

# Lockhart Shire Council

## ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2021

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Lockhart  
Shire Council

# Lockhart Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2021

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Lockhart  
Shire Council

# Lockhart Shire Council

## General Purpose Financial Statements

for the year ended 30 June 2021

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### Overview

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

65 Green Street  
LOCKHART NSW 2656

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.lockhart.nsw.gov.au](http://www.lockhart.nsw.gov.au)

# Lockhart Shire Council

## General Purpose Financial Statements

for the year ended 30 June 2021

### Understanding Council's Financial Statements

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#### Introduction

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

#### What you will find in the Statements

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

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

#### About the Councillor/Management Statement

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

#### About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

##### 1. The Income Statement

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

##### 2. The Statement of Comprehensive Income

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

##### 3. The Statement of Financial Position

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

##### 4. The Statement of Changes in Equity

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

##### 5. The Statement of Cash Flows

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

#### About the Notes to the Financial Statements

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

#### About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

#### Who uses the Financial Statements?

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

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

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

# Lockhart Shire Council

## General Purpose Financial Statements

for the year ended 30 June 2021

### Statement by Councillors and Management

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

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

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

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

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

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

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



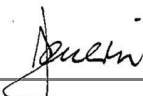
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Rodger Schirmer  
**Mayor**  
15 November 2021



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Greg Verdon  
**Councillor**  
15 November 2021



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Peter Veneris  
**General Manager**  
15 November 2021



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Craig Fletcher  
**Responsible Accounting Officer**  
15 November 2021



## Lockhart Shire Council

### Statement of Comprehensive Income

for the year ended 30 June 2021

\$ '000	Notes	2021	2020
<b>Net operating result for the year – from Income Statement</b>		<b>5,884</b>	<b>4,218</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	<b>80,698</b>	(1,452)
Other comprehensive income – joint ventures and associates	D2-1	<b>–</b>	(48)
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>80,698</b>	(1,500)
<b>Total other comprehensive income for the year</b>		<b>80,698</b>	(1,500)
<b>Total comprehensive income for the year attributable to Council</b>		<b>86,582</b>	2,718

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

## Lockhart Shire Council

### Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	2020
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1	8,481	7,609
Receivables	C1-3	849	1,086
Inventories	C1-4	1,212	1,761
Contract assets and contract cost assets	C1-5	399	–
Other		7	3
<b>Total current assets</b>		<b>10,948</b>	<b>10,459</b>
<b>Non-current assets</b>			
Receivables	C1-3	86	41
Infrastructure, property, plant and equipment	C1-6	318,434	231,811
Investments accounted for using the equity method	D2-1	110	106
<b>Total non-current assets</b>		<b>318,630</b>	<b>231,958</b>
<b>Total assets</b>		<b>329,578</b>	<b>242,417</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C3-1	1,027	493
Contract liabilities	C3-2	217	438
Borrowings	C3-3	157	161
Employee benefit provisions	C3-4	936	897
<b>Total current liabilities</b>		<b>2,337</b>	<b>1,989</b>
<b>Non-current liabilities</b>			
Payables	C3-1	3	3
Borrowings	C3-3	3,366	3,523
Employee benefit provisions	C3-4	93	91
Provisions	C3-5	386	–
<b>Total non-current liabilities</b>		<b>3,848</b>	<b>3,617</b>
<b>Total liabilities</b>		<b>6,185</b>	<b>5,606</b>
<b>Net assets</b>		<b>323,393</b>	<b>236,811</b>
<b>EQUITY</b>			
Accumulated surplus	C4-1	220,149	214,265
IPPE revaluation reserve	C4-1	103,244	22,546
<b>Council equity interest</b>		<b>323,393</b>	<b>236,811</b>
<b>Total equity</b>		<b>323,393</b>	<b>236,811</b>

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



## Lockhart Shire Council

### Statement of Changes in Equity

for the year ended 30 June 2021

\$ '000	Notes	as at 30/06/21			as at 30/06/20		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		214,265	22,546	236,811	210,363	23,998	234,361
Changes due to AASB 1058 and AASB 15 adoption		-	-	-	(268)	-	(268)
<b>Opening balance</b>		<b>214,265</b>	<b>22,546</b>	<b>236,811</b>	<b>210,095</b>	<b>23,998</b>	<b>234,093</b>
Net operating result for the year		5,884	-	5,884	4,218	-	4,218
<b>Net operating result for the period</b>		<b>5,884</b>	<b>-</b>	<b>5,884</b>	<b>4,218</b>	<b>-</b>	<b>4,218</b>
<b>Other comprehensive income</b>							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	-	80,698	80,698	-	(1,452)	(1,452)
Joint ventures and associates	D2-1	-	-	-	(48)	-	(48)
<b>Other comprehensive income</b>		<b>-</b>	<b>80,698</b>	<b>80,698</b>	<b>(48)</b>	<b>(1,452)</b>	<b>(1,500)</b>
<b>Total comprehensive income</b>		<b>5,884</b>	<b>80,698</b>	<b>86,582</b>	<b>4,170</b>	<b>(1,452)</b>	<b>2,718</b>
<b>Closing balance at 30 June</b>		<b>220,149</b>	<b>103,244</b>	<b>323,393</b>	<b>214,265</b>	<b>22,546</b>	<b>236,811</b>

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

## Lockhart Shire Council

### Statement of Cash Flows

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
<b>Cash flows from operating activities</b>				
<i>Receipts:</i>				
3,558	Rates and annual charges		3,525	3,449
384	User charges and fees		732	402
63	Investment and interest revenue received		49	141
8,586	Grants and contributions		13,332	10,568
–	Bonds, deposits and retention amounts received		100	33
199	Other		1,574	1,498
<i>Payments:</i>				
(2,907)	Employee benefits and on-costs		(3,224)	(3,252)
(1,691)	Materials and services		(3,502)	(3,332)
(169)	Borrowing costs		(170)	(165)
–	Bonds, deposits and retention amounts refunded		(42)	(57)
(1,595)	Other		(1,395)	(1,338)
6,428	<b>Net cash flows from operating activities</b>	G1-1	<b>10,979</b>	<b>7,947</b>
<b>Cash flows from investing activities</b>				
<i>Receipts:</i>				
–	Sale of real estate assets		643	554
368	Sale of infrastructure, property, plant and equipment		333	296
8	Deferred debtors receipts		8	13
<i>Payments:</i>				
(6,509)	Purchase of infrastructure, property, plant and equipment		(10,807)	(9,339)
–	Purchase of real estate assets		(69)	(3)
–	Deferred debtors and advances made		(54)	–
(6,133)	<b>Net cash flows from investing activities</b>		<b>(9,946)</b>	<b>(8,479)</b>
<b>Cash flows from financing activities</b>				
<i>Payments:</i>				
(162)	Repayment of borrowings		(161)	(143)
(162)	<b>Net cash flows from financing activities</b>		<b>(161)</b>	<b>(143)</b>
133	<b>Net change in cash and cash equivalents</b>		<b>872</b>	<b>(675)</b>
7,600	Cash and cash equivalents at beginning of year		7,609	8,284
7,733	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>8,481</b>	<b>7,609</b>

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

# Lockhart Shire Council

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## A About Council and these financial statements

### A1-1 Basis of preparation

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These financial statements were authorised for issue by Council on 15 November 2021. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The principal accounting policies adopted in the preparation of these 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 infrastructure, property, plant and equipment and investment property.

#### Significant accounting estimates and judgements

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

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

#### Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-6.
- (ii) employee benefit provisions – refer Note C3-4.
- (iii) estimated tip remediation provisions - refer Note C3-5

#### Covid-19 Impacts

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

Some additional costs have been incurred in cleaning of council facilities.

Rate collections have not altered from previous year's 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.

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 – refer Note C1-3.

### Monies and other assets received by Council

#### The Consolidated Fund

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

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

- General purpose operations
- Sewerage service

The following Section 355 Committees have been included in the consolidation for the first time in 2020/21:

- Bidgeemia Hall Committee
- Lockhart & District Historical Society
- Lockhart Recreation Ground Management Committee
- Lockhart Showground & Racecourse Management Committee
- The Rock Hall and Museum Committee
- The Rock Recreation Ground Management Committee
- Magnolia Lodge Tenancy Advisory Committee
- Milbrulong Hall Committee
- The Rock Showground Management Committee
- Tootool Recreation Reserve Committee
- Tootool Roadside Rest Stop Committee
- Tourism & Economic Development Committee
- Osborne Recreation Ground Management Committee
- Pleasant Hill Recreation Ground Management Committee
- Pleasant Hills Hall Committee
- Yerong Creek Hall Committee
- Yerong Creek Recreation Ground Management Committee

#### The Trust Fund

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

Trust monies and property subject to Council's control have been included in these reports.

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

- Prichard Trust.

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

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.

## A1-1 Basis of preparation (continued)

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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.

None of those newly adopted standards had a material impact on Council's reported financial position or financial performance.

