

Cootamundra-Gundagai Regional Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2021



Cootamundra-Gundagai Regional Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2021



Cootamundra-Gundagai Regional Council

General Purpose Financial Statements

for the year ended 30 June 2021

Contents	Page
Statement by Councillors and Management	3
Primary Financial Statements:	
Income Statement	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Independent Auditor's Reports:	
On the Financial Statements (Sect 417 [2])	72
On the Financial Statements (Sect 417 [3])	75

Overview

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

81 Wallendoon St
Cootamundra NSW 2590

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.cgrc.nsw.gov.au.

Cootamundra-Gundagai Regional Council

General Purpose Financial Statements

for the year ended 30 June 2021

Statement by Councillors and Management

Statement by Councillors and Management made pursuant to Section 413(2)(c) of the *Local Government Act 1993* (NSW)

The attached general purpose financial statements have been prepared in accordance with:

- the *Local Government Act 1993* and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

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

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

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


Signed in accordance with a resolution of Council made on 30 November 2021.



Charlie Sheahan

Mayor

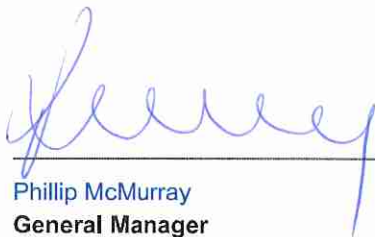
15 February 2022



Leigh Bowden

Councillor

15 February 2022



Phillip McMurray

General Manager

15 February 2022



John Chapman

Responsible Accounting Officer

15 February 2022

Cootamundra-Gundagai Regional Council

Income Statement

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
	Income from continuing operations			
14,895	Rates and annual charges	B2-1	14,460	13,335
7,873	User charges and fees	B2-2	8,098	8,343
524	Other revenue	B2-3	751	895
9,905	Grants and contributions provided for operating purposes	B2-4	8,908	9,926
16,123	Grants and contributions provided for capital purposes	B2-4	15,232	7,661
210	Interest and investment income	B2-5	124	407
128	Other income	B2-6	346	221
–	Net gains from the disposal of assets	B4-1	–	408
<u>49,658</u>	Total income from continuing operations		<u>47,919</u>	<u>41,196</u>
	Expenses from continuing operations			
12,461	Employee benefits and on-costs	B3-1	12,233	12,931
10,951	Materials and services	B3-2	13,228	16,440
281	Borrowing costs	B3-3	228	120
8,940	Depreciation, amortisation and impairment for non-financial assets	B3-4	10,600	9,344
1,123	Other expenses	B3-5	1,550	948
–	Net losses from the disposal of assets	B4-1	317	–
<u>33,756</u>	Total expenses from continuing operations		<u>38,156</u>	<u>39,783</u>
<u>15,902</u>	Operating result from continuing operations		<u>9,763</u>	<u>1,413</u>
<u>15,902</u>	Net operating result for the year attributable to Council		<u>9,763</u>	<u>1,413</u>
<u>(221)</u>	Net operating result for the year before grants and contributions provided for capital purposes		<u>(5,469)</u>	<u>(6,248)</u>

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

Cootamundra-Gundagai Regional 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		9,763	1,413
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	419	177,195
Total items which will not be reclassified subsequently to the operating result		419	177,195
Total other comprehensive income for the year		419	177,195
Total comprehensive income for the year attributable to Council		10,182	178,608

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

Cootamundra-Gundagai Regional Council

Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	2020
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	10,264	7,708
Investments	C1-2	8,012	9,073
Receivables	C1-4	2,884	2,156
Inventories	C1-5	621	821
Contract assets and contract cost assets	C1-6	10,620	5,570
Total current assets		32,401	25,328
Non-current assets			
Receivables	C1-4	58	89
Inventories	C1-5	1,081	1,302
Infrastructure, property, plant and equipment	C1-7	583,133	570,999
Intangible Assets	C1-8	130	172
Total non-current assets		584,402	572,562
Total assets		616,803	597,890
LIABILITIES			
Current liabilities			
Payables	C3-1	3,208	3,846
Contract liabilities	C3-2	4,367	2,510
Borrowings	C3-3	1,275	866
Employee benefit provisions	C3-4	4,243	4,198
Total current liabilities		13,093	11,420
Non-current liabilities			
Borrowings	C3-3	8,310	5,771
Employee benefit provisions	C3-4	433	416
Provisions	C3-5	5,172	670
Total non-current liabilities		13,915	6,857
Total liabilities		27,008	18,277
Net assets		589,795	579,613
EQUITY			
Accumulated surplus		408,593	398,830
IPPE revaluation reserve		181,202	180,783
Council equity interest		589,795	579,613
Total equity		589,795	579,613

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

Cootamundra-Gundagai Regional Council

Statement of Changes in Equity

for the year ended 30 June 2021

\$ '000	Notes	as at 30/06/21			as at 30/06/20		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		398,830	180,783	579,613	402,613	3,588	406,201
Changes due to AASB 1058 and AASB 15 adoption		–	–	–	(5,196)	–	(5,196)
Opening balance		398,830	180,783	579,613	397,417	3,588	401,005
Net operating result for the year		9,763	–	9,763	1,413	–	1,413
Net operating result for the period		9,763	–	9,763	1,413	–	1,413
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	–	419	419	–	177,195	177,195
Other comprehensive income		–	419	419	–	177,195	177,195
Total comprehensive income		9,763	419	10,182	1,413	177,195	178,608
Closing balance at 30 June		408,593	181,202	589,795	398,830	180,783	579,613

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

Cootamundra-Gundagai Regional Council

Statement of Cash Flows

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
Cash flows from operating activities				
<i>Receipts:</i>				
14,895	Rates and annual charges		14,550	13,884
7,873	User charges and fees		7,523	8,114
210	Investment and interest revenue received		144	537
26,333	Grants and contributions		20,947	11,658
347	Other		881	1,311
<i>Payments:</i>				
(12,461)	Employee benefits and on-costs		(12,286)	(12,430)
(8,719)	Materials and services		(13,693)	(13,678)
(1,464)	Borrowing costs		(230)	(111)
(3,355)	Other		3,097	(3,609)
23,659	Net cash flows from operating activities	G1-1	20,933	5,676
Cash flows from investing activities				
<i>Receipts:</i>				
–	Sale of investment securities		9,081	22,734
–	Sale of real estate assets		1,368	347
697	Sale of infrastructure, property, plant and equipment		1,188	1,223
<i>Payments:</i>				
–	Purchase of investment securities		(8,020)	(13,915)
(25,591)	Purchase of infrastructure, property, plant and equipment		(24,897)	(22,000)
–	Purchase of real estate assets		(4)	(186)
–	Purchase of intangible assets		(1)	–
–	Deferred debtors and advances made		(40)	(96)
(24,894)	Net cash flows from investing activities		(21,325)	(11,893)
Cash flows from financing activities				
<i>Receipts:</i>				
4,000	Proceeds from borrowings		4,000	4,430
<i>Payments:</i>				
(1,181)	Repayment of borrowings		(1,052)	(414)
2,819	Net cash flow provided (or used in) financing activities		2,948	4,016
1,584	Net change in cash and cash equivalents		2,556	(2,201)
14,650	Cash and cash equivalents at beginning of year		7,708	9,909
16,234	Cash and cash equivalents at end of year	C1-1	10,264	7,708
1,181	plus: Investments on hand at end of year	C1-2	8,012	9,073
17,415	Total cash, cash equivalents and investments		18,276	16,781

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

Cootamundra-Gundagai Regional Council

Contents for the notes to the Financial Statements for the year ended 30 June 2021

A About Council and these financial statements	11
A1-1 Basis of preparation	11
B Financial Performance	13
B1 Functions or activities	13
B1-1 Functions or activities – income, expenses and assets	13
B1-2 Components of functions or activities	14
B2 Sources of income	15
B2-1 Rates and annual charges	15
B2-2 User charges and fees	16
B2-3 Other revenue	16
B2-4 Grants and contributions	18
B2-5 Interest and investment income	23
B2-6 Other income	23
B3 Costs of providing services	24
B3-1 Employee benefits and on-costs	24
B3-2 Materials and services	25
B3-3 Borrowing costs	25
B3-4 Depreciation, amortisation and impairment of non-financial assets	26
B3-5 Other expenses	27
B4 Gains or losses	28
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	28
B5 Performance against budget	29
B5-1 Material budget variations	29
C Financial position	31
C1 Assets we manage	31
C1-1 Cash and cash equivalents	31
C1-2 Financial investments	32
C1-3 Restricted cash, cash equivalents and investments	33
C1-4 Receivables	34
C1-5 Inventories	36
C1-6 Contract assets and Contract cost assets	36
C1-7 Infrastructure, property, plant and equipment	38
C1-8 Intangible assets	42
C2 Leasing activities	42
C2-1 Council as a lessor	42
C3 Liabilities of Council	44
C3-1 Payables	44
C3-2 Contract Liabilities	44
C3-3 Borrowings	45
C3-4 Employee benefit provisions	47
C3-5 Provisions	47
C4 Reserves	50

Cootamundra-Gundagai Regional Council

Contents for the notes to the Financial Statements for the year ended 30 June 2021

C4-1 Nature and purpose of reserves	50
D Council structure	51
D1 Results by fund	51
D1-1 Income Statement by fund	52
D1-2 Statement of Financial Position by fund	53
E Risks and accounting uncertainties	54
E1-1 Risks relating to financial instruments held	54
E2-1 Fair value measurement	57
E3-1 Contingencies	61
F People and relationships	64
F1 Related party disclosures	64
F1-1 Key management personnel (KMP)	64
F1-2 Councillor and Mayoral fees and associated expenses	65
F2 Other relationships	66
F2-1 Audit fees	66
G Other matters	67
G1-1 Statement of Cash Flows information	67
G2 Statement of developer contributions as at 30 June 2021	68
G2-1 Summary of developer contributions	68
G3 Statement of performance measures	69
G3-1 Statement of performance measures – consolidated results	69
G3-2 Statement of performance measures by fund	70
H Additional Council disclosures (unaudited)	71
H1-1 Council information and contact details	71

A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 15 February 2022. 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.

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
- (iii) estimated tip remediation provisions – refer Note C3-5
- (iv) employee benefit provisions – refer Note C3-4.

Covid 19 Impacts

Covid 19 has caused 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. 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.

There are some minor reductions in income and some additional costs have been incurred in cleaning of Council facilities.

Rate collections are on par with prior years and 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. 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.

A1-1 Basis of preparation (continued)

Significant judgements in applying the Council's accounting policies

(i) Impairment of receivables

Council has made a significant judgement about the impairment of a number of its receivables in relation to the expected credit loss model – refer Note C1-4.

Monies and other assets received by Council

The Consolidated Fund

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

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

- General purpose operations
- Water service
- Sewerage service

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.

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.

New accounting standards and interpretations issued not yet effective

New accounting standards and interpretations issued but not yet effective

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

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

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 did not have an impact on the reported position or performance of Council.

