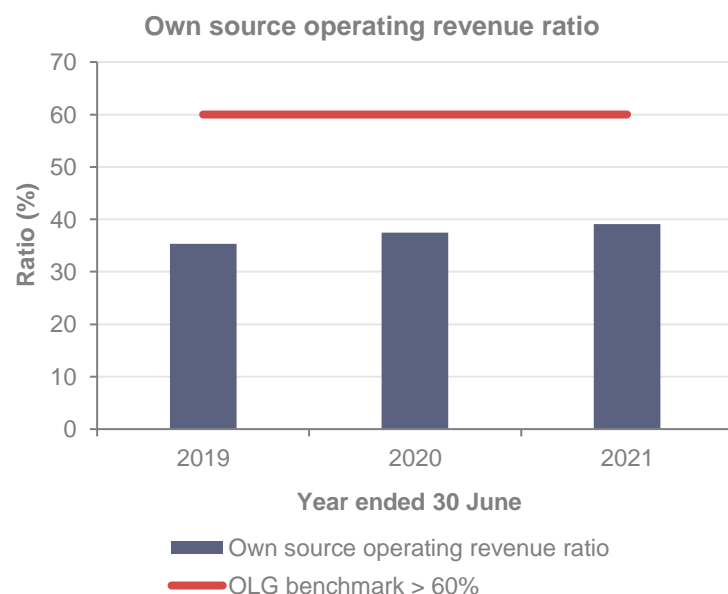
Operating performance ratio

- The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.
- The Council did not meet the OLG benchmark for the current reporting period.
- The operating performance ratio of -10.86 per cent (2020: -9.13 per cent) has decreased due to delivery of various grant funded programs.



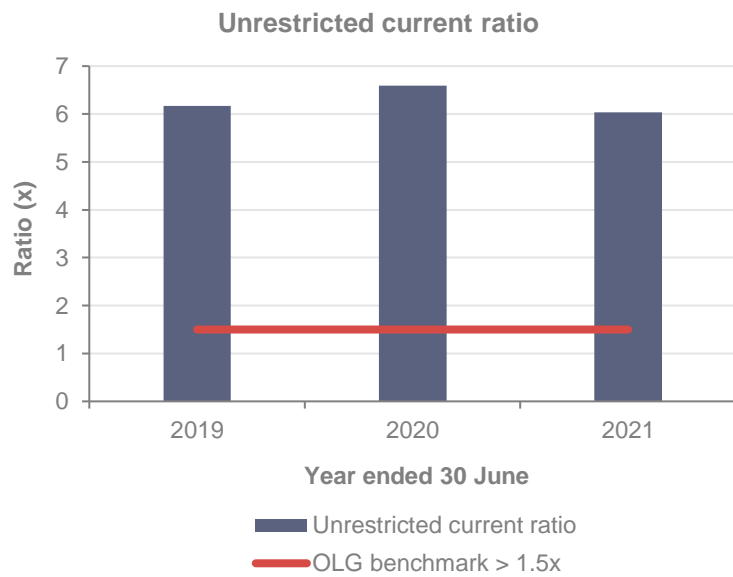
Own source operating revenue ratio

- The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.
- The Council did not meet the OLG benchmark for the current reporting period. This indicates that the Council is more reliant on external funding sources, such as grants and contributions.
- The own source operating revenue ratio of 39.1 per cent (2020: 37.5 per cent) has improved as Council received less funding from grants and contributions in the current year.



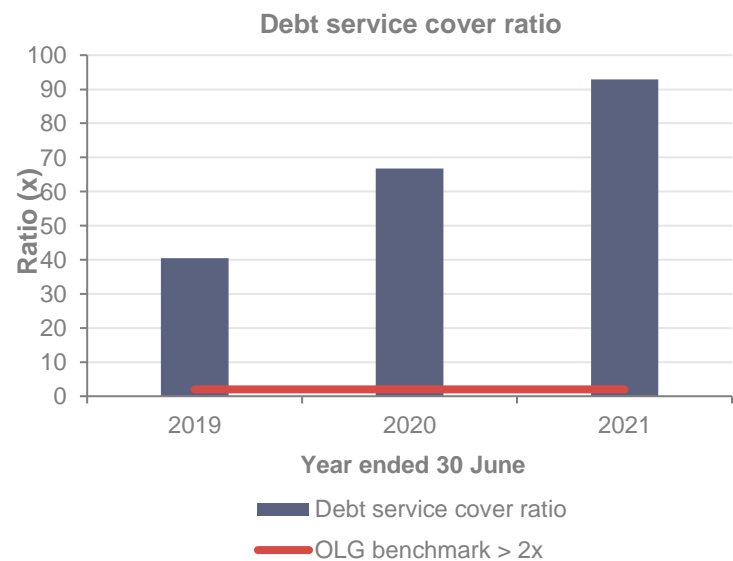
Unrestricted current ratio

- The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.
- The Council's liquidity ratio of 6.0 times is greater than the industry benchmark minimum of greater than 1.5 times. This indicates that the Council has sufficient liquidity to meet its current liabilities as and when they fall due.