## 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
<b>Functions or activities</b>										
Governance	–	–	174	192	(174)	(192)	–	–	–	–
Administration	95	71	2,027	2,030	(1,932)	(1,959)	35	7	13,209	11,237
Public Order & Safety	96	170	322	241	(226)	(71)	96	44	793	831
Environment	1,350	1,996	1,450	1,245	(100)	751	1,060	1,326	1,047	694
Community Services & Education	289	230	383	190	(94)	40	30	28	–	–
Housing & Community Amenities	99	180	76	244	23	(64)	–	4	4,689	4,740
Sewerage Services	570	630	734	593	(164)	37	2	73	12,058	11,432
Recreation & Culture	3,584	767	1,677	1,441	1,907	(674)	2,610	766	13,819	11,211
Mining, manufacturing and construction	8	6	8	5	–	1	–	–	–	–
Transport and communication	5,769	5,073	4,742	4,717	1,027	356	5,973	5,008	280,938	198,974
Economic Affairs	150	127	922	303	(772)	(176)	–	–	2,696	3,254
General purpose income	6,389	6,169	–	–	6,389	6,169	3,831	3,674	–	–
Other	–	–	–	–	–	–	–	–	329	44
<b>Total functions and activities</b>	<b>18,399</b>	<b>15,419</b>	<b>12,515</b>	<b>11,201</b>	<b>5,884</b>	<b>4,218</b>	<b>13,637</b>	<b>10,930</b>	<b>329,578</b>	<b>242,417</b>



## B1-2 Components of functions or activities

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

### GOVERNANCE

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

### ADMINISTRATION

Includes corporate support and other support services, engineering administration, and any Council policy compliance.

### PUBLIC ORDER AND SAFETY

Includes Council's fire and emergency services levy, fire protection, emergency services, enforcement of regulations and animal control.

### ENVIRONMENT

Includes noxious plants and insect/vermin control; other environmental protection; solid waste management, including domestic waste; other waste management; town planning; building control; and, street cleaning, drainage and stormwater management.

### COMMUNITY SERVICES AND EDUCATION

Includes administration and education; social protection (welfare); and other community services and administration (excluding accommodation – as it is covered under 'housing and community amenities'); youth services; aged and disabled persons services; children services, including out of school care service; child care; and other family and children services.

### HOUSING AND COMMUNITY AMENITIES

Includes public cemeteries; public conveniences; street lighting; other community amenities, including housing development and accommodation for youth, aged and disabled persons.

### SEWERAGE SERVICES

Includes the provision of reticulated sewerage and common effluent services.

### RECREATION AND CULTURE

Includes public libraries; museums; community centres and public halls; sporting grounds and venues; swimming pools; parks; gardens; lakes; and other sporting, recreational and cultural services.

### MINING, MANUFACTURING AND CONSTRUCTION

Includes quarries and pits, mineral resources.

### TRANSPORT AND COMMUNICATION

Urban local, regional, includes sealed and unsealed roads, bridges, footpaths, parking areas, and aerodromes.

### ECONOMIC AFFAIRS

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

## B2 Sources of income

### B2-1 Rates and annual charges

\$ '000	2021	2020
<b>Ordinary rates</b>		
Residential	402	388
Farmland	2,035	1,987
Business	106	103
Less: pensioner rebates (mandatory)	(32)	(32)
<b>Rates levied to ratepayers</b>	<b>2,511</b>	<b>2,446</b>
Pensioner rate subsidies received	18	18
<b>Total ordinary rates</b>	<b>2,529</b>	<b>2,464</b>
<b>Annual charges</b>		
<small>(pursuant to s.496, s.496A, s.496B, s.501 &amp; s.611)</small>		
Domestic waste management services	400	399
Sewerage services	538	521
Waste management services (non-domestic)	105	106
Less: pensioner rebates (mandatory)	(55)	(54)
<b>Annual charges levied</b>	<b>988</b>	<b>972</b>
Pensioner subsidies received:		
– Sewerage	11	11
– Domestic waste management	20	18
<b>Total annual charges</b>	<b>1,019</b>	<b>1,001</b>
<b>Total rates and annual charges</b>	<b>3,548</b>	<b>3,465</b>
<b>Timing of revenue recognition for rates and annual charges</b>		
Rates and annual charges recognised at a point in time (2)	3,548	3,465
<b>Total rates and annual charges</b>	<b>3,548</b>	<b>3,465</b>

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

#### Accounting policy

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

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area.

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

## B2-2 User charges and fees

\$ '000	Timing	2021	2020
<b>Specific user charges</b>			
(per s.502 - specific 'actual use' charges)			
Sewerage services	2	25	5
<b>Total specific user charges</b>		<b>25</b>	<b>5</b>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>			
Inspection services	2	–	7
Planning and building regulation	2	45	30
Private works – section 67	2	39	24
Regulatory/ statutory fees	2	–	3
Section 10.7 certificates (EP&A Act)	2	9	5
Section 603 certificates	2	12	6
Town planning	2	31	49
Tipping fees	2	32	33
<b>Total fees and charges – statutory/regulatory</b>		<b>168</b>	<b>157</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>			
Caravan park	2	70	78
Cemeteries	2	59	72
Quarry revenues	2	8	6
RockOOSH fees	2	201	202
Scrap metal sales – from tips	2	48	–
Other	2	11	8
<b>Total fees and charges – other</b>		<b>397</b>	<b>366</b>
<b>Total user charges and fees</b>		<b>590</b>	<b>528</b>
<b>Timing of revenue recognition for user charges and fees</b>			
User charges and fees recognised at a point in time (2)		590	528
<b>Total user charges and fees</b>		<b>590</b>	<b>528</b>

### Accounting policy

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

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

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

**B2-3 Other revenue**

\$ '000	Timing	2021	2020
Diesel rebate	2	64	61
Garbage bins sales	2	5	4
CDS Share Kurrajong Recycling Funding	2	12	6
Employee contribution to vehicle	2	9	7
Foodshop inspection	2	2	–
Insurance policy rebates/dividend	2	17	26
Magnolia entry fees	2	20	5
RFS reimbursement	2	–	130
Other	2	17	19
S355 Committee income	2	316	–
<b>Total other revenue</b>		<b>462</b>	<b>258</b>

**Timing of revenue recognition for other revenue**

Other revenue recognised at a point in time (2)	462	258
<b>Total other revenue</b>	<b>462</b>	<b>258</b>

**Accounting policy for other revenue**

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

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

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
<b>General purpose grants and non-developer contributions (untied)</b>					
<b>General purpose (untied)</b>					
<b>Current year allocation</b>					
Financial assistance – general component	2	1,154	1,106	–	–
Financial assistance – local roads component	2	696	678	–	–
<b>Payment in advance - future year allocation</b>					
Financial assistance – general component	2	1,243	1,171	–	–
Financial assistance – local roads component	2	739	719	–	–
<b>Amount recognised as income during current year</b>		<b>3,832</b>	<b>3,674</b>	<b>–</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>					
<b>Cash contributions</b>					
Sewerage services	2	–	–	2	73
Bushfire and emergency services	2	96	36	–	–
Employment and training programs	2	35	3	–	–
Environmental programs	1	–	–	–	742
Heritage and cultural	2	5	4	–	–
Library	2	66	66	–	–
Noxious weeds	2	55	55	–	–
Back to business grant	2	2	–	–	–
Country passenger transport grant	2	–	–	7	–
Fire protection – hazard reduction	2	–	3	–	–
Food & Organics Grant	2	53	88	–	–
Flood mitigation voluntary purchase	2	490	223	–	–
Heavy vehicle safety & productivity programme	1	–	–	43	400
Heritage fund submission	2	6	5	–	–
Local lands service – Kincaid Res grants	2	7	–	–	–
NSWEPA Project Improvement Program	1	–	111	–	–
Street lighting	2	4	4	–	–
Museum advisor	2	10	12	–	–
Pleasant Hills hall grant	2	4	7	–	–
RockOOSH sustainability grants	2	27	27	–	–
Everyone Can Play Grant	1	–	–	–	85
Stronger Country Communities Pools	1	–	–	–	520
Youth activities	2	2	2	–	–
Regional Arts – Water Tower Mural	2	–	7	–	–
Local Roads and Community Infrastructure	1	–	–	1,006	–
Stronger Country Community Fund Rd 2 & 3	1	1	–	821	60
Growing Local Economy	1	–	–	2,095	1,576
Regional Planning	2	–	–	19	–
Transport (roads to recovery)	2	1,270	1,270	–	–
Transport (fixing country roads)	1	–	–	–	498
Drought Communities	1	570	–	413	–
Fixing Local Roads	2	–	–	1,049	–
Recreation and culture	2	–	–	75	–
Showground stimulus	1	–	–	149	–
Other specific grants	2	40	8	–	–
<b>Previously contributions:</b>					
Transport for NSW contributions (regional roads, block grant)	2	914	914	–	–
RMS RRRP grant	2	152	169	–	–
RMS regional roads traffic facilities	2	71	71	–	–
RMS regional roads supplementary	2	101	101	–	–

## B2-4 Grants and contributions (continued)

\$ '000	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Pedestrian access and mobility plan	2	–	9	–	–
The Rock Observatory	1	–	–	95	–
<b>Total special purpose grants and non-developer contributions – cash</b>		<b>3,981</b>	<b>3,195</b>	<b>5,774</b>	<b>3,954</b>
<b>Non-cash contributions</b>					
Other	2	–	–	–	4
<b>Total other contributions – non-cash</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>4</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>3,981</b>	<b>3,195</b>	<b>5,774</b>	<b>3,958</b>
<b>Total grants and non-developer contributions</b>		<b>7,813</b>	<b>6,869</b>	<b>5,774</b>	<b>3,958</b>
<b>Comprising:</b>					
– Commonwealth funding		5,699	4,971	1,419	25
– State funding		2,079	1,887	4,355	3,929
– Other funding		35	11	–	4
		<b>7,813</b>	<b>6,869</b>	<b>5,774</b>	<b>3,958</b>