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										
Vibrant & supportive community	2,834	3,338	9,731	6,711	(6,897)	(3,373)	2,034	3,536	1,917	7,984
Prosperous & resilient economy	2,644	533	3,306	861	(662)	(328)	634	16	11,511	1,375
Sustainable natural & built environments	27,514	20,696	22,771	22,518	4,743	(1,822)	15,947	6,043	565,168	486,589
Good governance	14,927	16,629	2,348	9,693	12,579	6,936	5,525	6,787	38,207	97,463
Other	-	-	-	-	-	-	-	1,205	-	4,479
Total functions and activities	47,919	41,196	38,156	39,783	9,763	1,413	24,140	17,587	616,803	597,890

B1-2 Components of functions or activities

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

Vibrant & supportive community

1. Our community is inclusive and connected
2. Public spaces provide for a diversity of activity and strengthen our social connections
3. Our community members are healthy and safe

Prosperous & resilient economy

1. The local economy is strong and diverse
2. Strategic land-use planning is co-ordinated and needs based
3. Tourism opportunities are actively promoted
4. Our local workforce is skilled and workplace ready

Sustainable natural & built environments

1. The natural environment is valued and protected
2. Our built environments support and enhance liveability

Good governance

1. Decision making is based on collaborative, transparent and accountable leadership
2. Active participation and engagement in local decision making
3. Cootamundra-Gundagai Regional Council is a premier local government council

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2021	2020
Ordinary rates		
Residential	3,108	2,872
Farmland	3,702	3,483
Business	703	838
Less: pensioner rebates (mandatory)	(195)	(200)
Rates levied to ratepayers	7,318	6,993
Pensioner rate subsidies received	107	109
Total ordinary rates	7,425	7,102
Special rates		
Town improvement	–	259
Total special rates	–	259
Annual charges		
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>		
Domestic waste management services	1,993	1,914
Stormwater management services	127	104
Water supply services	1,893	1,679
Sewerage services	2,478	2,113
Waste management services (non-domestic)	614	303
Environmental	73	–
Less: pensioner rebates (mandatory)	(317)	(314)
Annual charges levied	6,861	5,799
Pensioner subsidies received:		
– Water	52	54
– Sewerage	50	52
– Domestic waste management	72	69
Total annual charges	7,035	5,974
Total rates and annual charges	14,460	13,335

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

Accounting policy

Rates and annual charges are recognised as revenue when the Council obtains control over the assets comprising these receipts which is 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 in substance a rates payment.

B2-2 User charges and fees

\$ '000	Timing	2021	2020
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Water supply services	2	2,303	2,624
Sewerage services	2	397	531
Waste management services (non-domestic)	2	3	–
Other	2	16	10
Total specific user charges		2,719	3,165
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Planning and building regulation	2	277	177
Private works – section 67	2	1,250	580
Regulatory/ statutory fees	2	19	2
Section 10.7 certificates (EP&A Act)	2	29	25
Section 603 certificates	2	34	26
Other	2	5	–
Total fees and charges – statutory/regulatory		1,614	810
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Aerodrome	2	18	6
Caravan park	2	57	56
Cemeteries	2	380	294
Leaseback fees – Council vehicles	2	48	41
Library and art gallery	2	28	18
Transport for NSW works (state roads not controlled by Council)	2	2,587	3,384
Saleyards	2	143	107
Swimming centres	2	11	93
Tourism	2	6	9
Waste disposal tipping fees	2	398	267
Water connection fees	2	21	22
Sewer connection fees	2	27	14
Sports stadium	2	7	23
Other	2	34	34
Total fees and charges – other		3,765	4,368
Total user charges and fees		8,098	8,343
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		–	–
User charges and fees recognised at a point in time (2)		8,098	8,343
Total user charges and fees		8,098	8,343

Accounting policy

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

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

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

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

B2-3 Other revenue

B2-3 Other revenue (continued)

\$ '000	Timing	2021	2020
Fines	2	17	6
Legal fees recovery – rates and charges (extra charges)	2	59	67
Commissions and agency fees	2	38	34
Diesel rebate	2	121	116
RFS reimbursement	2	248	343
Sales – miscellaneous	2	63	97
Sales of Scrap	2	28	–
Workers comp incentive payments	2	79	70
Insurance rebates	2	91	120
Other	2	7	42
Total other revenue		751	895

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)	751	895
Total other revenue		751

Accounting policy for other revenue

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

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

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

B2-4 Grants and contributions

\$ '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 – general component	2	1,836	1,853	–	–
Financial assistance – local roads component	2	781	790	–	–
Payment in advance - future year allocation					
Financial assistance – general component	2	1,964	1,962	–	–
Financial assistance – local roads component	2	838	839	–	–
Amount recognised as income during current year		5,419	5,444	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Previously specific grants:					
Pensioners' rates subsidies:					
Sewerage services	1	–	–	8,319	4,780
Aged care	2	–	8	–	–
Bushfire and emergency services	2	47	78	–	28
Economic development	2	61	13	–	–
Employment and training programs	2	48	20	–	–
Environmental programs	1	25	85	3	4
Heritage and cultural	2	4	21	–	–
Library	2	–	1	–	–
Library – per capita	2	90	89	–	–
LIRS subsidy	2	67	82	–	–
Noxious weeds	2	67	87	–	–
Recreation and culture	1	–	–	96	–
Storm/flood damage	1	–	–	698	112
Stronger Communities Fund	1	400	1,575	337	808
Stronger Country Communities Council projects	1	–	–	261	1,622
Stronger Country Communities Community projects	1	75	463	–	–
Street lighting	2	88	–	–	–
Crown Lands	2	–	–	–	–
Other specific grants	2	46	28	124	–
Transport (roads to recovery)	2	909	1,034	–	–
Transport (other roads and bridges funding)	1	–	–	3,668	–
Local Roads and Community Infrastructure Program	1	1	–	588	–
Drought Communities Program	1	–	–	410	–
Fixing Country Bridges Program	1	–	–	54	–
Everyone Can Play Program	1	–	–	12	–
Tourism	2	–	–	150	–
Gundagai Flood Study Response	1	213	–	–	–
Previously contributions:					
Kerb and gutter	2	–	–	–	30
Roads and bridges	2	420	17	–	–
Transport for NSW contributions (regional roads, block grant)	2	876	876	154	153
Other contributions	2	52	5	–	–
Total special purpose grants and non-developer contributions – cash		3,489	4,482	14,874	7,537
Total special purpose grants and non-developer contributions (tied)		3,489	4,482	14,874	7,537

B2-4 Grants and contributions (continued)

\$ '000	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Total grants and non-developer contributions		8,908	9,926	14,874	7,537
Comprising:					
– Commonwealth funding		6,405	2,451	3,664	6,342
– State funding		1,828	6,483	11,204	983
– Other funding		675	992	6	212
		8,908	9,926	14,874	7,537

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):	G2					
Cash contributions						
S 7.12 – fixed development consent levies		2	–	–	358	109
S 64 – sewerage service contributions		2	–	–	–	15
Total developer contributions – cash			–	–	358	124
Total developer contributions			–	–	358	124
Total contributions			–	–	358	124
Total grants and contributions			8,908	9,926	15,232	7,661
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			640	–	14,446	–
Grants and contributions recognised at a point in time (2)			8,268	9,926	786	7,661
Total grants and contributions			8,908	9,926	15,232	7,661

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

\$ '000	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Unspent grants and contributions				
Unspent funds at 1 July	1,533	3,195	1,058	2,089
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	29	–	–
Add: operating grants received for the provision of goods and services in a future period	186	1,438	2,767	1,051
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	–	–	–	–
Less: Funds received in prior year but revenue recognised and funds spent in current year	(469)	(3,129)	(459)	(2,082)
Unspent funds at 30 June ¹	1,250	1,533	3,366	1,058
Contributions				
Unspent funds at 1 July	20	–	–	–
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	327	109	–	–
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	(20)	(89)	–	–
Unspent contributions at 30 June ²	327	20	–	–

(1) Unexpended grants relate mainly to Stronger Communities Fund, Fixing Local Roads Grants, Local Roads and Community Infrastructure Grants and NSW Department of Planning Grants income. These amounts are expected to be spent during the next financial year.

(2) Unexpended contributions relate to Developer Contributions received. These amounts are expected to be spent in accordance with Council's Developer Contributions Plan.

Accounting policy

Accounting policy from 1 July 2019

Grant income under AASB 15

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

The performance obligations are varied based on the agreement but include passing milestones or meeting outputs. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

Grant income

B2-4 Grants and contributions (continued)

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

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

Capital grants

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

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

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

Contributions

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

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

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

B2-5 Interest and investment income

\$ '000	2021	2020
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	47	78
– Cash and investments	77	306
Dividend income (other)	–	23
Total interest and investment income (losses)	124	407
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	–	38
General Council cash and investments	124	250
Restricted investments/funds – external:		
Water fund operations	–	69
Sewerage fund operations	–	50
Total interest and investment income	124	407

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			
Commercial rental		301	169
Residential rental		23	19
Agistment		22	33
Total Other lease income		346	221
Total rental income	C2-1	346	221
Total other income		346	221

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2021	2020
Salaries and wages	11,047	11,508
Employee leave entitlements (ELE)	793	1,034
Superannuation	1,070	1,074
Workers' compensation insurance	682	589
Fringe benefit tax (FBT)	53	71
Training costs (other than salaries and wages)	31	–
Other	6	2
Total employee costs	13,682	14,278
Less: capitalised costs	(1,449)	(1,347)
Total employee costs expensed	12,233	12,931

Accounting policy

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

Retirement benefit obligations

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

Superannuation plans

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

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

B3-2 Materials and services

\$ '000	Notes	2021	2020
Raw materials and consumables		9,042	12,549
Contractor and consultancy costs		19,347	20,942
Audit Fees ¹	F2-1	82	94
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	159	211
Advertising		60	66
Bank charges		43	44
Computer software charges		353	260
Electricity and heating		440	546
Insurance		840	686
Postage		73	76
Printing and stationery		135	108
Street lighting		199	220
Subscriptions and publications		107	84
Telephone and communications		102	146
Tourism expenses (excluding employee costs)		61	52
Valuation fees		52	50
Training costs (other than salaries and wages)		96	112
Other expenses		88	–
Legal expenses:			
– Legal expenses: planning and development		66	13
– Legal expenses: debt recovery		41	67
– Legal expenses: other		173	141
Total materials and services		31,560	36,467
Less: capitalised costs		(18,332)	(20,027)
Total materials and services		13,228	16,440

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	228	120
Total interest bearing liability costs	228	120
Total interest bearing liability costs expensed	228	120
Total borrowing costs expensed	228	120

Accounting policy

Borrowing costs are expensed when incurred.

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

\$ '000	Notes	2021	2020
Depreciation and amortisation			
Plant and equipment		1,321	1,455
Office equipment		94	106
Furniture and fittings		18	45
Land improvements (depreciable)		14	14
Infrastructure:	C1-7		
– Buildings – non-specialised		45	48
– Buildings – specialised		842	811
– Other structures		409	410
– Roads		5,211	4,166
– Bridges		650	355
– Footpaths		112	86
– Stormwater drainage		187	173
– Water supply network		506	486
– Sewerage network		430	589
– Swimming pools		210	210
– Other open space/recreational assets		257	256
Other assets:			
– Heritage collections		1	1
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	C3-5,C1-7	250	(116)
Intangible assets	C1-8	43	43
Total gross depreciation and amortisation costs		10,600	9,138
Total depreciation and amortisation costs		10,600	9,138
Impairment / revaluation decrement of IPPE			
Infrastructure:	C1-7		
– Footpaths		–	206
Total gross IPPE impairment / revaluation decrement costs		–	206
Total IPPE impairment / revaluation decrement costs charged to Income Statement		–	206
Total depreciation, amortisation and impairment for non-financial assets		10,600	9,344

Accounting policy

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-7 for IPPE assets and Note C1-8 for intangible assets.