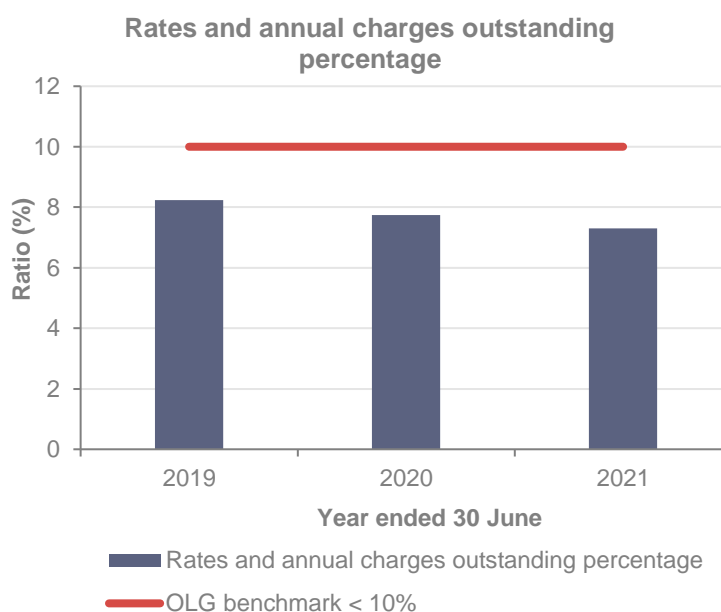
Debt service cover ratio

- The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.
- The Council's debt service cover ratio of 92.9 times is greater than the industry benchmark minimum of greater than 2 times. This indicates that the Council has sufficient operating revenue to service its debt.
- Council has fully repaid the loan in 30 June 2021. Therefore, the debt service cover ratio has increased.



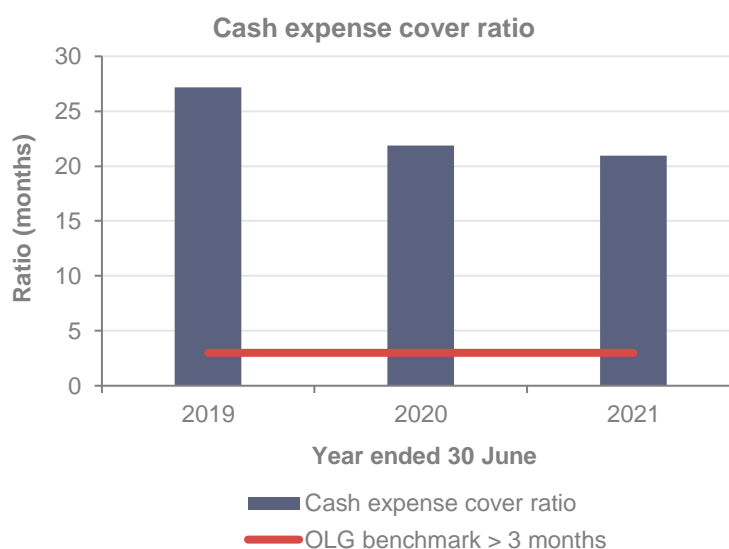
Rates and annual charges outstanding percentage

- The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.
- The Council's rates and annual charges outstanding ratio of 7.3 per cent is within the industry benchmark of less than 10 per cent for regional and rural councils.



Cash expense cover ratio

- This liquidity ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.
- The Council's cash expense cover ratio was 20.9 months, which is above the industry benchmark of greater than 3 months. This indicates that Council had the capacity to cover 20.9 months of operating cash expenditure without additional cash inflows at 30 June 2021.



Infrastructure, property, plant and equipment renewals

The Council renewed \$4.3 million of assets in the 2020-21 financial year, compared to \$5.4 million of assets in the 2019-20 financial year. The 2020-21 renewals predominately related to:

- \$2.9 million in renewals for roads;
- \$0.4 million for capital work in progress; and
- \$0.7 million of renewals for specialised buildings.