## Developer contributions

\$ '000	Notes	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
<b>Developer contributions:</b>						
<b>(s7.4 &amp; s7.12 - EP&amp;A Act, s64 of the LGA):</b>						
<b>Cash contributions</b>						
S 7.12 – fixed development consent levies		2	–	–	50	103
<b>Total developer contributions – cash</b>			<b>–</b>	<b>–</b>	<b>50</b>	<b>103</b>
<b>Total developer contributions</b>			<b>–</b>	<b>–</b>	<b>50</b>	<b>103</b>
<b>Total contributions</b>			<b>–</b>	<b>–</b>	<b>50</b>	<b>103</b>
<b>Total grants and contributions</b>			<b>7,813</b>	<b>6,869</b>	<b>5,824</b>	<b>4,061</b>
<b>Timing of revenue recognition for grants and contributions</b>						
Grants and contributions recognised over time (1)			571	111	4,622	3,881
Grants and contributions recognised at a point in time (2)			7,242	6,758	1,202	180
<b>Total grants and contributions</b>			<b>7,813</b>	<b>6,869</b>	<b>5,824</b>	<b>4,061</b>

## 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
<b>Unspent grants and contributions</b>				
Unspent funds at 1 July	55	214	436	213
<b>Add:</b> operating grants recognised as income in the current period but not yet spent	10	4	-	-
<b>Add:</b> Funds received and not recognised as revenue in the current year	99	2	118	436
<b>Less:</b> capital grants recognised in a previous reporting period now spent	(18)	(165)	-	(213)
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	(2)	-	(436)	-
<b>Unspent funds at 30 June</b>	<b>144</b>	<b>55</b>	<b>118</b>	<b>436</b>
<b>Contributions</b>				
Unspent funds at 1 July	-	-	205	173
<b>Add:</b> contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	-	-	51	108
<b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year	-	-	-	(76)
<b>Unspent contributions at 30 June</b>	<b>-</b>	<b>-</b>	<b>256</b>	<b>205</b>

### Accounting policy

#### Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

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

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

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

#### Capital grants

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

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

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

## B2-4 Grants and contributions (continued)

### Developer contributions

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

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

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

### Other grants and contributions

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

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

## B2-5 Interest and investment income

\$ '000	2021	2020
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	8	16
– Cash and investments	34	98
<b>Total interest and investment income (losses)</b>	<b>42</b>	<b>114</b>
<b>Interest and investment income is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
Overdue rates and annual charges (general fund)	6	12
General Council cash and investments	22	59
<b>Restricted investments/funds – external:</b>		
Development contributions		
– Section 7.11	1	5
Sewerage fund operations	13	38
<b>Total interest and investment income</b>	<b>42</b>	<b>114</b>

### Accounting policy

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



**B2-6 Other income**

<b>\$ '000</b>	Notes	<b>2021</b>	2020
<b>Rental income</b>			
<b>Other lease income</b>			
Commercial Rents		<b>22</b>	19
Housing Rents		<b>94</b>	103
<b>Total Other lease income</b>		<b>116</b>	<b>122</b>
<b>Total rental income</b>	C2-2	<b>116</b>	<b>122</b>
<b>Net share of interests in joint ventures and associates using the equity method</b>			
Joint ventures		<b>4</b>	2
Total net share of interests in joint ventures and associates using the equity method	D2-1	<b>4</b>	2
<b>Total other income</b>		<b>120</b>	<b>124</b>

## B3 Costs of providing services

### B3-1 Employee benefits and on-costs

\$ '000	2021	2020
Salaries and wages	3,432	3,338
Employee leave entitlements (ELE)	397	487
Superannuation	380	341
Workers' compensation insurance	129	108
Fringe benefit tax (FBT)	25	46
<b>Total employee costs</b>	<b>4,363</b>	<b>4,320</b>
Less: capitalised costs	(1,025)	(1,115)
<b>Total employee costs expensed</b>	<b>3,338</b>	<b>3,205</b>
Number of 'full-time equivalent' employees (FTE) at year end	54	53

#### Accounting policy

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

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

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

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

## B3-2 Materials and services

\$ '000	Notes	2021	2020
Raw materials and consumables		1,977	1,469
Contractor and consultancy costs		269	205
Audit Fees	F2-1	61	49
<b>Previously other expenses:</b>			
Councillor and Mayoral fees and associated expenses	F1-2	126	143
Advertising		8	16
Bank charges		18	15
Cleaning		16	20
Computer software and maintenance		155	154
Electricity and heating		108	94
Fire control expenses		2	2
Insurance		196	140
Office supplies and stationery		13	15
Postage		9	13
Printing and photocopying		1	2
Street lighting		42	46
Subscriptions and memberships		39	19
Telephone and communications		54	43
Tourism expenses (excluding employee costs)		18	26
Valuation fees		21	20
Travel expenses		94	92
Training costs (other than salaries and wages)		64	31
Other expenses		10	9
Newsletter		5	4
<b>Legal expenses:</b>			
– Legal expenses: other		8	2
Expenses from leases of low value assets		32	31
Variable lease expense relating to usage		2	3
<b>Total materials and services</b>		<b>3,348</b>	<b>2,663</b>
<b>Total materials and services</b>		<b>3,348</b>	<b>2,663</b>

### Accounting policy

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

## B3-3 Borrowing costs

\$ '000	2021	2020
<b>(i) Interest bearing liability costs</b>		
Interest on loans	164	168
<b>Total interest bearing liability costs</b>	<b>164</b>	<b>168</b>
<b>Total interest bearing liability costs expensed</b>	<b>164</b>	<b>168</b>
<b>Total borrowing costs expensed</b>	<b>164</b>	<b>168</b>

### Accounting policy

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

## B3-4 Depreciation, amortisation and impairment

\$ '000	Notes	2021	2020
<b>Depreciation and amortisation</b>			
Plant and equipment		478	507
Office equipment		36	20
Furniture and fittings		7	7
<b>Infrastructure:</b>	C1-6		
– Buildings – non-specialised		110	111
– Buildings – specialised		332	318
– Other structures		11	9
– Roads		2,405	2,357
– Bridges		48	49
– Footpaths		34	33
– Stormwater drainage		6	6
– Sewerage network		253	206
– Swimming pools		138	118
– Other open space/recreational assets		70	66
<b>Total gross depreciation and amortisation costs</b>		<b>3,928</b>	<b>3,807</b>
<b>Total depreciation and amortisation costs</b>		<b>3,928</b>	<b>3,807</b>
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>3,928</b>	<b>3,807</b>

### Accounting policy

#### Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives.

#### Impairment of non-financial assets

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

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

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

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

## B3-5 Other expenses

\$ '000	2021	2020
<b>Other</b>		
Contributions/levies to other levels of government		
– Emergency services levy	6	5
– NSW fire brigade levy	21	19
– NSW rural fire service levy	281	197
– Contribution – REROC	43	53
– Contribution – Riverina Regional Library	121	133
– Contribution – sec 355 committees	75	103
– Contribution – sec 356	46	48
– Other contributions/levies	4	4
<b>Total other</b>	<b>597</b>	<b>562</b>
<b>Total other expenses</b>	<b>597</b>	<b>562</b>

### 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
<b>Gain (or loss) on disposal of property (excl. investment property)</b>			
Proceeds from disposal – property		39	–
Less: carrying amount of property assets sold/written off		(18)	(70)
<b>Gain (or loss) on disposal</b>		<b>21</b>	<b>(70)</b>
<b>Gain (or loss) on disposal of plant and equipment</b>			
	C1-6		
Proceeds from disposal – plant and equipment		294	296
Less: carrying amount of plant and equipment assets sold/written off		(216)	(458)
<b>Gain (or loss) on disposal</b>		<b>78</b>	<b>(162)</b>
<b>Gain (or loss) on disposal of infrastructure</b>			
	C1-6		
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure assets sold/written off		(599)	(538)
<b>Gain (or loss) on disposal</b>		<b>(599)</b>	<b>(538)</b>
<b>Gain (or loss) on disposal of real estate assets held for sale</b>			
	C1-4		
Proceeds from disposal – real estate assets		643	554
Less: carrying amount of real estate assets sold/written off		(776)	(580)
<b>Gain (or loss) on disposal</b>		<b>(133)</b>	<b>(26)</b>
<b>Voluntary Purchase Property</b>			
Proceeds from disposal – Voluntary Purchase Property		–	–
Less: carrying amount of Voluntary Purchase Property sold/written off		(507)	–
<b>Gain (or loss) on disposal</b>		<b>(507)</b>	<b>–</b>
<b>Net gain (or loss) on disposal of assets</b>		<b>(1,140)</b>	<b>(796)</b>