Depreciation is capitalised where in-house assets have contributed to new assets.

Impairment of non-financial assets

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

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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

B3-5 Other expenses

\$ '000	Notes	2021	2020
Impairment of receivables			
Other		147	7
Total impairment of receivables	C1-4	147	7
Other			
Contributions/levies to other levels of government:			
Contributions/levies to other levels of government		36	55
– Emergency services levy (includes FRNSW, SES, and RFS levies)		699	506
– Waste levy		328	23
– REROC Contributions		52	35
– Other contributions/levies		60	104
Donations, contributions and assistance to other organisations (Section 356)		27	22
Contribution regional library service		201	196
Total other		1,403	941
Total other expenses		1,550	948

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 property (excl. investment property)			
Less: carrying amount of property assets sold/written off		(120)	–
Gain (or loss) on disposal		(120)	–
Gain (or loss) on disposal of plant and equipment	C1-7		
Proceeds from disposal – plant and equipment		1,170	1,223
Less: carrying amount of plant and equipment assets sold/written off		(341)	(245)
Gain (or loss) on disposal		829	978
Gain (or loss) on disposal of infrastructure	C1-7		
Proceeds from disposal – infrastructure		18	–
Less: carrying amount of infrastructure assets sold/written off		(2,164)	(1,662)
Gain (or loss) on disposal		(2,146)	(1,662)
Gain (or loss) on disposal of real estate assets held for sale	C1-5		
Proceeds from disposal – real estate assets		1,368	347
Less: carrying amount of real estate assets sold/written off		(248)	(41)
Gain (or loss) on disposal		1,120	306
Gain (or loss) on disposal of investments	C1-2		
Proceeds from disposal/redemptions/maturities – investments		9,081	22,734
Less: carrying amount of investments sold/redeemed/matured		(9,081)	(21,948)
Gain (or loss) on disposal		–	786
Gain (or loss) on disposal of term deposits	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		–	–
Less: carrying amount of term deposits sold/redeemed/matured		–	–
Gain (or loss) on disposal		–	–
Net gain (or loss) on disposal of assets		(317)	408

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 29/06/2021 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
REVENUES				
Rates and annual charges	14,895	14,460	(435)	(3)% U
User charges and fees	7,873	8,098	225	3% F
Other revenues	524	751	227	43% F
RFS Reimbursement, Miscellaneous Sales, Sales of Scrap, Workers Comp Incentive Payments received exceeded budget figures				
Operating grants and contributions	9,905	8,908	(997)	(10)% U
Capital grants and contributions	16,123	15,232	(891)	(6)% U
Interest and investment revenue	210	124	(86)	(41)% U
Shortfall resulted from fall in interest rates and reduced cash available for investment				
Net gains from disposal of assets	-	-	-	∞ F
Other income	128	346	218	170% F
Commercial Waste processing income exceeds budget by \$201k				
EXPENSES				
Employee benefits and on-costs	12,461	12,233	228	2% F
Materials and services	10,951	13,228	(2,277)	(21)% U
Variance includes expenditure on grant-funded non capital community projects deferred from previous year, legal costs, computer software charges and insurance premiums				
Borrowing costs	281	228	53	19% F
Drawdown of a loan for for the replacement of the Gundagai Sewerage Treatment Plant occurred later than expected				
Depreciation, amortisation and impairment of non-financial assets	8,940	10,600	(1,660)	(19)% U
Previous year revaluation of roads and bridges resulted in increase in depreciation for those assets				
Other expenses	1,123	1,550	(427)	(38)% U
Contribution to South West Regional Waste Management Group and Provision for Bad and Doubtful Debts exceed the budgeted figures				
Net losses from disposal of assets	-	317	(317)	∞ U

B5-1 Material budget variations (continued)

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
STATEMENT OF CASH FLOWS				
Cash flows from operating activities	23,659	20,933	(2,726)	(12)% U
Major items - Grants and Contributions actual income \$5,400 > budget. Materials and Services actual expense \$4,974 > budget. Borrowing costs actual \$1,234 < budget.				
Cash flows from investing activities	(24,894)	(21,325)	3,569	(14)% F
Major Items : Sale of Real Estate Assets \$1,368 not budgeted. Sale of IPPE actual \$491 > budget. Purchase of IPPE actual \$694, budget.				
Cash flows from financing activities	2,819	2,948	129	5% F

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	625	2,585
Cash-equivalent assets		
– Deposits at call	7,639	2,115
– Short-term deposits	2,000	3,008
Total cash and cash equivalents	10,264	7,708

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	10,264	7,708
Balance as per the Statement of Cash Flows	10,264	7,708

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	2021	2020	2020
	Current	Non-current	Current	Non-current
Debt securities at amortised cost				
Long term deposits	8,012	–	9,073	–
Total	8,012	–	9,073	–
Total financial investments	8,012	–	9,073	–
Total cash assets, cash equivalents and investments	18,276	–	16,781	–

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.

Council's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents and investments 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 ¹

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	18,276	–	16,781	–
attributable to:				
External restrictions	16,232	–	8,166	–
Internal restrictions	10,003	–	7,363	–
Unrestricted	(7,959)	–	1,252	–
	18,276	–	16,781	–

(1) Negative Unrestricted Cash. As at 30 June 2021 Council had incurred significant grant funded project expense for which grant funding claims had not yet been evaluated and submitted, and for which payments from State and Commonwealth had not yet been received. Refer Grants Contract Assets \$10,620,000 Note C1-6

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

Details of restrictions

External restrictions – included in liabilities

Specific purpose unexpended grants – general fund	4,616	2,510
External restrictions – included in liabilities	4,616	2,510

External restrictions

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

Developer contributions – general	291	20
Specific purpose unexpended grants (recognised as revenue) – general fund	–	81
Water fund	3,713	3,132
Sewer fund	6,514	1,385
Stormwater management	60	–
Domestic waste management	1,038	1,038
External restrictions	11,616	5,656
Total external restrictions	16,232	8,166

Internal restrictions

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

Plant and vehicle replacement	1,645	1,033
Employees leave entitlement	1,752	1,789
Aerodrome bitumen resurfacing	166	166
Bradman's birthplace	83	64
Cootamundra caravan park	132	113
Development	1,897	593
Heritage centre	20	17
Prepaid financial assistance grant	2,802	2,801
Quarries and pit restoration	239	1
Southern Phone Proceeds	780	786
Cemetery	59	–
Waste Management	413	–
Saleyards	15	–
Total internal restrictions	10,003	7,363
Total restrictions	26,235	15,529

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	779	-	746	-
Interest and extra charges	134	-	130	-
User charges and fees	806	-	876	-
Private works	654	-	9	-
Accrued revenues				
– Interest on investments	13	-	37	-
– Other income accruals	127	-	-	-
Deferred debtors	94	58	23	89
Net GST receivable	250	-	296	-
Other debtors	35	-	47	-
Total	2,892	58	2,164	89
Less: provision of impairment				
User charges and fees	(8)	-	(8)	-
Total provision for impairment – receivables	(8)	-	(8)	-
Total net receivables	2,884	58	2,156	89

\$ '000	2021	2020
Movement in provision for impairment of receivables		
Balance at the beginning of the year	8	8
Balance at the end of the year	8	8

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

When considering the ECL for rates debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. For non-rates debtors, Council uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

C1-4 Receivables (continued)

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

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

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

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

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

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

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

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

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

Rates and annual charges outstanding are secured against the property.

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
Inventories at cost				
Real estate for resale	–	1,081	23	1,302
Stores and materials	571	–	748	–
Trading stock	50	–	50	–
Total inventories at cost	621	1,081	821	1,302
Total inventories	621	1,081	821	1,302

(i) Other disclosures

\$ '000	Notes	2021 Current	2021 Non-current	2020 Current	2020 Non-current
(a) Details for real estate development					
Residential		–	1,081	23	1,302
Total real estate for resale		–	1,081	23	1,302

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

Represented by:

Acquisition costs		–	1,081	23	1,302
Total costs		–	1,081	23	1,302
Total real estate for resale		–	1,081	23	1,302

Movements:

Real estate assets at beginning of the year		23	1,302	22	1,158
– Purchases and other costs		–	4	–	186
– WDV of sales (expense)	B4-1	(23)	(225)	(41)	–
– Transfer between current/non-current		–	–	42	(42)
Total real estate for resale		–	1,081	23	1,302

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	10,620	5,570
Total contract assets and contract cost assets		10,620	5,570

C1-6 Contract assets and Contract cost assets (continued)

Contract assets

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Grants	10,620	–	5,570	–
Total contract assets	10,620	–	5,570	–

Significant changes in contract assets

Increase in Grant Contract Assets is due to significant works undertaken for which grant funding milestone claims had not been prepared nor submitted as at 30 June 2021. The increase is represented by \$2.4 million Gundagai Sewerage Treatment Works Replacement, \$2.6 million Restart NSW Roadworks projects.

Accounting policy

Contract assets

Contract assets represent Councils 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.

Contract cost asset – costs to fulfil a contract

Where costs are incurred to fulfil a contract and these costs are outside the scope of another accounting standard, they are capitalised as contract cost assets if the following criteria are met:

- the costs relate directly to a contract
- the costs generate or enhance resources of Council that will be used to satisfy performance obligations in the future and
- the costs are expected to be recovered.

The capitalised costs are recognised in the Income statement on a systematic basis consistent with the timing of revenue recognition.

Refer to B3-4 for the accounting policy for impairment of contract cost assets.

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		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000												
Capital work in progress	10,535	–	10,535	5,056	–	–	–	4,270	–	19,861	–	19,861
Plant and equipment	17,801	(9,148)	8,653	–	2,018	(341)	(1,321)	–	–	18,627	(9,618)	9,009
Office equipment	1,453	(1,195)	258	–	7	–	(94)	–	–	1,460	(1,289)	171
Furniture and fittings	672	(515)	157	–	–	–	(18)	(19)	–	653	(533)	120
Land:												
– Operational land	6,438	–	6,438	–	206	–	–	(125)	6	6,525	–	6,525
– Community land	5,147	–	5,147	–	–	–	–	(99)	–	5,048	–	5,048
– Land under roads (post 30/6/08)	136	–	136	–	–	–	–	–	–	136	–	136
Land improvements – non-depreciable	30	–	30	–	–	–	–	–	–	30	–	30
Land improvements – depreciable	479	(238)	241	184	–	–	(14)	–	–	663	(252)	411
Infrastructure:												
– Buildings – non-specialised	2,495	(1,307)	1,188	–	–	–	(45)	–	–	2,495	(1,352)	1,143
– Buildings – specialised	41,903	(22,621)	19,282	2,076	–	(22)	(842)	(1,826)	–	41,847	(23,179)	18,668
– Other structures	10,014	(4,296)	5,718	–	2,375	(69)	(409)	(264)	–	11,934	(4,583)	7,351
– Roads	307,471	(108,602)	198,869	6,331	–	(2,001)	(5,211)	–	–	309,281	(111,293)	197,988
– Bridges	67,083	(29,279)	37,804	10	–	–	(650)	–	–	67,064	(29,900)	37,164
– Footpaths	6,512	(2,528)	3,984	273	–	(39)	(112)	–	–	6,736	(2,630)	4,106
– Bulk earthworks (non-depreciable)	202,992	–	202,992	–	–	–	–	(1)	–	202,991	–	202,991
– Stormwater drainage	18,531	(6,495)	12,036	–	94	–	(187)	–	–	18,625	(6,682)	11,943
– Water supply network	36,416	(15,498)	20,918	276	–	(123)	(506)	1	191	36,767	(16,010)	20,757
– Sewerage network	51,567	(27,557)	24,010	–	17	–	(430)	(2)	222	52,056	(28,239)	23,817
– Swimming pools	6,849	(2,989)	3,860	–	445	–	(210)	(693)	–	6,601	(3,199)	3,402
– Other open space/recreational assets	14,433	(6,473)	7,960	–	1,008	(30)	(257)	(1,244)	–	14,086	(6,649)	7,437
Other assets:												
– Heritage collections	40	(13)	27	–	–	–	(1)	–	–	40	(14)	26
Reinstatement, rehabilitation and restoration assets (refer Note 15):												
– Tip assets	670	86	756	4,523	–	–	(250)	–	–	5,193	(164)	5,029
Total infrastructure, property, plant and equipment	809,667	(238,668)	570,999	18,729	6,170	(2,625)	(10,557)	(2)	419	828,719	(245,586)	583,133