OTHER MATTERS

Impact of new accounting standards

AASB 1059 'Service Concession Arrangements: Grantors'

The Council adopted the new accounting standard AASB 1059 'Service Concession Arrangements: Grantors' for the first time in its 2020–21 financial statements.

AASB 1059 provides guidance for public sector entities (grantors) who enter into service concession arrangements with private sector operators for the delivery of public services.

AASB 1059 applies to arrangements involving an operator providing public services related to a service concession asset on behalf of a public sector grantor for a specified period of time and managing at least some of those services. Common examples include roads, prisons, hospitals, water distribution facilities and energy supply.

When AASB 1059 applies, the grantor recognises the service concession asset at current replacement cost when the grantor obtains control of the asset and recognises a corresponding financial liability or unearned revenue or a combination of both.

The Council does not have any service concession arrangements that fall under AASB 1059.

Legislative compliance

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

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



Michael Kharzoo
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

cc: Mr David Maxwell, Audit, Risk and Improvement Committee Chair
Ms Vicki Sutton, Finance Manager
Mr John Scarce, General Manager
Ms Kiersten Fishburn, Secretary of the Department of Planning, Industry and Environment

Murrumbidgee Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2021



Special Purpose Financial Statements

for the year ended 30 June 2021

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Background

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

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

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

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services 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).

Murrumbidgee 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 26 October 2021.



Cr Ruth McRae
Mayor
26 October 2021



Cr Robert Black
Councillor
26 October 2021



John Scarce
General Manager
26 October 2021



Vicki Sutton
Responsible Accounting Officer
26 October 2021

Murrumbidgee Council

Income Statement of water supply business activity

for the year ended 30 June 2021

\$ '000	2021	2020
Income from continuing operations		
Access charges	418	644
User charges	493	537
Fees	270	1
Interest	22	45
Grants and contributions provided for non-capital purposes	73	–
Other income	1	1
Total income from continuing operations	1,277	1,228
Expenses from continuing operations		
Employee benefits and on-costs	314	283
Materials and services	529	509
Depreciation, amortisation and impairment	310	296
Loss on sale of assets	4	–
Total expenses from continuing operations	1,157	1,088
Surplus (deficit) from continuing operations before capital amounts	120	140
Grants and contributions provided for capital purposes	–	151
Surplus (deficit) from continuing operations after capital amounts	120	291
Surplus (deficit) from all operations before tax	120	291
Less: corporate taxation equivalent [based on result before capital]	(31)	(39)
Surplus (deficit) after tax	89	252
Plus accumulated surplus	11,360	11,069
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	31	39
Less:		
Closing accumulated surplus	11,480	11,360
Return on capital %	1.4%	1.6%
Subsidy from Council	10	–
Calculation of dividend payable:		
Surplus (deficit) after tax	89	252
Less: capital grants and contributions (excluding developer contributions)	–	(151)
Surplus for dividend calculation purposes	89	101
Potential dividend calculated from surplus	44	51

Murrumbidgee Council

Income Statement of sewerage business activity

for the year ended 30 June 2021

\$ '000	2021	2020
Income from continuing operations		
Access charges	610	583
User charges	5	7
Liquid trade waste charges	8	5
Interest	26	68
Total income from continuing operations	649	663
Expenses from continuing operations		
Employee benefits and on-costs	255	211
Materials and services	213	206
Depreciation, amortisation and impairment	295	284
Loss on sale of assets	23	—
Total expenses from continuing operations	786	701
Surplus (deficit) from continuing operations before capital amounts	(137)	(38)
Surplus (deficit) from continuing operations after capital amounts	(137)	(38)
Surplus (deficit) from all operations before tax	(137)	(38)
Surplus (deficit) after tax	(137)	(38)
Plus accumulated surplus	13,973	14,011
Plus adjustments for amounts unpaid:		
Less:		
Closing accumulated surplus	13,836	13,973
Return on capital %	(1.4)%	(0.4)%
Subsidy from Council	286	127
Calculation of dividend payable:		
Surplus (deficit) after tax	(137)	(38)
Surplus for dividend calculation purposes	—	—
Potential dividend calculated from surplus	—	—