### 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 20/07/2020 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and 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 -----	
<b>REVENUES</b>				
<b>Rates and annual charges</b>	3,558	3,548	(10)	0% <b>U</b>
<b>User charges and fees</b>	384	590	206	54% <b>F</b>
Council received additional income from development application fees \$9k, building certificates \$8k, RockOOSH \$54k, tipping fees \$9k, scrap metal sales \$48k, cemetery \$13k, private works \$27k and sewer connection fees \$20k.				
<b>Other revenues</b>	80	462	382	478% <b>F</b>
Council received additional income for the following: insurance policy rebate \$5k, diesel fuel rebate \$14k, companion animals commission \$5k, Magnolia Lodge entry income \$20k and Section 355 Committee revenue \$316k.				
<b>Operating grants and contributions</b>	6,535	7,813	1,278	20% <b>F</b>
As a result of additional grant programs from both State and Federal Governments there were a number of operating grants not able to be included in the budget at the time the budget was adopted. The operating grants involved were the Drought Communities Programme \$570k, Floodplain Management Program for the voluntary purchase scheme \$490k and food and garden organics (FOGO) collections \$53k.				
<b>Capital grants and contributions</b>	2,051	5,824	3,773	184% <b>F</b>
As a result of additional grant programs from both State and Federal Governments there were a number of capital grants not able to be included in the budget at the time the budget was adopted. The grants programs classified as capital were the Stronger Country Communities Fund Rounds 2 & 3 \$822k, Drought Communities Programme \$413k, Local Roads & Community Infrastructure Phases 1 & 2 \$1,005k and Fixing Local Roads \$1,049k.				
<b>Interest and investment revenue</b>	63	42	(21)	(33)% <b>U</b>
Interest on investments was down significantly due the continued fall in interest rates and at times less than forecast available funds to invest.				
<b>Other income</b>	120	120	-	0% <b>F</b>

**B5-1 Material budget variations (continued)**

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
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**EXPENSES**

<b>Employee benefits and on-costs</b>	2,907	3,338	(431)	(15)%	U
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In Council's adopted Budget, Salaries include general ledger accounts that the majority of activity is salaries. However, for the Year End Statements salaries include all staff salaries and on-costs irrespective of which general ledger account they have been costed to, thereby creating a variance from Budget to Actual. These general ledger accounts mainly involve the outdoor road works staff and parks & facilities staff, where salaries, plant, creditors and stores can be costed to the same general ledger account.

<b>Materials and services</b>	2,628	3,348	(720)	(27)%	U
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The majority of the variance to budget was the result of three "one-off" expenditures Council incurred in FY21, being expenditure on: minor equipment purchases of \$21k and expenditure on land and infrastructure owned by Riverina Water (being Yerong Creek Water Tower artwork and landscaping of \$93k and extension to water supply network within the Shire of \$495k).

<b>Borrowing costs</b>	169	164	5	3%	F
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<b>Depreciation, amortisation and impairment of non-financial assets</b>	3,321	3,928	(607)	(18)%	U
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Increases in depreciation were incurred for roads and associated infrastructure \$374k, specialised buildings \$136k and sewer assets \$73k.

<b>Other expenses</b>	658	597	61	9%	F
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<b>Net losses from disposal of assets</b>	-	1,140	(1,140)	∞	U
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Occurred a loss on sale of plant and equipment \$78k  
Infrastructure road and footpath \$599k  
Loss on sale of real estate land \$133k  
Voluntary Purchase Scheme property loss \$507k

**STATEMENT OF CASH FLOWS**

<b>Cash flows from operating activities</b>	6,428	10,979	4,551	71%	F
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Increase in State and Federal Government grant programs has resulted in cashflows exceeding budget.

<b>Cash flows from investing activities</b>	(6,133)	(9,946)	(3,813)	62%	U
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Cash flows from investing activities was up due to the sale of real estate and the increase in construction of IPPE assets from the increase in State and Federal Government grant programs.

<b>Cash flows from financing activities</b>	(162)	(161)	1	(1)%	F
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## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

\$ '000	2021	2020
<b>Cash and cash equivalents</b>		
Cash on hand and at bank	2,131	1,209
Cash-equivalent assets		
– Deposits at call	1,600	1,000
– Short-term deposits	4,750	5,400
<b>Total cash and cash equivalents</b>	<b>8,481</b>	<b>7,609</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	8,481	7,609
<b>Balance as per the Statement of Cash Flows</b>	<b>8,481</b>	<b>7,609</b>

#### 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 Restricted cash, cash equivalents and investments

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
<b>attributable to:</b>				
External restrictions	2,686	–	2,839	–
Internal restrictions	5,284	–	4,622	–
Unrestricted	511	–	148	–
	<b>8,481</b>	<b>–</b>	<b>7,609</b>	<b>–</b>

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

#### External restrictions – included in liabilities

Specific purpose unexpended grants – general fund	217	343
Special purpose unexpended contributions	–	95
<b>External restrictions – included in liabilities</b>	<b>217</b>	<b>438</b>

#### External restrictions

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

Developer contributions – general	256	205
Specific purpose unexpended grants (recognised as revenue) – general fund	45	53
Sewer fund	2,168	2,143
<b>External restrictions – other</b>	<b>2,469</b>	<b>2,401</b>
<b>Total external restrictions</b>	<b>2,686</b>	<b>2,839</b>

#### Internal restrictions

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

Plant and vehicle replacement	13	13
Employees leave entitlement	831	831
Systems & IT Improvements	177	177
Advance financial assistance – general	1,243	1,171
Advance financial assistance – roads	739	720
Economic development	75	75
Future election expenses	24	18
Galore Hill reserve	16	16
Lockhart recreation ground	10	10
Buildings	146	139
Rehabilitation Reserve	253	245
Disaster Recovery	407	396
Future Infrastructure Development	836	800
Community Financial Assist S356	39	11
Tim Fischer Bequest	100	–
Bonds & Retentions	38	–
Section 355 Committee Funds	337	–
<b>Total internal restrictions</b>	<b>5,284</b>	<b>4,622</b>
<b>Total restrictions</b>	<b>7,970</b>	<b>7,461</b>

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

## C1-3 Receivables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Purpose</b>				
Rates and annual charges	288	–	254	–
User charges and fees	58	–	155	–
Accrued revenues				
– Interest on investments	4	–	11	–
Deferred debtors	9	86	8	41
Government grants and subsidies	332	–	627	–
Net GST receivable	146	–	29	–
Other debtors	12	–	2	–
<b>Total</b>	<b>849</b>	<b>86</b>	<b>1,086</b>	<b>41</b>
<b>Total net receivables</b>	<b>849</b>	<b>86</b>	<b>1,086</b>	<b>41</b>

### Accounting policy

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

### Impairment

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

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

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

When considering the ECL for rates and annual charges debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

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

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

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

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

### Covid 19

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

## C1-4 Inventories

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>(i) Inventories at cost</b>				
Real estate for resale	628	-	1,335	-
Stores and materials	584	-	426	-
<b>Total inventories at cost</b>	<b>1,212</b>	<b>-</b>	<b>1,761</b>	<b>-</b>
<b>Total inventories</b>	<b>1,212</b>	<b>-</b>	<b>1,761</b>	<b>-</b>

### (i) Other disclosures

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>(a) Details for real estate development</b>				
Residential	-	-	707	-
Industrial/commercial	628	-	628	-
<b>Total real estate for resale</b>	<b>628</b>	<b>-</b>	<b>1,335</b>	<b>-</b>

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

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

\$ '000	2021	2020
Real estate for resale	503	897
	<b>503</b>	<b>897</b>

### 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.

## C1-5 Contract assets and Contract cost assets

\$ '000	Notes	2021	2020
Contract assets	C1-5	399	-
<b>Total contract assets and contract cost assets</b>		<b>399</b>	<b>-</b>

### Contract assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Work relating to infrastructure grants	399	-	-	-
<b>Total contract assets</b>	<b>399</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### **Significant changes in contract assets**

Council has continued to complete works on a number of grant funded programs where the milestones have not been reached and therefore is unable to submit claims.

### 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.

## C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period								At 30 June 2021		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000														
Capital work in progress	112	–	112	180	401	–	–	(111)	–	–	–	582	–	582
Plant and equipment	6,775	(2,573)	4,202	–	1,023	(216)	(478)	–	–	–	–	7,277	(2,746)	4,531
Office equipment	259	(110)	149	–	46	–	(36)	91	–	–	–	396	(146)	250
Furniture and fittings	156	(109)	47	–	9	–	(7)	–	–	–	–	165	(116)	49
<b>Land:</b>														
– Operational land	1,505	–	1,505	–	23	(18)	–	–	41	–	–	1,551	–	1,551
– Community land	1,967	–	1,967	–	64	–	–	–	(41)	–	644	2,634	–	2,634
<b>Infrastructure:</b>														
– Buildings – non-specialised	6,669	(2,288)	4,381	–	633	(507)	(110)	–	–	–	–	6,796	(2,399)	4,397
– Buildings – specialised	15,173	(7,104)	8,069	276	992	–	(332)	20	–	–	–	16,474	(7,449)	9,025
– Other structures	321	(110)	211	–	–	–	(11)	–	–	(32)	–	415	(247)	168
– Roads and Bulk earthworks	219,781	(36,949)	182,832	2,234	4,237	(591)	(2,405)	–	7,080	–	75,356	306,142	(37,399)	268,743
– Bridges	4,853	(1,716)	3,137	–	–	–	(48)	–	–	–	2,123	7,400	(2,188)	5,212
– Footpaths	1,771	(828)	943	–	304	(8)	(34)	–	–	–	474	2,428	(749)	1,679
– Other Roads assets	7,080	–	7,080	–	–	–	–	–	(7,080)	–	–	–	–	–
– Stormwater drainage	3,215	(105)	3,110	–	–	–	(6)	–	–	–	–	3,215	(111)	3,104
– Sewerage network	15,614	(6,392)	9,222	–	20	–	(253)	–	–	–	822	17,008	(7,197)	9,811
– Swimming pools	3,889	(150)	3,739	–	13	–	(138)	–	–	–	356	4,207	(237)	3,970
– Other open space/recreational assets	2,958	(1,853)	1,105	352	–	–	(70)	–	–	–	955	4,402	(2,060)	2,342
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>														
Tip assets	–	–	–	–	–	–	–	–	386	–	–	386	–	386
<b>Total infrastructure, property, plant and equipment</b>	<b>292,098</b>	<b>(60,287)</b>	<b>231,811</b>	<b>3,042</b>	<b>7,765</b>	<b>(1,340)</b>	<b>(3,928)</b>	<b>–</b>	<b>386</b>	<b>(32)</b>	<b>80,730</b>	<b>381,478</b>	<b>(63,044)</b>	<b>318,434</b>