(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

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	Impairment loss / revaluation decrements (recognised in P/L)	WIP transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	7,541	–	7,541	7,264	–	–	–	–	(4,270)	–	10,535	–	10,535
Plant and equipment	17,136	(8,852)	8,284	–	2,069	(245)	(1,455)	–	–	–	17,801	(9,148)	8,653
Office equipment	1,452	(1,088)	364	–	–	–	(106)	–	–	–	1,453	(1,195)	258
Furniture and fittings	653	(470)	183	–	–	–	(45)	–	19	–	672	(515)	157
Land:													
– Operational land	6,313	–	6,313	–	–	–	–	–	125	–	6,438	–	6,438
– Community land	5,048	–	5,048	–	–	–	–	–	99	–	5,147	–	5,147
– Land under roads (post 30/6/08)	136	–	136	–	–	–	–	–	–	–	136	–	136
Land improvements – non-depreciable	30	–	30	–	–	–	–	–	–	–	30	–	30
Land improvements – depreciable	479	(224)	255	–	–	–	(14)	–	–	–	479	(238)	241
Infrastructure:													
– Buildings – non-specialised	2,495	(1,259)	1,236	–	–	–	(48)	–	–	–	2,495	(1,307)	1,188
– Buildings – specialised	40,077	(21,810)	18,267	–	–	–	(811)	–	1,826	–	41,903	(22,621)	19,282
– Other structures	9,750	(3,886)	5,864	–	–	–	(410)	–	264	–	10,014	(4,296)	5,718
– Roads	234,201	(98,391)	135,810	5,018	–	(1,188)	(4,166)	–	–	63,395	307,471	(108,602)	198,869
– Bridges	44,300	(21,907)	22,393	314	–	(50)	(355)	–	–	15,502	67,083	(29,279)	37,804
– Footpaths	6,375	(2,173)	4,202	88	–	(14)	(86)	(206)	–	–	6,512	(2,528)	3,984
– Bulk earthworks (non-depreciable)	105,070	–	105,070	–	–	–	–	–	–	97,922	202,992	–	202,992
– Stormwater drainage	17,306	(6,322)	10,984	1,225	–	–	(173)	–	–	–	18,531	(6,495)	12,036
– Water supply network	32,520	(16,333)	16,187	5,414	–	(347)	(486)	–	–	150	36,416	(15,498)	20,918
– Sewerage network	50,986	(27,158)	23,828	608	–	(63)	(589)	–	–	226	51,567	(27,557)	24,010
– Swimming pools	6,156	(2,779)	3,377	–	–	–	(210)	–	693	–	6,849	(2,989)	3,860
– Other open space/recreational assets	13,189	(6,217)	6,972	–	–	–	(256)	–	1,244	–	14,433	(6,473)	7,960
Other assets:													
– Heritage collections	40	(12)	28	–	–	–	(1)	–	–	–	40	(13)	27
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):													
– Tip assets	670	(30)	640	–	–	–	116	–	–	–	670	86	756
Total infrastructure, property, plant and equipment	601,923	(218,911)	383,012	19,931	2,069	(1,907)	(9,095)	(206)	–	177,195	809,667	(238,668)	570,999

(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

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

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

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

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

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

Land is not depreciated. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Council will obtain ownership at the end of the lease term. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 20	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 10	Buildings	
Heavy plant/road making equipment	5 to 8	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 40
Water and sewer assets		Stormwater assets	
Reservoirs	80 to 100	Drains	70 to 200
Treatment Works	30 to 100	Culverts	100
Reticulation pipes: PVC	70 to 80	Flood control structures	100 to 200
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 20		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	15 to 40	Bulk earthworks	infinite
Sealed roads: structure	75 to 125	Swimming pools	60 to 100
Unsealed roads	20	Other open space/recreational assets	5 to 60
Bridge: concrete	80 to 130		
Bridge: other	70 to 100		
Road pavements	100		
Kerb, gutter and footpaths	30 to 60		

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

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 in accordance with AASB 1051 *Land Under Roads*.

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

Crown reserves

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

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

Rural Fire Service assets

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

Until such time as discussions on this matter have concluded and the legislation changed, Council will not recognise rural fire service assets including land, buildings, plant and vehicles.

C1-8 Intangible assets

Intangible assets are as follows:

\$ '000	2021	2020
Software		
Opening values at 1 July		
Gross book value	420	420
Accumulated amortisation	(248)	(205)
Net book value – opening balance	172	215
Movements for the year		
Other movements	1	–
Amortisation charges	(43)	(43)
Closing values at 30 June		
Gross book value	420	420
Accumulated amortisation	(290)	(248)
Total software – net book value	130	172
Total intangible assets – net book value	130	172

Accounting policy

IT development and software

Software development costs include only those costs directly attributable to the development phase (including external direct costs of materials and services, direct payroll, and payroll-related costs of employees' time spent on the project) and are only recognised following completion of technical feasibility, and where the Council has an intention and ability to use the asset. Amortisation is calculated on a straight-line basis over periods generally ranging from three to five years.

C2 Leasing activities

C2-1 Council as a lessor

Operating leases

Council leases out a number of properties for staff housing, health services, training providers, emergency services and community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included as IPP&E. They have not been classified under AASB 140 Investment Property as they are either occupied by council employees or held for strategic purposes.

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

\$ '000	2021	2020
(i) Assets held as investment property		
The amounts recognised in the Income Statement relating to operating leases where Council is a lessor are shown below		
(ii) Assets held as property, plant and equipment		
Council provides operating leases on Council land and buildings for the purposes of agistment, staff housing, health and community services.		
Lease income (excluding variable lease payments not dependent on an index or rate)	346	221

continued on next page ...

C2-1 Council as a lessor (continued)

Total income relating to operating leases for Council assets	346	221
\$ '000	2021	2020

(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	201	213
1–2 years	192	191
2–3 years	184	189
3–4 years	180	181
4–5 years	181	177
> 5 years	34	27
Total undiscounted lease payments to be received	972	978

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	2,520	–	3,162	–
Accrued expenses:				
– Borrowings	35	–	37	–
– Salaries and wages	(10)	–	105	–
Other	–	–	2	–
Prepaid rates	663	–	540	–
Total payables	3,208	–	3,846	–
Total payables	3,208	–	3,846	–

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)	3,211	–	1,065	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	1,156	–	1,445	–
Total grants received in advance		4,367	–	2,510	–
Total contract liabilities		4,367	–	2,510	–

Notes

(i) Council has received funding to construct assets including sporting facilities and other recreation 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)	449	1,207
Operating grants (received prior to performance obligation being satisfied)	459	1,682
Total revenue recognised that was included in the contract liability balance at the beginning of the period	908	2,889

C3-2 Contract Liabilities (continued)

Significant changes in contract liabilities

The significant increase in Total Contract Liabilities \$1.9 million is attributable to the prior receipt of grant and other funding, and for which works have not been completed as at 30 June 2021. Predominately; Fixing Local Roads program \$1.2 million, and Local Roads and Community Infrastructure program \$0.7 million.

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		2020	
	Current	Non-current	Current	Non-current
Loans – secured ¹	1,275	8,310	866	5,771
Total borrowings	1,275	8,310	866	5,771

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

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 20.

Borrowings relating to restricted assets

\$ '000	2021		2020	
	Current	Non-current	Current	Non-current
Externally restricted assets				
Water	366	3,277	357	3,643
Sewer	376	3,437	–	–
Borrowings relating to externally restricted assets	742	6,714	357	3,643
Total borrowings relating to restricted assets	742	6,714	357	3,643
Total borrowings relating to unrestricted assets	533	1,596	509	2,128
Total borrowings	1,275	8,310	866	5,771

(a) Changes in liabilities arising from financing activities

\$ '000	2020		Non-cash movements				2021
	Opening Balance	Drawdown/ Repayment of Principal	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	6,637	(1,052)	4,000	–	–	–	9,585
Total liabilities from financing activities	6,637	(1,052)	4,000	–	–	–	9,585

\$ '000	2019		Non-cash movements				2020
	Opening Balance	Drawdown/ Repayment of Principal	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	2,621	(414)	4,430	–	–	–	6,637
Total liabilities from financing activities	2,621	(414)	4,430	–	–	–	6,637

C3-3 Borrowings (continued)

(b) Financing arrangements

\$ '000	2021	2020
Total facilities		
Credit cards/purchase cards	47	49
Total financing arrangements	47	49
Drawn facilities		
– Credit cards/purchase cards	12	9
Total drawn financing arrangements	12	9
Undrawn facilities		
– Credit cards/purchase cards	35	40
Total undrawn financing arrangements	35	40

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	2021	2020	2020
	Current	Non-current	Current	Non-current
Annual leave	1,462	–	1,566	–
Long service leave	2,781	433	2,632	416
Total employee benefit provisions	4,243	433	4,198	416

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	4,043	3,807
	4,043	3,807

Description of and movements in provisions

Accounting policy

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

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

Asset remediation

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

C3-5 Provisions

\$ '000	2021	2021	2020	2020
	Current	Non-Current	Current	Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	5,172	–	670
Sub-total – asset remediation/restoration	–	5,172	–	670

continued on next page ...

C3-5 Provisions (continued)

Total provisions	–	5,172	–	670
------------------	---	-------	---	-----

\$ '000	2021 Current	2021 Non-Current	2020 Current	2020 Non-Current
Provisions relating to restricted assets				
Total provisions relating to restricted assets	–	–	–	–
Total provisions relating to unrestricted assets	–	5,172	–	670
Total provisions	–	5,172	–	670

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

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

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Net carrying amount
2021		
At beginning of year	670	670
Additional provisions	4,502	4,502
Total other provisions at end of year	5,172	5,172
2020		
At beginning of year	670	670
Total other provisions at end of year	670	670

Accounting policy

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

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

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

Asset remediation – tips and quarries

Restoration

Close-down and restoration costs include the dismantling and demolition of infrastructure, and the removal of residual materials and remediation of disturbed areas. Estimated close-down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

C3-5 Provisions (continued)

Rehabilitation

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each reporting date, and the cost is charged to the Income Statement.

Provision is made for the estimated present value of the costs of environmental clean-up obligations outstanding at the reporting date. These costs are charged to the Income Statement. Movements in the environmental clean-up provisions are presented as an operating cost, except for the unwinding of the discount which is shown as a borrowing cost.