Murrumbidgee Council

Statement of Financial Position of water supply business activity

as at 30 June 2021

\$ '000	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	2,099	1,792
Investments	497	497
Receivables	294	264
Contract assets and contract cost assets	73	—
Inventories	26	24
Total current assets	2,989	2,577
Non-current assets		
Infrastructure, property, plant and equipment	8,749	8,968
Intangible assets	789	789
Total non-current assets	9,538	9,757
Total assets	12,527	12,334
Net assets	12,527	12,334
EQUITY		
Accumulated surplus	11,480	11,360
Revaluation reserves	1,047	974
Total equity	12,527	12,334

Murrumbidgee Council

Statement of Financial Position of sewerage business activity

as at 30 June 2021

\$ '000	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	3,061	2,951
Investments	1,136	1,136
Receivables	124	124
Other	25	25
Total current assets	4,346	4,236
Non-current assets		
Infrastructure, property, plant and equipment	10,002	10,135
Other	44	69
Total non-current assets	10,046	10,204
Total assets	14,392	14,440
Net assets	14,392	14,440
EQUITY		
Accumulated surplus	13,836	13,973
Revaluation reserves	556	467
Total equity	14,392	14,440

Note – Significant Accounting Policies

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

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

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

The disclosures in these special purpose financial statements have been prepared in accordance with the *Local Government Act 1993* (Act), the *Local Government (General) Regulation 2005* (Regulation) and the Local Government Code of Accounting Practice and Financial Reporting.

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1

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

Nil

Category 2

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

a. Murrumbidgee Council Water Funds

Comprising the whole of the water supply operations and net assets servicing the Council area.

b. Murrumbidgee Council Sewerage Funds

Comprising the whole of the sewerage reticulation and treatment operations and net assets servicing the Council area.

Taxation equivalent charges

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

Notional rate applied (%)

Corporate income tax rate – **26%** (19/20 27.5%)

Note – Significant Accounting Policies (continued)

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 **\$100 + 1.6%**. 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 Department of Planning, Industry & Environment – Water guidelines, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

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

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

Income tax

An income tax equivalent has been applied on the profits of the business activities. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level – gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 26% (19/20 27.5%).

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'.

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

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

Note – Significant Accounting Policies (continued)

(iii) Dividends

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

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

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

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

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



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Murrumbidgee Council

To the Councillors of the Murrumbidgee Council

Opinion

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

The Declared Business Activities of the Council are:

- Water Supply
- Sewerage.

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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

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

Michael Kharzoo
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

29 October 2021
SYDNEY

Murrumbidgee Council

SPECIAL SCHEDULES
for the year ended 30 June 2021



Murrumbidgee Council

Special Schedules

for the year ended 30 June 2021

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Murrumbidgee Council

Permissible income for general rates

\$ '000	Notes	2020/21 Former Jerilderie Shire Council	2020/21 Former Murrumbidgee Shire Council	2020/21 Murrumbidgee Council	2021/22 Former Jerilderie Shire Council	2021/22 Former Murrumbidgee Shire Council	2021/22 Murrumbidgee Council
Notional general income calculation ¹							
Last year notional general income yield	a	2,183	2,147	4,330	2,240	2,198	4,438
Plus or minus adjustments ²	b	–	(4)	(4)	–	30	30
Notional general income	c = a + b	2,183	2,143	4,326	2,240	2,228	4,468
Permissible income calculation							
Or rate peg percentage	e	2.60%	2.60%		2.00%	2.00%	
Or plus rate peg amount	i = e x (c + g)	57	56	113	45	45	90
Sub-total	k = (c + g + h + i + j)	2,240	2,199	4,439	2,285	2,273	4,558
Plus (or minus) last year's carry forward total	l	–	–	–	–	1	1
Sub-total	n = (l + m)	–	–	–	–	1	1
Total permissible income	o = k + n	2,240	2,199	4,439	2,285	2,274	4,559
Less notional general income yield	p	2,240	2,198	4,438	–	4,521	4,521
Catch-up or (excess) result	q = o – p	–	1	1	2,285	(2,248)	37
Carry forward to next year ⁶	t = q + r + s	–	1	1	2,285	(2,248)	37
Notes							

(1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.

(2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the Valuation of Land Act 1916.