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

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

By aggregated asset class	At 1 July 2019			Asset movements during the reporting period						At 30 June 2020		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation decrements to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>												
Capital work in progress	1,711	–	1,711	–	112	–	–	(1,711)	–	112	–	112
Plant and equipment	6,649	(2,430)	4,219	–	943	(453)	(507)	–	–	6,775	(2,573)	4,202
Office equipment	242	(124)	118	–	56	(5)	(20)	–	–	259	(110)	149
Furniture and fittings	154	(102)	52	–	2	–	(7)	–	–	156	(109)	47
<b>Land:</b>												
– Operational land	1,573	–	1,573	–	2	(70)	–	–	–	1,505	–	1,505
– Community land	1,947	–	1,947	–	20	–	–	–	–	1,967	–	1,967
<b>Infrastructure:</b>												
– Buildings – non-specialised	6,656	(2,178)	4,478	14	–	–	(111)	–	–	6,669	(2,288)	4,381
– Buildings – specialised	14,850	(6,806)	8,044	28	158	(13)	(318)	170	–	15,173	(7,104)	8,069
– Other structures	315	(100)	215	–	5	–	(9)	–	–	321	(110)	211
– Roads and Bulk Earthworks	212,072	(32,186)	179,886	4,031	1,845	(514)	(2,357)	465	(524)	219,781	(36,949)	182,832
– Bridges	4,853	(1,667)	3,186	–	–	–	(49)	–	–	4,853	(1,716)	3,137
– Footpaths	1,774	(796)	978	–	19	(2)	(33)	–	(19)	1,771	(828)	943
– Other Road assets	7,080	–	7,080	–	–	–	–	–	–	7,080	–	7,080
– Stormwater drainage	2,160	(99)	2,061	–	1,096	–	(6)	21	(62)	3,215	(105)	3,110
– Sewerage network	16,754	(6,525)	10,229	–	35	–	(206)	–	(836)	15,614	(6,392)	9,222
– Swimming pools	2,911	(774)	2,137	–	674	(9)	(118)	1,055	–	3,889	(150)	3,739
– Other open space/recreational assets	2,674	(1,791)	883	–	299	–	(66)	–	(11)	2,958	(1,853)	1,105
<b>Total infrastructure, property, plant and equipment</b>	<b>284,375</b>	<b>(55,578)</b>	<b>228,797</b>	<b>4,073</b>	<b>5,266</b>	<b>(1,066)</b>	<b>(3,807)</b>	<b>–</b>	<b>(1,452)</b>	<b>292,098</b>	<b>(60,287)</b>	<b>231,811</b>

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

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

### Accounting policy

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

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

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

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

#### Useful lives of IPPE

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

	Useful lives Years
Plant, office equipment, furniture and fittings	4 to 20
Infrastructure:	
– Buildings and other structures	20 to 100
– Roads, bridges and footpaths	15 to 100
– Bulk earthworks	infinite
– Stormwater drainage	50 to 100
– Sewerage network	15 to 80
– Open space / recreational assets	20
– Swimming pools	50
– Playground equipment, benches	5 to 20

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

#### Revaluation model

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

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

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

#### Land under roads

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

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

#### Crown reserves

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

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

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

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### **Rural Fire Service assets**

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

Until such time as discussions on this matter have concluded and the legislation changed, Council will recognise Rural Fire Service assets of land and buildings. Plant and vehicles of the Rural Fire Service have not been recorded.



## C2 Leasing activities

### C2-1 Council as a lessee

Council has a lease for photocopiers. Information relating to the lease and associated balances and transactions is provided below.

#### Terms and conditions of leases

##### Office and IT equipment

The lease for photocopiers are for low value assets. The lease is for 5 years with 3 years remaining with no renewal option, the payments are fixed, however the lease includes variable payments based on usage.

#### (a) Income Statement

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

\$ '000	2021	2020
Variable lease payments based on usage	2	3
Expenses relating to low-value leases	32	31
	<b>34</b>	<b>34</b>

#### (b) Statement of Cash Flows

Total cash outflow for leases	34	34
	<b>34</b>	<b>34</b>

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

##### Accounting policy

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

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

##### Exceptions to lease accounting

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

## C2-2 Council as a lessor

### Operating leases

Council leases out a number of properties leased for the purpose of medical centres, housing and grazing; these leases have been classified as operating leases for financial reporting purposes and the assets are included in Note C1-6 IPPE.

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

\$ '000	2021	2020
<b>(ii) Assets held as property, plant and equipment</b>		
Council provides operating leases on Council buildings for the purpose of medical centre, housing and grazing, the table below relates to operating leases on assets disclosed in C1-5.		
Lease income (excluding variable lease payments not dependent on an index or rate)	116	122
<b>Total income relating to operating leases for Council assets</b>	<b>116</b>	<b>122</b>

### Amount of IPPE leased out by Council under operating leases

Land	609	609
Buildings	2,505	2,572
<b>Total amount of IPPE leased out by Council under operating leases</b>	<b>3,114</b>	<b>3,181</b>

### (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	26	96
1–2 years	3	53
2–3 years	1	2
3–4 years	–	2
<b>Total undiscounted lease payments to be received</b>	<b>30</b>	<b>153</b>

### 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
<b>Payables</b>				
Goods and services – operating expenditure	677	3	290	3
Accrued expenses:				
– Borrowings	27	–	33	–
– Salaries and wages	86	–	–	–
– Other expenditure accruals	23	–	23	–
Prepaid rates	56	–	45	–
Security bonds, deposits and retentions	138	–	80	–
Other	20	–	22	–
<b>Total payables</b>	<b>1,027</b>	<b>3</b>	<b>493</b>	<b>3</b>
<b>Total payables</b>	<b>1,027</b>	<b>3</b>	<b>493</b>	<b>3</b>

#### 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
<b>Grants and contributions received in advance:</b>					
Unexpended capital grants (to construct Council controlled assets)	(i)	118	-	341	-
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	99	-	2	-
Unexpended capital contributions (to construct Council controlled assets)	(i)	-	-	95	-
<b>Total grants received in advance</b>		<b>217</b>	<b>-</b>	<b>438</b>	<b>-</b>
<b>Total contract liabilities</b>		<b>217</b>	<b>-</b>	<b>438</b>	<b>-</b>

### Notes

(i) Council has received funding to construct assets including sporting and community facilities. 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
<b>Grants and contributions received in advance:</b>		
Capital grants (to construct Council controlled assets)	341	21
Operating grants (received prior to performance obligation being satisfied)	2	-
Capital contributions (to construct Council controlled assets)	95	-
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>438</b>	<b>21</b>

### Significant changes in contract liabilities

Council spent all contract liabilities from 2019/20 and a number of grants received in 2020/21 including Stronger Country Communities and Local Roads and Community Infrastructure were not fully expended.

### 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	2021	2020	2020
	Current	Non-current	Current	Non-current
Loans – secured <sup>1</sup>	157	3,366	161	3,523
<b>Total borrowings</b>	<b>157</b>	<b>3,366</b>	<b>161</b>	<b>3,523</b>

(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 19.

#### (a) Changes in liabilities arising from financing activities

\$ '000	2020		Non-cash movements				2021
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	3,684	(161)	–	–	–	–	3,523
<b>Total liabilities from financing activities</b>	<b>3,684</b>	<b>(161)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3,523</b>

\$ '000	2019		Non-cash movements				2020
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	3,827	(143)	–	–	–	–	3,684
<b>Total liabilities from financing activities</b>	<b>3,827</b>	<b>(143)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3,684</b>

#### (b) Financing arrangements

\$ '000	2021	2020
<b>Total facilities</b>		
Credit cards/purchase cards	15	15
<b>Total financing arrangements</b>	<b>15</b>	<b>15</b>
<b>Drawn facilities</b>		
– Credit cards/purchase cards	7	2
<b>Total drawn financing arrangements</b>	<b>7</b>	<b>2</b>
<b>Undrawn facilities</b>		
– Credit cards/purchase cards	8	13
<b>Total undrawn financing arrangements</b>	<b>8</b>	<b>13</b>

#### 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	337	–	323	–
Long service leave	559	91	537	89
ELE on-costs	40	2	37	2
<b>Total employee benefit provisions</b>	<b>936</b>	<b>93</b>	<b>897</b>	<b>91</b>

#### 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	603	584
	<b>603</b>	<b>584</b>

#### Accounting policy

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

#### Short-term obligations

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

#### Other long-term employee benefit obligations

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

#### On-costs

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

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

## C3-5 Provisions

\$ '000	2021	2021	2020	2020
	Current	Non-Current	Current	Non-Current
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	–	386	–	–
<b>Sub-total – asset remediation/restoration</b>	<b>–</b>	<b>386</b>	<b>–</b>	<b>–</b>
<b>Total provisions</b>	<b>–</b>	<b>386</b>	<b>–</b>	<b>–</b>

### Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Net carrying amount
<b>2021</b>		
<b>Additional provisions - 1st time recognition</b>	<b>386</b>	<b>386</b>
Total other provisions at end of year	386	386

#### Accounting policy

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

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

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

#### Asset remediation – tips and quarries

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

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

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

## 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 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 sewer columns are restricted for use for these activities.