Remediation procedures generally commence soon after the time the damage, remediation process, and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

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

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

Close-down and restoration costs are a normal consequence of tip and quarry operations, and the majority of close-down and restoration expenditure is incurred at the end of the life of the operations. Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

C4 Reserves

C4-1 Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

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

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	10,047	1,956	2,457
User charges and fees	5,014	2,597	487
Interest and investment revenue	72	31	21
Other revenues	727	6	–
Grants and contributions provided for operating purposes	8,908	–	–
Grants and contributions provided for capital purposes	6,913	–	8,319
Net gains from disposal of assets	–	18	–
Other income	346	–	–
Total income from continuing operations	32,027	4,608	11,284
Expenses from continuing operations			
Employee benefits and on-costs	11,111	591	531
Materials and services	9,864	2,616	748
Borrowing costs	97	95	36
Depreciation, amortisation and impairment of non-financial assets	9,642	517	441
Other expenses	1,198	146	188
Net losses from the disposal of assets	212	123	–
Total expenses from continuing operations	32,124	4,088	1,944
Operating result from continuing operations	(97)	520	9,340
Net operating result for the year	(97)	520	9,340
Net operating result attributable to each council fund	(97)	520	9,340
Net operating result for the year before grants and contributions provided for capital purposes	(7,010)	520	1,021

D1-2 Statement of Financial Position by fund

\$ '000	General 2021	Water 2021	Sewer 2021
ASSETS			
Current assets			
Cash and cash equivalents	37	3,713	6,514
Investments	8,012	–	–
Receivables	1,991	609	284
Inventories	607	14	–
Contract assets and contract cost assets	7,223	–	3,397
Total current assets	17,870	4,336	10,195
Non-current assets			
Receivables	58	–	–
Inventories	1,081	–	–
Infrastructure, property, plant and equipment	522,432	21,356	39,345
Intangible assets	130	–	–
Total non-current assets	523,701	21,356	39,345
TOTAL ASSETS	541,571	25,692	49,540
LIABILITIES			
Current liabilities			
Payables	1,642	153	1,240
Income received in advance	–	173	–
Contract liabilities	4,367	–	–
Borrowings	533	366	376
Employee benefit provision	4,243	–	–
Income received in advance	–	–	–
Total current liabilities	10,785	692	1,616
Non-current liabilities			
Borrowings	1,596	3,277	3,437
Employee benefit provision	433	–	–
Provisions	5,172	–	–
Total non-current liabilities	7,201	3,277	3,437
TOTAL LIABILITIES	17,986	3,969	5,053
Net assets	523,585	21,723	44,487
EQUITY			
Accumulated surplus	346,180	19,190	43,223
Revaluation reserves	177,405	2,533	1,264
Council equity interest	523,585	21,723	44,487
Total equity	523,585	21,723	44,487

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

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

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

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

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

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

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

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

The risks associated with the instruments held are:

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

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

(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	120	170
Impact of a 10% movement in price of investments		
– Equity / Income Statement	–	–

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

(b) Credit risk

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

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

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	–	462	132	138	47	779
2020						
Gross carrying amount	502	113	47	54	30	746

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
2021						
Gross carrying amount	1,732	92	49	29	269	2,171
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	2.97%	0.37%
ECL provision	–	–	–	–	8	8
2020						
Gross carrying amount	809	74	6	151	467	1,507
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	–	–	–	–	–	–

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

(c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in: ≤ 1 Year	1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2021							
Trade/other payables	0.00%	–	2,543	–	–	2,543	2,545
Loans and advances	1.82%	–	1,275	4,516	3,794	9,585	9,585
Total financial liabilities		–	3,818	4,516	3,794	12,128	12,130
2020							
Trade/other payables	0.00%	–	3,306	–	–	3,306	3,306
Loans and advances	2.74%	–	1,066	3,881	2,534	7,481	6,637
Total financial liabilities		–	4,372	3,881	2,534	10,787	9,943

E2-1 Fair value measurement

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

– Infrastructure, property, plant and equipment

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

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

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

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

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

\$ '000	Notes	Fair value measurement hierarchy							
		Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2021	2020	2021	2020	2021	2020	2021	2020
Recurring fair value measurements									
Infrastructure, property, plant and equipment C1-7									
Plant & equipment		30/6/21	30/06/20	–	–	9,009	–	9,009	–
Office equipment		30/6/21	30/06/20	–	–	171	–	171	–
Furniture & fittings		30/6/21	30/06/20	–	–	120	–	120	–
Operational land		30/06/18	30/06/18	6,525	6,438	–	–	6,525	6,438
Community land		30/06/18	30/06/18	–	–	5,048	5,147	5,048	5,147
Land under roads (post 30/6/08)		30/6/20	30/06/20	–	–	136	136	136	136
Land improvements – non-depreciable		12/5/16	12/05/16	–	–	30	30	30	30
Land improvements – depreciable		12/5/16	12/05/16	–	–	411	241	411	241
Non-specialised buildings		30/6/18	30/06/18	–	–	1,143	1,188	1,143	1,188
Specialised buildings		30/6/18	30/06/18	–	–	18,668	19,282	18,668	19,282
Other structures		30/6/18	30/06/18	–	–	7,351	5,718	7,351	5,718
Roads		30/6/20	30/06/20	–	–	197,988	198,869	197,988	198,869
Bridges		30/6/20	30/06/20	–	–	37,164	37,804	37,164	37,804
Footpaths		30/6/20	30/06/20	–	–	4,106	3,984	4,106	3,984
Bulk earthworks		30/6/20	30/06/20	–	–	202,992	202,992	202,992	202,992
Stormwater drainage		30/6/15	30/06/15	–	–	11,943	12,036	11,943	12,036
Water supply network		30/6/17	30/06/17	–	–	20,756	20,918	20,756	20,918
Sewerage network		30/6/17	30/06/17	–	–	23,819	24,010	23,819	24,010
Swimming pools		30/6/18	30/06/18	–	–	3,402	3,860	3,402	3,860
Other open space/recreational assets		30/6/18	30/06/18	–	–	7,437	7,960	7,437	7,960
Heritage collections		12/5/16	12/05/16	–	–	26	27	26	27
Tip restoration asset		30/6/21	30/06/18	–	–	5,029	756	5,029	756
Total infrastructure, property, plant and equipment				6,525	6,438	556,749	544,958	563,274	551,396

Non-recurring fair value measurements

Transfers between level 1 and level 2 fair value hierarchies

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

E2-1 Fair value measurement (continued)

Valuation techniques

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)

Level 2 Inputs

Plant & equipment

It is considered that there is a liquid second hand market for Council's plant & equipment, however, there is subjectivity of prices in this market dependant on the age and condition of the equipment being sold. Plant & equipment are valued at written down value and disclosed at fair value.

E2-1 Fair value measurement (continued)

Office equipment & Furniture & fittings

There is a liquid second hand market for these type of assets, but the market is not liquid enough to qualify the assets as valued at level 1. These assets typically have very short useful lives, are held to the end of their economic life and have no residual value. The written down value reflects their value in use rather than their market value and are therefore valued at written down value and disclosed at fair value.

Operational land

There is an active liquid market for most of Council's operational land, however, the subjectivity of pricing has resulted in this land to be classified as level 2. Operational land has been valued as at 30 June 2018 by an external valuer, Australis, taking into consideration the land characteristics, location, zoning, proximity to services and comparable sales.

Level 3 Inputs

Capital works in progress

These assets are valued at the cost of construction of the asset. As there is no active market for any of the infrastructure assets that are partially constructed, the only valuation is costs, or inputs to the construction work.

Community land

Community land has been valued as at 30 June 2018 by an external valuer, Australis, taking into consideration the land characteristics, location, zoning, and proximity to services.

Land under roads

Council has elected to only recognise land under roads which was acquired after 30 June 2008. There is no market for land that is currently used for road or road reserve purposes. The NSW Valuer General's valuations of neighbouring land was used to calculate the value of land under roads.

Land improvements

There is no active market for sale of land improvements, therefore land improvements are valued at written down value and disclosed at fair value.

Buildings & Other structures

Buildings and other structures were valued as at 30 June 2018 by external valuers, Australis. Non-specialised building are valued using a market based approach where an active market could be identified. Other buildings and structures are valued using depreciated replacement cost taking into account the useful lives and condition of the asset.

Roads, Bridges, Footpaths, Bulk earthworks & Stormwater drainage

Roads assets were valued using a combination of external valuers and internal professional Council staff. The assets were componentised and valued at the depreciated replacement cost method, taking into account unit rates, useful lives and asset condition.

Water supply network & Sewerage network

Council's water and sewer assets were valued by external valuers as at 30 June 2017. The value represents the depreciated replacement cost, taking into account the Crown Lands and Water's (CLAW) reference rates, useful lives, dimension, specification and asset condition. In between full valuations, these assets are indexed annually in accordance with the Rates Reference Manual issued by Crown Lands and Water (CLAW).

Heritage collection

These assets include memorabilia and collectibles and are valued at written down value based upon cost and are disclosed at fair value.

There were no changes in valuation techniques from prior years.

E2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

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.

	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment		
Capital work in progress	Cost of construction	Cost of materials, wages, plant
Community Land	Land values obtained by the NSW Valuer General	VG land value, land area, rate per sq metre
Land under Roads	Land values obtained by the NSW Valuer General	Adjoining land values based upon VG value, rate per sq metre
Land improvements	Depreciated replacement cost used to approximate fair value	Purchase price, useful life
Buildings & other structure	Combination of market value and depreciated replacement cost used to approximate fair value	Cost, unit rates, useful life, asset condition
Roads assets	Depreciated replacement cost used to approximate fair value	Unit rates, useful life, asset condition, replacement cost
Water & sewer	Depreciated replacement cost used to approximate fair value	Unit rates, useful life, asset condition, replacement cost
Heritage collection	Depreciated replacement cost used to approximate fair value	Cost, useful life

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

\$ '000	Total IPP&E	
	2021	2020
Opening balance	549,074	361,796
Total gains or losses for the period		
Recognised in other comprehensive income – revaluation surplus	–	172,800
Other movements		
Purchases (GBV)	16,799	12,667
Depreciation and impairment	(9,124)	(7,489)
Closing balance	556,749	539,774

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 standard employer contribution rates are:

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

For 180 Point Members, Employers are required to contribute 7% of salaries for the year 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 million for 1 July 2019 for 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.

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 \$129,457. The last valuation of the Scheme was performed by Mr Richard Boyfield, FIAA on 30 June 2020.

E3-1 Contingencies (continued)

Council's expected contribution to the plan for the next annual reporting period is \$128,889.84.

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 that can be attributed to Council is 0.20%.

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.

(iv) Other guarantees

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

E3-1 Contingencies (continued)

2. Other liabilities

(i) Third party claims

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

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

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

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

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

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

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) Riverina Regional Library

Cootamundra-Gundagai Regional Council is a member of Riverina Regional Library. This joint arrangement has been established to provide library services to the member councils of Bland, Coolamon, Junee, Federation, Greater Hume, Junee, Lockhart, Temora, Snowy Valleys and Wagga Wagga.

As at 30 June 2021 Council's ownership interest in the Riverina Regional Library was 8.17%.

There are 23 voting delegates, 2 of whom represent Cootamundra-Gundagai Regional Council. This equates to 8.69% voting power. No member Council "controls" Riverina Regional Library.