(6) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the *Local Government Act 1993*. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Murrumbidgee Council

To the Councillors of Murrumbidgee Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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

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

Michael Kharzoo
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

29 October 2021
SYDNEY

Murrumbidgee Council

Report on infrastructure assets as at 30 June 2021

Asset Class	Asset Category	Estimated cost			2020/21 Actual maintenance \$ '000	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 the assets agreed level of service set by Council \$ '000	2020/21 Required maintenance ^a \$ '000				1	2	3	4	5
Buildings	Buildings – non-specialised	–	–	46	49	5,390	8,458	26.5%	42.5%	27.6%	3.5%	0.0%
	Buildings – specialised	–	–	192	176	18,730	31,439	28.0%	53.4%	17.8%	0.9%	0.0%
	Sub-total	–	–	238	225	24,120	39,897	27.7%	51.0%	19.8%	1.4%	0.0%
Other structures	Other structures	–	–	19	20	2,235	2,359	98.4%	1.6%	0.0%	0.0%	0.0%
	Sub-total	–	–	19	20	2,235	2,359	98.4%	1.6%	0.0%	0.0%	0.0%
Roads	Roads	–	–	1,230	1,328	113,019	167,924	9.8%	43.9%	36.9%	9.5%	0.0%
	Bulk earthworks	–	–	–	–	64,258	64,258	1.8%	58.0%	39.1%	1.1%	0.0%
	Bridges	–	–	21	53	2,415	6,649	10.4%	19.3%	44.5%	25.8%	0.0%
	Footpaths	–	–	15	6	3,292	4,332	77.2%	9.7%	13.1%	0.0%	0.0%
	Other road assets	–	–	–	–	1,109	2,150	48.8%	13.6%	31.8%	5.8%	(0.0%)
	Sub-total	–	–	1,266	1,387	184,093	245,313	9.2%	46.0%	37.2%	7.5%	(0.0%)
Water supply network	Water supply network	–	–	365	343	8,091	18,091	10.9%	45.0%	40.1%	3.8%	0.1%
	Sub-total	–	–	365	343	8,091	18,091	10.9%	45.0%	40.1%	3.8%	0.1%
Sewerage network	Sewerage network	–	–	212	268	9,822	20,686	12.0%	41.9%	45.0%	1.1%	0.0%
	Sub-total	–	–	212	268	9,822	20,686	12.0%	41.9%	45.0%	1.1%	0.0%
Stormwater drainage	Stormwater drainage	–	–	85	143	8,555	13,310	14.1%	38.7%	44.0%	3.2%	0.0%
	Sub-total	–	–	85	143	8,555	13,310	14.1%	38.7%	44.0%	3.2%	0.0%

Murrumbidgee Council

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

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard		2020/21 Required maintenance ^a	2020/21 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000					1	2	3	4	5
Open space / recreational assets	Swimming pools	-	-	137	134	2,005	2,115	74.3%	0.0%	11.3%	14.4%	0.0%
	Open space/recreational areas	-	-	393	567	1,299	1,699	54.7%	18.9%	26.3%	0.0%	0.0%
	Sub-total	-	-	530	701	3,304	3,814	65.6%	8.4%	18.0%	8.0%	0.0%
Total – all assets		-	-	2,715	3,087	240,220	343,470	13.1%	45.3%	35.6%	6.0%	0.0%

(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

Murrumbidgee Council

Report on infrastructure assets as at 30 June 2021

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2021	Indicator 2021	Indicators 20202019		Benchmark
Buildings and infrastructure renewals ratio					
Asset renewals ¹	4,275	89.40%	109.80%	69.88%	>= 100.00%
Depreciation, amortisation and impairment	4,782				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	–	0.00%	0.00%	0.00%	< 2.00%
Net carrying amount of infrastructure assets	241,629				
Asset maintenance ratio					
Actual asset maintenance	3,087	113.70%	100.86%	107.50%	> 100.00%
Required asset maintenance	2,715				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	–	0.00%	0.00%	0.00%	
Gross replacement cost	343,470				

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

(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Murrumbidgee Council

Report on infrastructure assets as at 30 June 2021

Infrastructure asset performance indicators (by fund)						
\$ '000	General fund		Water fund		Sewer fund	
	2021	2020	2021	2020	2021	2020
Buildings and infrastructure renewals ratio						
Asset renewals ¹	100.12%	122.03%	5.90%	24.40%	22.41%	8.60%
Depreciation, amortisation and impairment						
						>= 100.00%
Infrastructure backlog ratio						
Estimated cost to bring assets to a satisfactory standard	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net carrying amount of infrastructure assets						< 2.00%
Asset maintenance ratio						
Actual asset maintenance	115.81%	96.87%	93.97%	112.68%	126.42%	125.85%
Required asset maintenance						> 100.00%
Cost to bring assets to agreed service level						
Estimated cost to bring assets to an agreed service level set by Council	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Gross replacement cost						

(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.