#### D1-1 Income Statement by fund

\$ '000	General 2021	Sewer 2021
<b>Income from continuing operations</b>		
Rates and annual charges	3,018	530
User charges and fees	565	25
Interest and investment revenue	29	13
Other revenues	462	–
Grants and contributions provided for operating purposes	7,813	–
Grants and contributions provided for capital purposes	5,822	2
Other income	120	–
<b>Total income from continuing operations</b>	<b>17,829</b>	<b>570</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	3,319	19
Materials and services	2,920	428
Borrowing costs	128	36
Depreciation, amortisation and impairment of non-financial assets	3,675	253
Other expenses	597	–
Net losses from the disposal of assets	1,140	–
<b>Total expenses from continuing operations</b>	<b>11,779</b>	<b>736</b>
<b>Operating result from continuing operations</b>	<b>6,050</b>	<b>(166)</b>
<b>Net operating result for the year</b>	<b>6,050</b>	<b>(166)</b>
<b>Net operating result attributable to each council fund</b>	<b>6,050</b>	<b>(166)</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>228</b>	<b>(168)</b>



## D1-2 Statement of Financial Position by fund

\$ '000	General 2021	Sewer 2021
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	6,313	2,168
Receivables	770	79
Inventories	1,212	–
Contract assets and contract cost assets	399	–
Other	7	–
<b>Total current assets</b>	<b>8,701</b>	<b>2,247</b>
<b>Non-current assets</b>		
Receivables	86	–
Infrastructure, property, plant and equipment	308,623	9,811
Investments accounted for using the equity method	110	–
<b>Total non-current assets</b>	<b>308,819</b>	<b>9,811</b>
<b>TOTAL ASSETS</b>	<b>317,520</b>	<b>12,058</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	1,020	7
Contract liabilities	217	–
Borrowings	119	38
Employee benefit provision	936	–
<b>Total current liabilities</b>	<b>2,292</b>	<b>45</b>
<b>Non-current liabilities</b>		
Payables	3	–
Borrowings	2,508	858
Employee benefit provision	93	–
Provisions	386	–
<b>Total non-current liabilities</b>	<b>2,990</b>	<b>858</b>
<b>TOTAL LIABILITIES</b>	<b>5,282</b>	<b>903</b>
<b>Net assets</b>	<b>312,238</b>	<b>11,155</b>
<b>EQUITY</b>		
Accumulated surplus	212,906	7,243
Revaluation reserves	99,332	3,912
<b>Council equity interest</b>	<b>312,238</b>	<b>11,155</b>
<b>Total equity</b>	<b>312,238</b>	<b>11,155</b>

## D2 Interests in other entities

\$ '000	Council's share of net assets	
	2021	2020
<b>Council's share of net assets</b>		
<b>Net share of interests in joint ventures and associates using the equity method – assets</b>		
Joint ventures	110	106
<b>Total net share of interests in joint ventures and associates using the equity method – assets</b>	<b>110</b>	<b>106</b>
Total Council's share of net assets	110	106

### D2-1 Interests in joint arrangements

#### Net carrying amounts – Council's share

\$ '000	Nature of relationship	Place of business	Interest in ownership			
			2021	2020	2021	2020
Riverina Regional Library	Joint venture	Lockhart Milbrulong Pleasant Hills The Rock Yerong Creek	2.3%	2.3%	110	106
<b>Total carrying amounts – material joint ventures</b>					<b>110</b>	<b>106</b>

#### Riverina Regional Library

Provision of library services

#### Material joint ventures

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

The 2021 figures have come from the 2020 audited financial statements of Riverina Regional Library.

#### Details

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

#### Relevant interests and fair values

	Interest in outputs		Proportion of voting power	
	2021	2020	2021	2020
Riverina Regional Library	2.3%	2.3%	2.3%	2.3%

## D2-1 Interests in joint arrangements (continued)

### Summarised financial information for joint ventures

\$ '000	Riverina Regional Library	
	2021	2020
<b>Statement of financial position</b>		
<b>Current assets</b>		
Cash and cash equivalents	3,163	2,866
Other current assets	21	31
<b>Non-current assets</b>		
	2,587	2,641
<b>Current liabilities</b>		
Other current liabilities	1,093	981
<b>Non-current liabilities</b>		
Non-current liabilities	2	4
<b>Net assets</b>	<b>4,676</b>	<b>4,553</b>
<b>Statement of comprehensive income</b>		
Income	3,189	3,053
Interest income	18	30
Depreciation and amortisation	(901)	(854)
Interest expense	(7)	(13)
Employee Benefits & On-Costs	(1,494)	(1,482)
Other expenses	(683)	(626)
Loss on disposal	–	(32)
<b>Profit/(loss) from continuing operations</b>	<b>122</b>	<b>76</b>
<b>Profit/(loss) for the period</b>	<b>122</b>	<b>76</b>
<b>Total comprehensive income</b>	<b>122</b>	<b>76</b>
<b>Share of income – Council (%)</b>	<b>2.3%</b>	<b>2.3%</b>
<b>Profit/(loss) – Council (\$)</b>	<b>4</b>	<b>2</b>
<b>Total comprehensive income – Council (\$)</b>	<b>4</b>	<b>2</b>
<b>Reconciliation of the carrying amount</b>		
Opening net assets (1 July)	4,553	4,477
Profit/(loss) for the period	122	76
<b>Closing net assets</b>	<b>4,675</b>	<b>4,553</b>
<b>Council's share of net assets (%)</b>	<b>2.3%</b>	<b>2.3%</b>
<b>Council's share of net assets (\$)</b>	<b>110</b>	<b>106</b>

## E Risks and accounting uncertainties

### E1-1 Risks relating to financial instruments held

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

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

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

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

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

The risks associated with the financial instruments held are:

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

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

#### (a) Market risk – interest rate and price risk

<b>\$ '000</b>	<b>2021</b>	2020
<p>The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.</p>		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	<b>63</b>	64

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

### (b) Credit risk

Council's major receivables comprise rates, annual charges, 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 other than Council has significant credit risk exposures in its local area given the nature of Council activities.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable in the financial statements.

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
<b>2021</b>						
Gross carrying amount	163	70	22	18	15	288
2020						
Gross carrying amount	189	33	10	12	10	254

#### 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
<b>2021</b>						
Gross carrying amount	262	9	–	50	326	647
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	–	–	–	–	–	–
2020						
Gross carrying amount	163	25	535	130	20	873
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 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 and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in:		Total cash outflows	Actual carrying values
				1 - 5 Years	> 5 Years		
<b>2021</b>							
Trade/other payables	0.00%	138	833	3	–	974	974
Loans and advances	4.42%	–	331	1,324	3,228	4,883	3,523
<b>Total financial liabilities</b>		<b>138</b>	<b>1,164</b>	<b>1,327</b>	<b>3,228</b>	<b>5,857</b>	<b>4,497</b>
<b>2020</b>							
Trade/other payables	0.00%	80	368	3	–	451	451
Loans and advances	4.42%	–	331	1,324	3,559	5,214	3,684
<b>Total financial liabilities</b>		<b>80</b>	<b>699</b>	<b>1,327</b>	<b>3,559</b>	<b>5,665</b>	<b>4,135</b>

## 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				Total	
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		2021	2020
		2021	2020	2021	2020	2021	2020
<b>Recurring fair value measurements</b>							
<b>Infrastructure, property, plant and equipment</b>	C1-6						
Plant and equipment		–	–	4,531	4,202	4,531	4,202
Office equipment		–	–	250	149	250	149
Furniture and fittings		–	–	49	47	49	47
Operational land		1,551	1,505	–	–	1,551	1,505
Community land		–	–	2,634	1,967	2,634	1,967
Buildings – non-specialised		4,397	4,381	–	–	4,397	4,381
Buildings – specialised		–	–	9,025	8,069	9,025	8,069
Other structures		–	–	168	211	168	211
Roads, bridges, footpaths and bulk earthworks		–	–	275,634	193,992	275,634	193,992
Stormwater drainage		–	–	3,104	3,110	3,104	3,110
Sewerage network		–	–	9,811	9,222	9,811	9,222
Swimming pools		–	–	3,970	3,739	3,970	3,739
Other open space/recreational assets		–	–	2,342	1,105	2,342	1,105
Tip assets		–	–	386	–	386	–
<b>Total infrastructure, property, plant and equipment</b>		<b>5,948</b>	<b>5,886</b>	<b>311,904</b>	<b>225,813</b>	<b>317,852</b>	<b>231,699</b>

### 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.

### 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:

## E2-1 Fair value measurement (continued)

### Infrastructure, property, plant and equipment (IPPE) Plant & Equipment

Council's Plant and equipment incorporates:

- Major plants – Graders, Loaders, Rollers, Trucks, tractors.
- Fleet Vehicles – Cars, Utes etc.
- Minor Plant – Pumps, Chainsaws, brush cutters, mowers, concrete mixers.