Council has no interest in any other reserves at the beginning or end of the reporting period with respect to the Riverina Regional Library. Riverina Regional Library figures have not been consolidated with Council's activities.

Wagga Wagga City Council resolved at its meeting held Monday 13 September 2021 to not continue its membership of the Riverina Regional Library (RRL) after the expiry of the current Deed of Arrangement on 30 June 2022.

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

\$ '000	2021	2020
Compensation:		
Short-term benefits	576	444
Post-employment benefits	41	26
Total	617	470

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					
Supply of new motor vehicles and motor vehicle servicing	249	-	At arm's length, normal commercial terms.	-	-
Supply of stationery, office supplies and newspapers	-	-	At arm's length, normal commercial terms.	-	-
2020					
Supply of new motor vehicles and motor vehicle servicing	173	-	At arm's length, normal commercial terms.	-	-
Supply of stationery, office supplies and newspapers	8	-	At arm's length, normal commercial terms.	-	-

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	26	26
Councillor fees	106	107
Councillor expenses – other (excluding fees above)	27	78
Total	159	211

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

	82	94
Remuneration for audit and other assurance services	82	94

Total Auditor-General remuneration

	82	94
--	-----------	-----------

Total audit fees

	82	94
--	-----------	-----------

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	9,763	1,413
Adjust for non-cash items:		
Depreciation and amortisation	10,600	9,138
Net losses/(gains) on disposal of assets	317	(408)
Adoption of AASB 15/1058	–	(5,196)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Revaluation decrements / impairments of IPP&E direct to P&L	–	206
+/- Movement in operating assets and liabilities and other cash items:		
Decrease/(increase) in receivables	(657)	2,804
Decrease/(increase) in inventories	177	34
Decrease/(increase) in contract assets	(5,050)	(5,570)
Increase/(decrease) in payables	(642)	67
Increase/(decrease) in accrued interest payable	(2)	9
Increase/(decrease) in other accrued expenses payable	(115)	(150)
Increase/(decrease) in other liabilities	121	72
Increase/(decrease) in contract liabilities	1,857	2,510
Increase/(decrease) in provision for employee benefits	62	651
Increase/(decrease) in other provisions	4,502	–
Net cash provided from/(used in) operating activities from the Statement of Cash Flows	20,933	5,580

G2 Statement of developer contributions as at 30 June 2021

G2-1 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	20	357	–	–	(86)	–	291	–
Total S7.11 and S7.12 revenue under plans	20	357	–	–	(86)	–	291	–
Total contributions	20	357	–	–	(86)	–	291	–

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					
CONTRIBUTION PLAN FOR OTHER DEVELOPMENTS								
Community facilities	20	357	–	–	(86)	–	291	–
Total	20	357	–	–	(86)	–	291	–

G3 Statement of performance measures

G3-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2021	Indicator 2021	Indicators 2020 2019		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(5,005)	(15.31)%	(19.45)%	(5.79)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	32,687				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	23,779	49.62%	56.88%	54.93%	> 60.00%
Total continuing operating revenue ¹	47,919				
3. Unrestricted current ratio					
Current assets less all external restrictions	11,865	5.58x	2.91x	3.27x	> 1.50x
Current liabilities less specific purpose liabilities	2,126				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	5,823	4.55x	5.27x	12.67x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	1,280				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	913	5.91%	6.09%	6.37%	< 10.00%
Rates and annual charges collectable	15,442				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	18,276	9.08	6.66	10.59	> 3.00
Monthly payments from cash flow of operating and financing activities	2,014	mths	mths	mths	mths

(1) Excludes fair value adjustments, reversal of revaluation decrements and net gain on sale of assets.

(2) Excludes impairment/revaluation decrements and net loss on sale of assets.

G3-2 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}	(26.07)%	(25.58)%	11.28%	(5.87)%	34.44%	18.25%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	50.60%	55.81%	100.00%	100.00%	26.28%	35.75%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	5.58x	2.91x	6.27x	7.25x	6.31x	∞	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	2.78x	2.82x	11.92x	19.85x	41.61x	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	8.28%	8.21%	0.00%	0.00%	0.00%	0.00%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	9.08	6.66	∞	∞	∞	∞	> 3.00
Monthly payments from cash flow of operating and financing activities	mths	mths					mths

(1) - (2) Refer to Notes at Note 26a above.

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

H Additional Council disclosures (unaudited)

H1-1 Council information and contact details

Principal place of business:

81 Wallendoon Street
Cootamundra NSW 2590

Contact details

Mailing Address:

PO Box 420
Cootamundra NSW 2590

Telephone: 02 6940 2100

Facsimile: 02 6940 2127

Opening hours:

9am - 5:00pm
Monday to Friday

Internet: www.cgrc.nsw.gov.au

Email: mail@cgrc.nsw.gov.au

Officers

General Manager

Phillip McMurray

Responsible Accounting Officer

John Chapman

Other Information

ABN: 46 211 642 339

Elected members

Mayor

Abb McAlister

Councillors

Dennis Palmer (Deputy Mayor)

Leigh Bowden

David Graham

Gil Kelly

Penny Nicholson

Doug Phillips

Charlie Sheahan

Craig Stewart



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Cootamundra-Gundagai Regional Council

To the Councillors of the Cootamundra-Gundagai Regional Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Nirupama Mani
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

28 February 2022
SYDNEY



Cr Charlie Sheahan
Mayor
Cootamundra-Gundagai Regional Council
PO Box 420
COOTAMUNDRA NSW 2590

Contact: Nirupama Mani
Phone no: (02) 9275 7111
Our ref: D2202711/1734

28 February 2022

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2021
Cootamundra-Gundagai Regional Council**

I have audited the general purpose financial statements (GPFS) of the Cootamundra-Gundagai Regional 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	2020	Variance
	\$m	\$m	%
Rates and annual charges revenue	14.5	13.3	 9.0
Grants and contributions revenue	24.1	17.6	 36.9
Operating result from continuing operations	9.8	1.4	 6 times
Net operating result before capital grants and contributions	(5.5)	(6.2)	 11.3

The Council's net operating result from continuing operations was a surplus of \$9.8 million (\$1.4 million surplus for the year ended 30 June 2020). The increase of \$8.4 million is mainly due to the \$6.5 million increase in grants and contributions revenue.

The net operating result before capital grants and contributions was a deficit of \$5.5 million (\$6.2 million deficit for the year ended 30 June 2020). The improvement of \$0.7 million is mainly due to the \$1.2 million increase in rates and annual charges revenue.

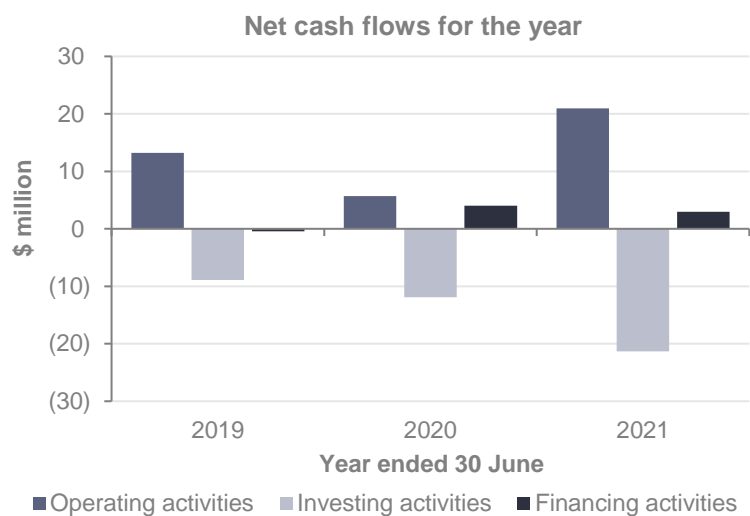
Rates and annual charges revenue were \$14.5 million (\$13.3 million for the year ended 30 June 2020). The increase of \$1.2 million (9.0%) is mainly due to the harmonisation of rates between the former Cootamundra and Gundagai Shire Councils during the year.

Grants and contributions revenue was \$24.1 million (\$17.6 million for the year ended 30 June 2020). The increase of \$6.5 million (36.9%) was primarily due to the Council receiving:

- \$3.7 million of other roads and bridges funding
- an additional \$3.5 million for sewerage services.

STATEMENT OF CASH FLOWS

- Council's cash and cash equivalents was \$10.3 million (\$7.7 million for the year ended 30 June 2020). There was a net increase of cash and cash equivalents of \$2.6 million during the 2020–21 financial year.
- Net cash provided by operating activities has increased by \$15.2 million. This is mainly due to an increase in receipts of grants and contributions of \$9.3 million.
- Net cash used in investing activities has increased by \$9.4 million due to a decrease in the net sale of investment securities of \$7.7 million.
- Net cash provided by financing activities has decreased by \$1.1 million due to a decrease in the proceeds from borrowings of \$0.4 million and an increase in the repayment of borrowings \$0.7 million



FINANCIAL POSITION

Cash and investments

Cash and investments	2021	2020	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	18.3	16.8	<ul style="list-style-type: none"> • Externally restricted cash and investments are restricted in their use by externally imposed requirements. The increase of \$8 million is due to a \$5.1 million increase in sewer fund restrictions and a \$2.1 million increase in specific purpose unexpended grants. • Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect identified programs of work and any forward plans identified by Council. The increase of \$2.6 million is mainly due to the \$1.3 million increase in the restriction related to development. • Unrestricted cash and investments was reported as negative \$7.9 million, which is a decrease of \$9.1 million. Council is awaiting the receipt of \$10.6 million of government based grant funding, to be claimed in arrears and is recognised as contract assets at 30 June 2021.
Restricted cash and investments:			
• External restrictions	16.2	8.2	
• Internal restrictions	10.0	7.4	
• Unrestricted	(7.9)	1.2	

Debt

Council has \$9.6 million of external borrowings (2020: \$6.6 million) which is secured over the revenue of Council. A new loan for \$4.0 million was drawn down during the year for the Gundagai sewer project.

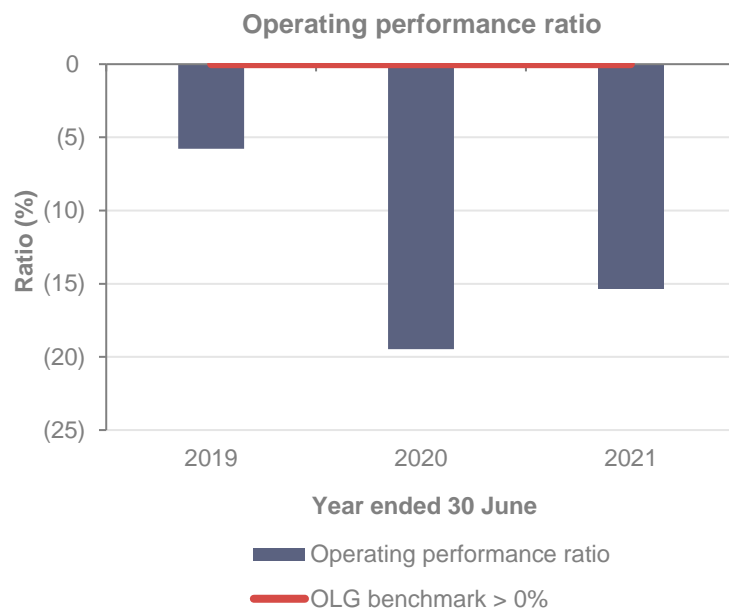
PERFORMANCE

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.

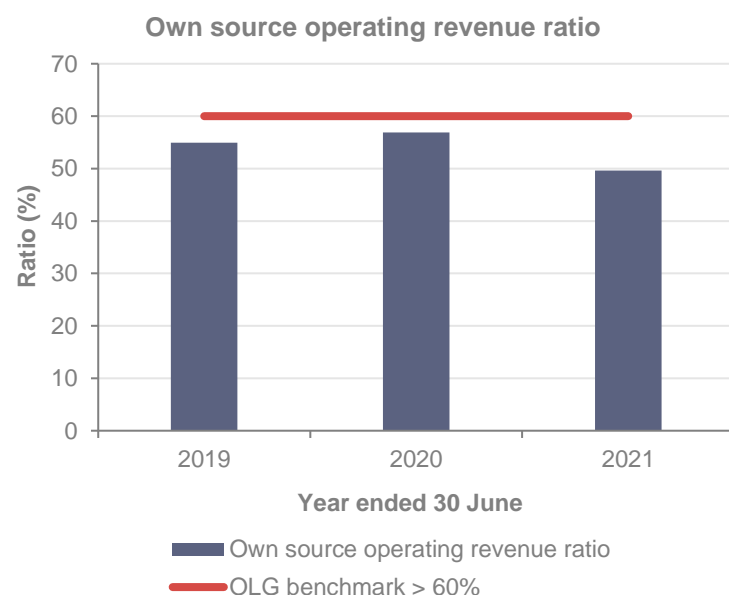
Operating performance ratio

- 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 improved to negative 15.3 per cent (2020: negative 19.4 per cent) due to the \$3.2 million decrease in materials and services expenses.



Own source operating revenue ratio

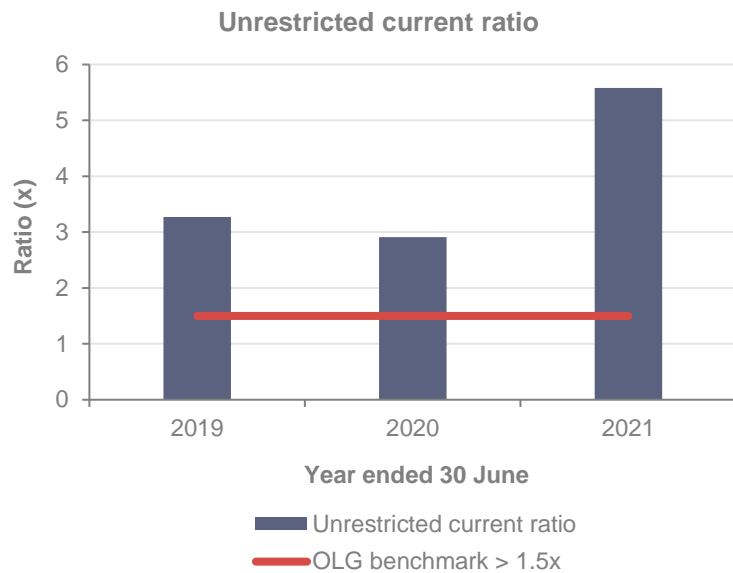
- The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.
- The Council did not meet the OLG benchmark for the current 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 decreased to 49.6 per cent (2020: 56.9 per cent).



cent) due to the \$7.6 million increase in grants and contributions provided for capital purposes.

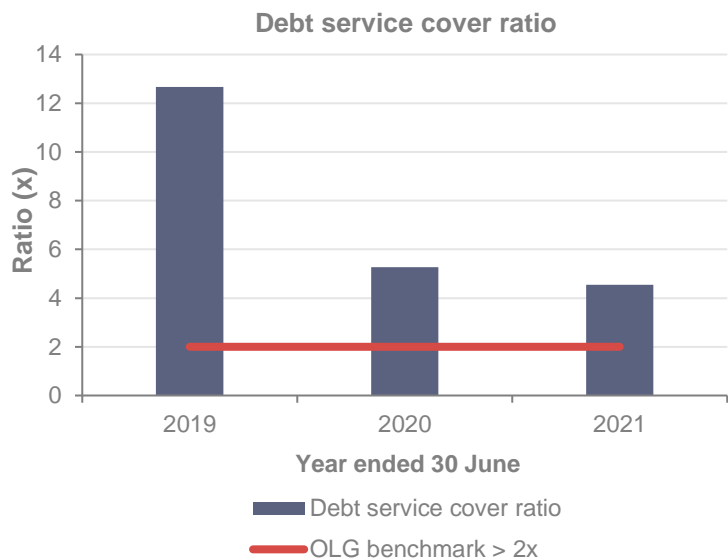
Unrestricted current ratio

- The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.
- The Council exceeded the OLG benchmark for the current reporting period. This indicates that the Council has sufficient liquidity to meet its current liabilities as and when they fall due.
- The Council's unrestricted current ratio has increased due to the \$5.1 million increase in contract assets.



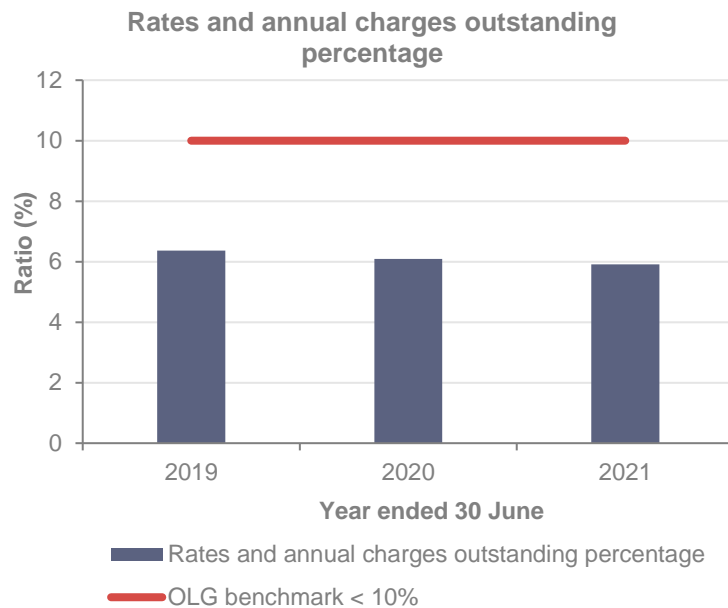
Debt service cover ratio

- The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.
- The Council exceeded the OLG benchmark for the current reporting period. This indicates that the Council has sufficient operating revenue to service its debt.



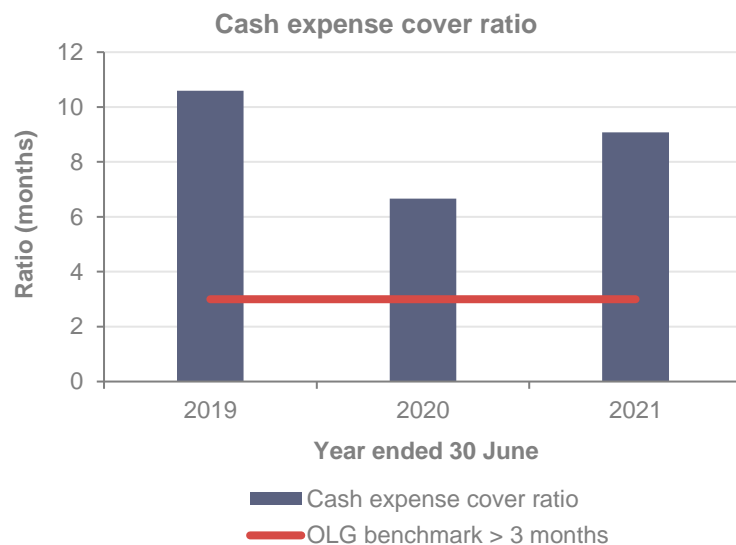
Rates and annual charges outstanding percentage

- 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 is within the OLG benchmark for the current reporting period.
- The rates and annual charges outstanding remained consistent for the last three years, which reflects sound debt recovery at the Council.



Cash expense cover ratio

- This liquidity ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.
- The Council exceeded the OLG benchmark for the current reporting period. This indicates that the Council had the capacity to cover 9.08 months of operating cash expenditure without additional cash inflows at 30 June 2021.
- The Council's cash expense cover has increased due to a \$2.6 million increase in cash and cash equivalents.



Infrastructure, property, plant and equipment renewals

The Council renewed \$18.7 million of assets in the 2020-21 financial year, compared to \$19.9 million of assets in the 2019-20 financial year. The main focus area for asset renewals was roads at \$6.3 million.

OTHER MATTERS

Legislative compliance

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

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



Nirupama Mani
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

cc: Mr Phil McMurray, General Manager
Mr Tony Donoghue, Chairperson, Audit, Risk and Improvement Committee
Mr Michael Cassel, Secretary of the Department of Planning, Industry and Environment

Cootamundra-Gundagai Regional Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2021



Cootamundra-Gundagai Regional Council

Special Purpose Financial Statements

for the year ended 30 June 2021

Contents	Page
Statement by Councillors and Management	3
Special Purpose Financial Statements:	
Income Statement of water supply business activity	4
Income Statement of sewerage business activity	5
Statement of Financial Position of water supply business activity	6
Statement of Financial Position of sewerage business activity	7
Note – Significant Accounting Policies	8
Auditor's Report on Special Purpose Financial Statements	11

Background

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

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

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

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

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

Cootamundra-Gundagai Regional Council

Special Purpose Financial Statements

for the year ended 30 June 2021

Statement by Councillors and Management

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

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

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

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

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

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

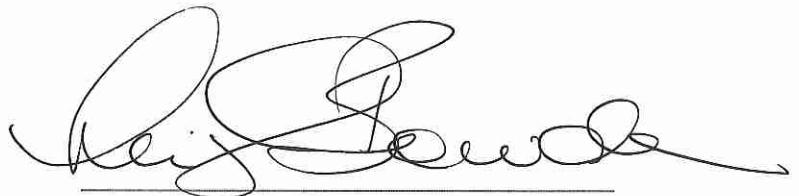
Signed in accordance with a resolution of Council made on 30 November 2021.