Council fair values plant and equipment using Level 3 inputs. The observable Level 3 inputs used:

- Quoted price for similar assets
- Purchase price
- Useful life of asset
- Current replacement Cost

The 'Cost Approach' is used to value Plant & Equipment.

### Furniture & Fittings

Council's Furniture & Fittings incorporates:

- Furniture and fittings – Desks, Chairs, Display Systems

Council fair values furniture fittings using Level 3 inputs. The observable Level 3 inputs used include:

- Quoted prices for similar assets
- Current replacement cost
- Purchase prices
- Useful life on asset

The 'Cost Approach' is used to value Furniture & Fittings.

### Office Equipment

Council's Office Equipment incorporates:

- Office Equipment: workstations, chairs, bookshelves etc.

Council fair values office equipment using Level 3 inputs. The observable Level 3 inputs used include:

- Quoted prices for similar assets
- Current replacement cost
- Purchase prices
- Useful life on asset

The 'Cost Approach' is used to value Office Equipment.

### Infrastructure – Roads & Bulk Earthworks

The road carriageway is defined as the trafficable portion of a road, between but not including the kerb and gutter and would include any paved makers parking places as well as alongside roadside.

Council's Road Asset Data contains detailed dimensions and specification for all Council roads. Council fair values, road infrastructure using Level 3 inputs at a component level.

The 'Unit Rate Approach' is used to value roads by componentising the assets into significant parts and then rolling up these component values to provide an overall road valuation (for each road segment) within Council's Asset System. (AssetFinda)

Level of componentisation adopted by Council is in accordance with AASB 116, OLG Circular 09-09 and the Institute of Public Work Engineers International Infrastructure Management Manual (IIMM)

The unobservable Level 3 inputs used include:

- Components
- Useful life and residual value
- Asset Condition



## E2-1 Fair value measurement (continued)

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- Dimensions and Specification
- Remaining Life of Carriageway
- Unit Rates.

There were no changes in valuation technique from prior year. A revaluation as at 30 June 2021 was undertaken by Australis Asset Advisory Group. This covered all components of Roads and Bulk Earthworks, other than Kerbs & Gutters - which Council performed internally.

### Infrastructure – Bridges

A bridge is defined as all structures greater than 6m in trafficable length that convey a road, a footpath or a cycleway across any other physical feature (including waterways and other roads).

Council Road Asset Data contains detailed dimensions and specification for all Council's bridges. Council fair values, bridges (non- componentised) using Level 3 inputs.

The unobservable Level 3 inputs used include:

- Components
- Residual value
- Asset Condition
- Dimensions and Specification
- Unit Rates.

In addition, the value of bridges takes into consideration the various type of structures such as:

- Bridge Deck/ Superstructure
- Bridge Abutments/Foundations
- Bridge rails and hand rails

There were no changes in valuation technique from prior year. The 'Unit Rate Approach' is used to value bridges. A revaluation as at 30 June 2021 was undertaken by Australis Asset Advisory Group.

### Infrastructure – Footpaths

A footpath is defined as all footways (including those shared with a cycleway) sealed or non-sealed, located within Council's road reserve. Council Road Asset Data contains detailed dimensions and specifications for all Council footpaths.

Council fair values, footpaths (non-componentised) using Level 3 inputs. The unobservable Level 3 input used include:

- Components
- Residual value
- Asset Condition
- Dimensions and Specification
- Unit Rates.

In addition, the value of footpaths takes into consideration the various type of structure such as:

- Length
- Construction Materials

The 'Unit Rate Approach' is used to value footpaths. A revaluation as at 30 June 2021 was undertaken inhouse by council's engineering and finance staff.

### Infrastructure – Drainage

Council's Drainage Assets comprise pits, pipes, culverts, open channels, headwalls used to collect and remove stormwater. Council carries fair values drainages assets (non-componentised) using Level 3 inputs.

The unobservable Level 3 inputs used include:

- Components
- Residual value
- Asset Condition
- Dimensions and Specification
- Unit Rates.

## E2-1 Fair value measurement (continued)

In addition, the value of drainage assets takes into consideration the various type of structure such as

- Pipe Diameter
- Pit Type
- Water Quality Device Type
- Culverts and Headwall Constructions Type.

The 'Unit Rates Approach' is used to value drainage assets. A desktop valuation was performed this year.

### Property – Operational Land

Council's "Operational" land, by definition, has no special restriction other than those that may apply to any piece of land.

Council fair values operational land using an External Valuer every 5 years (last valuation being 2018) using Level 2 inputs. The unobservable level 2 inputs used include:

- Land Area
- Rate per square Metre
- Planning and Other Restrictions
- Description of Land

The 'Market Approach' is used to value the Operational Land.

### Property – Community Land

Council's "Community" land (including land owned by Council, the Crown and various other Government Agencies that is managed by Council) by definition is land intended for public access and use or where other restrictions applying to the land create some obligation to maintain public access (such as a trust deed, dedication under section 94 of the Environment Planning and Assessment Act 1979). This gives rise to the restrictions in the Act, intended to preserve the qualities of the land.

Community Land:

- Cannot be sold
- Cannot be leased, licensed, or any other estate granted over the land for more than 21 years.

In relation to Community Land the Office of Local Government has reviewed its positions on the use of the Valuer General's Valuations of community land and in association with the Local Government Accounting Advisory Group, the Division has determined that community land may be valued as follows.

- The NSW Valuer General's valuations may be used under revaluation model to represent fair value for the revaluation of community land under clause 31 of AASB 116.
- Council fair values community land using unobservable Level 3 inputs based on inputs on either the UCV (Unimproved Capital Value) provided by the Valuer General or an average unit rate based on the UCV and allocated by Council against those properties where the Valuer General did not provide a UCV.

Community land was revalued at 30 June 2021, using the latest NSW Valuer General Valuation.

### Property – Buildings (Specialised and non-Specialised)

Council Buildings incorporates Council administration buildings, Public Amenities, Sporting Club Rooms, Depot Buildings and workshops and public halls, Rural Fire Service Buildings and Council Caravan Park.

Council carries fair values of non-specialised buildings using Level 2 inputs and carries fair values of specialised buildings using Level 3. Valuations are generally carried out by an external Valuer, this approach estimates the replacement cost for each building by componentising the building (for complex structures) into significant parts with different useful life and taking in to account a range of factors. Buildings are physically inspected, and unit rates based on square metres and could be supported from the market evidence, extensive professional judgement, and condition and consumption rates etc. impact significantly on the final value determination of fair value. As such these assets are classified as having being valued using Level 3 inputs for specialised buildings and Level 2 inputs for non-specialised buildings.

The unobservable Level 3 inputs used include:

- Condition
- Useful Life of an asset

The 'Cost Approach' is used to value specialised buildings. A revaluation as at 30 June 2018 was undertaken by Assetval.

## E2-1 Fair value measurement (continued)

### Other Structures, Swimming Pools, Open Space & Recreation:

Council's other structures incorporates the following types of assets;

- Significant single assets such as swimming pools, playgrounds, floodlighting system, tennis courts, tennis shelters, etc. and
- Aggregated lower value assets such as recreational / park infrastructures (picnic tables, seats, bollards, fences, BBQs, irrigation systems etc.)

Council carries fair value of other structures assets (non-componentised) using Level 3 inputs. A revaluation as at 30 June 2021 was undertaken by AssetVal Pty Ltd.

The unobservable Level 3 inputs used include:

- Residual Value
- Asset Condition
- Components
- Dimensions and specifications
- Unit Rates.

The "Unit Rates Approach" is used to value other structures. The "Cost Approach" has been used for both new swimming pools.

### Sewerage Network

Council's Sewerage Network incorporates:

- Sewer Lines
- Pump Stations
- Vent Stacks
- Sewer Treatment Plant
- Recycle Water System

Council carries fair value of waste water supply assets using Level 3 inputs.

The unobservable Level 3 inputs used include:

- Residual Value
- Asset Condition
- Components
- Dimensions and specifications
- Unit Rates.

The "Unit Rates Approach" is used to value the sewerage network. A comprehensive revaluation as at 30 June 2020 was undertaken by an external valuer (Australis Asset Advisory Group), and a desktop valuation performed at 30 June 2021.

## Fair value measurements using significant unobservable inputs (level 3)

### The valuation process for level 3 fair value measurements

Council assesses the expertise required for the valuation of all asset classes in determining who will undertake the valuations. All asset classes with the exception of Operational and Community Land are undertaken by suitably qualified and experienced council officers. External valuers may also be engaged from time to time as management see fit. Land is valued using the Valuer General valuations. Management reviews the valuation reports for consistency and accuracy and to ensure all valuations are current.