Charlie Sheahan

Mayor

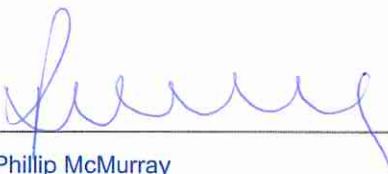
15 February 2022



Leigh Bowden

Councillor

15 February 2022



Phillip McMurray

General Manager

15 February 2022



John Chapman

Responsible Accounting Officer

15 February 2022

Cootamundra-Gundagai Regional Council

Income Statement of water supply business activity

for the year ended 30 June 2021

\$ '000	2021	2020
Income from continuing operations		
Access charges	1,956	1,630
User charges	2,563	2,631
Fees	34	33
Interest	31	69
Profit from the sale of assets	18	–
Other income	6	12
Total income from continuing operations	4,608	4,375
Expenses from continuing operations		
Employee benefits and on-costs	591	635
Borrowing costs	95	13
Materials and services	868	1,099
Depreciation, amortisation and impairment	517	502
Water purchase charges	1,585	1,863
Loss on sale of assets	123	347
Other expenses	309	173
Total expenses from continuing operations	4,088	4,632
Surplus (deficit) from continuing operations before capital amounts	520	(257)
Surplus (deficit) from continuing operations after capital amounts	520	(257)
Surplus (deficit) from all operations before tax	520	(257)
Less: corporate taxation equivalent [based on result before capital]	(135)	–
Surplus (deficit) after tax	385	(257)
Plus accumulated surplus	18,670	18,927
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	135	–
Less:		
Closing accumulated surplus	19,190	18,670
Return on capital %	2.9%	(1.1)%
Subsidy from Council	–	433
Calculation of dividend payable:		
Surplus (deficit) after tax	385	(257)
Surplus for dividend calculation purposes	385	–
Potential dividend calculated from surplus	192	–

Cootamundra-Gundagai Regional Council

Income Statement of sewerage business activity

for the year ended 30 June 2021

\$ '000	2021	2020
Income from continuing operations		
Access charges	2,457	2,071
User charges	458	526
Fees	29	21
Interest	21	50
Total income from continuing operations	2,965	2,668
Expenses from continuing operations		
Employee benefits and on-costs	531	580
Borrowing costs	36	–
Materials and services	748	735
Depreciation, amortisation and impairment	441	599
Loss on sale of assets	–	63
Other expenses	188	204
Total expenses from continuing operations	1,944	2,181
Surplus (deficit) from continuing operations before capital amounts	1,021	487
Grants and contributions provided for capital purposes	8,319	4,795
Surplus (deficit) from continuing operations after capital amounts	9,340	5,282
Surplus (deficit) from all operations before tax	9,340	5,282
Less: corporate taxation equivalent [based on result before capital]	(265)	(134)
Surplus (deficit) after tax	9,075	5,148
Plus accumulated surplus	33,884	28,602
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	265	134
Less:		
Closing accumulated surplus	43,224	33,884
Return on capital %	2.7%	1.6%
Subsidy from Council	–	–
Calculation of dividend payable:		
Surplus (deficit) after tax	9,075	5,148
Less: capital grants and contributions (excluding developer contributions)	(8,319)	(4,795)
Surplus for dividend calculation purposes	756	353
Potential dividend calculated from surplus	378	177

Cootamundra-Gundagai Regional Council

Statement of Financial Position of water supply business activity

as at 30 June 2021

\$ '000	2021	2020
ASSETS		
Current assets		
Investments	3,713	3,132
Receivables	609	529
Inventories	14	13
Total current assets	4,336	3,674
Non-current assets		
Infrastructure, property, plant and equipment	21,356	21,487
Total non-current assets	21,356	21,487
Total assets	25,692	25,161
LIABILITIES		
Current liabilities		
Payables	153	–
Income received in advance	173	150
Borrowings	366	357
Total current liabilities	692	507
Non-current liabilities		
Borrowings	3,277	3,643
Total non-current liabilities	3,277	3,643
Total liabilities	3,969	4,150
Net assets	21,723	21,011
EQUITY		
Accumulated surplus	19,190	18,670
Revaluation reserves	2,533	2,339
Total equity	21,723	21,009

Cootamundra-Gundagai Regional Council

Statement of Financial Position of sewerage business activity

as at 30 June 2021

\$ '000	2021	2020
ASSETS		
Current assets		
Contract assets and contract cost assets	3,397	2,993
Investments	6,514	1,385
Receivables	284	270
Total current assets	10,195	4,648
Non-current assets		
Infrastructure, property, plant and equipment	39,345	30,273
Total non-current assets	39,345	30,273
Total assets	49,540	34,921
LIABILITIES		
Current liabilities		
Payables	1,240	–
Borrowings	376	–
Total current liabilities	1,616	–
Non-current liabilities		
Borrowings	3,437	–
Total non-current liabilities	3,437	–
Total liabilities	5,053	–
Net assets	44,487	34,921
EQUITY		
Accumulated surplus	43,223	33,884
Revaluation reserves	1,264	1,037
Total equity	44,487	34,921

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)

a. Water Supplies

The supply of potable water to the residents of Cootamundra and Gundagai townships.

b. Sewerage Treatment

The provision of sewerage facilities and services to the residents of the Cootamundra and Gundagai townships.

Category 2

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

Council has no category 2 business activities.

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 (%)

Note – Significant Accounting Policies (continued)

Corporate income tax rate – **26.0% (19/20 27.5%)**

Land tax – the first \$734,000 of combined land values attracts **0%**. For the combined land values in excess of \$734,001 up to \$4,488,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$4,488,000 a premium marginal rate of **2.0%** applies.

Payroll tax – **5.45%** on the value of taxable salaries and wages in excess of \$900,000.

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

The payment of taxation equivalent charges, referred to in the Best Practice Management of Water Supply and Sewer Guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

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

Income tax

An income tax equivalent has been applied on the profits of the business activities.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 26%.

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

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

The rate applied of 26% is 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:

Note – Significant Accounting Policies (continued)

Operating result before capital income + interest expense

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

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

(iii) Dividends

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

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

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

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

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



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Cootamundra-Gundagai Regional Council

To the Councillors of the Cootamundra-Gundagai Regional Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Cootamundra-Gundagai Regional 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
- water 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 that reads "Nirupama Mani". The signature is written in a cursive style with a small arrow pointing downwards at the end of the word "Mani".

Nirupama Mani
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

28 February 2022
SYDNEY

Cootamundra-Gundagai Regional Council

SPECIAL SCHEDULES
for the year ended 30 June 2021



Cootamundra-Gundagai Regional Council

Special Schedules

for the year ended 30 June 2021

Contents	Page
Special Schedules:	
Permissible income for general rates	3
Report on infrastructure assets as at 30 June 2021	7

Cootamundra-Gundagai Regional Council

Permissible income for general rates

\$ '000	Notes	Calculation 2020/21	Calculation 2021/22
Notional general income calculation ¹			
Last year notional general income yield	a	7,461	7,654
Plus or minus adjustments ²	b	(1)	26
Notional general income	c = a + b	7,460	7,680
Permissible income calculation			
Special variation percentage ³	d	0.00%	20.00%
Or rate peg percentage	e	2.60%	0.00%
Plus special variation amount	h = d x (c + g)	–	1,536
Or plus rate peg amount	i = e x (c + g)	194	–
Sub-total	k = (c + g + h + i + j)	7,654	9,216
Plus (or minus) last year's carry forward total	l	(2)	(2)
Sub-total	n = (l + m)	(2)	(2)
Total permissible income	o = k + n	7,652	9,214
Less notional general income yield	p	7,654	9,215
Catch-up or (excess) result	q = o – p	(2)	(1)
Carry forward to next year ⁶	t = q + r + s	(2)	(1)

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the Valuation of Land Act 1916.
- (3) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable Crown land adjustment.
- (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

Cootamundra-Gundagai Regional Council

To the Councillors of Cootamundra-Gundagai Regional Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Cootamundra-Gundagai Regional 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:

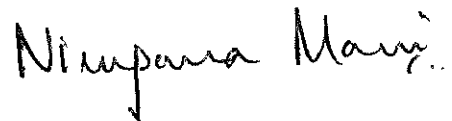
- obtain reasonable assurance whether the Schedule as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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.



Nirupama Mani
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

28 February 2022
SYDNEY

Cootamundra-Gundagai Regional Council

Report on infrastructure assets as at 30 June 2021

Asset Class	Asset Category	Estimated cost				Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard \$ '000	to bring to the agreed level of service set by Council \$ '000	2020/21 Required maintenance ^a \$ '000	2020/21 Actual maintenance \$ '000			1	2	3	4	5
Buildings	Buildings – non-specialised	621	621	–	46	1,143	2,495	15.0%	27.0%	24.0%	31.0%	3.0%
	Buildings – specialised	461	461	–	548	18,668	41,847	20.0%	10.0%	29.0%	33.0%	8.0%
	Sub-total	1,082	1,082	–	594	19,811	44,342	19.7%	11.0%	28.7%	32.9%	7.7%
Other structures	Other structures	19	19	–	181	7,351	11,934	30.0%	18.0%	41.0%	9.0%	2.0%
	Sub-total	19	19	–	181	7,351	11,934	30.0%	18.0%	41.0%	9.0%	2.0%
Roads	Sealed roads	109	109	–	1,970	152,232	241,760	67.0%	19.0%	14.0%	0.0%	0.0%
	Unsealed roads	632	632	–	1,174	28,493	33,391	88.0%	6.0%	4.0%	2.0%	0.0%
	Bridges	1,851	1,851	–	59	37,164	67,064	34.0%	42.0%	19.0%	3.0%	2.0%
	Footpaths	44	44	–	24	4,106	6,736	41.0%	43.0%	15.0%	1.0%	0.0%
	Bulk earthworks	–	–	–	951	202,992	202,992	100.0%	0.0%	0.0%	0.0%	0.0%
	Kerb & gutter	808	808	–	11	17,263	34,130	27.0%	37.0%	26.0%	10.0%	0.0%
	Other road assets (incl. bulk earth works)	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	3,444	3,444	–	4,189	442,249	586,073	73.2%	15.6%	9.9%	1.1%	0.2%
Water supply network	Water supply network	9,546	9,546	–	615	20,756	36,766	35.0%	22.0%	15.0%	15.0%	13.0%
	Sub-total	9,546	9,546	–	615	20,757	36,766	35.0%	22.0%	15.0%	15.0%	13.0%
Sewerage network	Sewerage network	9,627	9,627	–	638	23,819	52,058	28.0%	28.0%	13.0%	8.0%	23.0%
	Sub-total	9,627	9,627	–	638	23,817	52,058	28.0%	28.0%	13.0%	8.0%	23.0%
Stormwater drainage	Stormwater drainage	–	–	–	247	11,943	18,625	33.0%	19.0%	48.0%	0.0%	0.0%
	Sub-total	–	–	–	247	11,943	18,625	33.0%	19.0%	48.0%	0.0%	0.0%
Open space / recreational assets	Swimming pools	–	–	–	82	3,402	6,601	31.0%	30.0%	18.0%	21.0%	0.0%
	Other	12	12	–	976	7,437	14,086	20.0%	23.0%	34.0%	20.0%	3.0%
	Sub-total	12	12	–	1,058	10,839	20,687	23.5%	25.2%	28.9%	20.3%	2.0%
Total – all assets		23,730	23,730	–	7,522	536,767	770,485	62.3%	16.9%	13.3%	4.6%	2.9%

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

Cootamundra-Gundagai Regional Council

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

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

Cootamundra-Gundagai Regional Council

Report on infrastructure assets as at 30 June 2021

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2021	Indicator 2021	Indicators		Benchmark
			2020	2019	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	13,673	154.34%	162.48%	117.03%	>= 100.00%
Depreciation, amortisation and impairment	8,859				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	23,730	4.26%	4.03%	7.60%	< 2.00%
Net carrying amount of infrastructure assets	556,628				
Asset maintenance ratio					
Actual asset maintenance	7,522	∞	∞	∞	> 100.00%
Required asset maintenance	-				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	23,730	3.08%	2.89%	4.79%	
Gross replacement cost	770,485				

(*) 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.

Cootamundra-Gundagai Regional Council

Report on infrastructure assets as at 30 June 2021

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2021	2020	2021	2020	2021	2020	
Buildings and infrastructure renewals ratio							
Asset renewals ¹							
Depreciation, amortisation and impairment	172.57%	98.87%	0.00%	1,113.99%	0.00%	103.23%	>= 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	0.89%	0.96%	45.99%	39.17%	40.42%	37.76%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
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							
Gross replacement cost	0.67%	0.71%	25.96%	22.50%	18.49%	17.58%	

(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.