## E2-1 Fair value measurement (continued)

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

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

\$ '000	Fair value (30/6/21) 2021	Valuation technique/s	Unobservable inputs
<b>Infrastructure, property, plant and equipment</b>			
Plant, equipment, furniture, fittings and office equipment	4,830	Cost used to approximate fair value	Gross replacement cost, useful life and residual value
Community Land	2,634	Land values obtained from the NSW Valuer General	Land value, land area
Specialised buildings	9,025	Cost used to approximate fair value	Gross replacement cost, useful life and residual value, asset condition
Other structures	168	Cost used to approximate fair value	Gross replacement cost, useful life and residual value, asset condition
Roads, bridges, footpaths, bulkworks	275,634	Unit rates per sq metre or length	Asset condition, unit rate and dimensions, remaining lives
Stormwater drainage	3,104	Cost used to approximate fair value	Asset condition and remaining lives, gross replacement cost, residual value
Sewerage Network	9,811	Cost used to approximate fair value	Asset condition and remaining lives, gross replacement cost, residual value
Swimming Pools	3,970	Cost used to approximate fair value	Asset condition and remaining lives, gross replacement cost, residual value
Other open space/recreational assets	2,342	Cost used to approximate fair value	Asset condition and remaining lives, gross replacement cost, residual value
Tip assets	386	Cost used to approximate fair value	Asset condition and remaining lives, gross replacement cost, residual value

### 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
<b>Opening balance</b>	<b>225,813</b>	221,035
<b>Total gains or losses for the period</b>		
Recognised in other comprehensive income – revaluation surplus	<b>80,698</b>	(1,452)
<b>Other movements</b>		
Transfers from/(to) level 2 FV hierarchy	<b>(41)</b>	–
Purchases (GBV)	<b>10,067</b>	10,922
Disposals (WDV)	<b>(815)</b>	(996)
Depreciation and impairment	<b>(3,818)</b>	(3,696)
<b>Closing balance</b>	<b>311,904</b>	225,813

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

There have been no transfers into or out of level 3 fair value hierarchy.

### Highest and best use

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

## E3-1 Contingencies

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

### LIABILITIES NOT RECOGNISED

#### 1. Guarantees

##### (i) Defined benefit superannuation contribution plans

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

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

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

##### *Description of the funding arrangements.*

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

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

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

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

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

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

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

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

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

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

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

## E3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2021 was \$18,359. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2020.

The amount of additional contributions included in the total employer contribution advised above is \$17,600. Council's expected contribution to the plan for the next annual reporting period is \$21,558.

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

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

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

The share of any funding surplus or deficit that can be attributed to Council is .05%.

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 30/6 this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

### (iii) StateCover Limited

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

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

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

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

## E3-1 Contingencies (continued)

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### (iv) Other guarantees

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

## 2. Other liabilities

### (i) Third party claims

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

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

### (ii) 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.

### (iii) Rehabilitation of quarries

The rehabilitation of Council's quarries is being considered by Council, with a long term plan being developed. Council is of the view any rehabilitation work will not be required for another ten or more years. Council is placing funds in Reserve for the future acquisition of land and rehabilitation of existing sites.

## ASSETS NOT RECOGNISED

### (i) Land under roads

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

### (ii) Infringement notices/fines

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

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

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

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

## F People and relationships

### F1 Related party disclosures

#### F1-1 Key management personnel (KMP)

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

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

\$ '000	2021	2020
<b>Compensation:</b>		
Short-term benefits	779	767
Post-employment benefits	59	51
Other long-term benefits	15	15
Termination benefits	–	34
<b>Total</b>	<b>853</b>	<b>867</b>

#### 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					
<b>2021</b>					
Mayor Schirmer / MWS Fabrication	71	18	Creditor 30 day account	–	–
Councillor Rockliff / Lockhart Newsagency	11	1	Creditor 30 day account	–	–
<b>2020</b>					
Mayor Schirmer / MWS Fabrication	62	–	Creditor 30 day account	–	–
Councillor Rockliff / Lockhart Newsagency	16	–	Creditor 30 day account	–	–



## F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2021	2020
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	27	27
Councillors' fees	96	96
Other Councillors' expenses (including Mayor)	3	20
<b>Total</b>	<b>126</b>	<b>143</b>

## 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		
<b>Auditors of the Council - NSW Auditor-General:</b>		
<b>(i) Audit and other assurance services</b>		
Audit and review of financial statements	43	37
<b>Remuneration for audit and other assurance services</b>	<b>43</b>	<b>37</b>
<b>Total Auditor-General remuneration</b>	<b>43</b>	<b>37</b>
<b>Non NSW Auditor-General audit firms</b>		
<b>(i) Audit and other assurance services</b>		
Internal Audit	18	12
<b>Remuneration for audit and other assurance services</b>	<b>18</b>	<b>12</b>
<b>Total remuneration of non NSW Auditor-General audit firms</b>	<b>18</b>	<b>12</b>
<b>Total audit fees</b>	<b>61</b>	<b>49</b>

## G Other matters

### G1-1 Statement of Cash Flows information

#### Reconciliation of net operating result to cash provided from operating activities

\$ '000	2021	2020
<b>Net operating result from Income Statement</b>	<b>5,884</b>	4,218
<b>Adjust for non-cash items:</b>		
Depreciation and amortisation	3,928	3,807
Net losses/(gains) on disposal of assets	1,140	796
Adoption of AASB 15/1058	–	(268)
Share of net (profits)/losses of associates/joint ventures using the equity method	(4)	(2)
<b>+/- Movement in operating assets and liabilities and other cash items:</b>		
Decrease/(increase) in receivables	238	(659)
Decrease/(increase) in inventories	(158)	19
Decrease/(increase) in other current assets	(4)	2
Decrease/(increase) in contract assets	(399)	–
Increase/(decrease) in payables	387	(354)
Increase/(decrease) in accrued interest payable	(6)	3
Increase/(decrease) in other accrued expenses payable	86	–
Increase/(decrease) in other liabilities	67	(17)
Increase/(decrease) in contract liabilities	(221)	438
Increase/(decrease) in provision for employee benefits	41	(36)
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>	<b>10,979</b>	7,947

### G2-1 Commitments

#### Capital commitments (exclusive of GST)

\$ '000	2021	2020
<b>Property, plant and equipment</b>		
Drainage – Flood Mitigation	2,218	–
<b>Total commitments</b>	<b>2,218</b>	–
<b>These expenditures are payable as follows:</b>		
Within the next year	2,218	–
<b>Total payable</b>	<b>2,218</b>	–
<b>Sources for funding of capital commitments:</b>		
Future Grants - Flood Mitigation	1,901	–
Internal Restricted Reserve-Flood Mitigation	317	–
<b>Total sources of funding</b>	<b>2,218</b>	–

## G3-1 Events occurring after the reporting date

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Council is aware of the following 'non-adjusting events' that merit disclosure:

On 1 July 2021 Lockhart Shire Council transferred ownership of Lot 1 DP 812924, situated at 186 Green Street Lockhart and comprising six independent living units described as Magnolia Lodge, to Respect Group Ltd, a not-for-profit provider of aged care, pursuant to a Deed of Gift executed by Council and Respect Group Ltd.

The transfer was subject to security of purpose conditions that aim to secure the future of Woodhaven Aged Care, a community based aged care facility in Lockhart, and facilitate the expansion of independent living units and aged care services in the town.

The carrying value of this property was \$392,000 as at 30 June 2021.

## G4 Statement of developer contributions as at 30 June 2021

### G4-1 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					
Community facilities	200	50	–	1	–	–	251	–
Halls	5	–	–	–	–	–	5	–
<b>S7.11 contributions – under a plan</b>	<b>205</b>	<b>50</b>	<b>–</b>	<b>1</b>	<b>–</b>	<b>–</b>	<b>256</b>	<b>–</b>
<b>Total S7.11 and S7.12 revenue under plans</b>	<b>205</b>	<b>50</b>	<b>–</b>	<b>1</b>	<b>–</b>	<b>–</b>	<b>256</b>	<b>–</b>
<b>Total contributions</b>	<b>205</b>	<b>50</b>	<b>–</b>	<b>1</b>	<b>–</b>	<b>–</b>	<b>256</b>	<b>–</b>

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.

### G4-2 Developer contributions by 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					
<b>CONTRIBUTION PLAN - COUNCIL WIDE S94A CONTRIBUTIONS</b>								
Community facilities	200	50	–	1	–	–	251	–
Halls	5	–	–	–	–	–	5	–
<b>Total</b>	<b>205</b>	<b>50</b>	<b>–</b>	<b>1</b>	<b>–</b>	<b>–</b>	<b>256</b>	<b>–</b>

## G5 Statement of performance measures

### G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2021	Indicator 2021	Indicators 2020      2019		Benchmark
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>1,196</b>	<b>9.51%</b>	8.37%	9.35%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>12,571</b>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>4,758</b>	<b>25.87%</b>	29.10%	33.75%	> 60.00%
Total continuing operating revenue <sup>1</sup>	<b>18,395</b>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	<b>7,680</b>	<b>5.22x</b>	6.51x	5.46x	> 1.50x
Current liabilities less specific purpose liabilities	<b>1,472</b>				
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>5,288</b>	<b>16.27x</b>	15.84x	13.16x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>325</b>				
<b>5. Rates and annual charges outstanding percentage</b>					
Rates and annual charges outstanding	<b>288</b>	<b>7.56%</b>	6.83%	6.65%	< 10.00%
Rates and annual charges collectable	<b>3,810</b>				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<b>8,481</b>	<b>11.98</b>	11.02	12.06	> 3.00
Monthly payments from cash flow of operating and financing activities	<b>708</b>	<b>mths</b>	mths	mths	mths

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

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

## G5-2 Statement of performance measures by fund

\$ '000	General Indicators <sup>3</sup>		Sewer Indicators		Benchmark
	2021	2020	2021	2020	
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>11.36%</b>	9.13%	<b>(29.58)%</b>	(6.27)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>					
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>23.51%</b>	26.57%	<b>99.65%</b>	88.43%	> 60.00%
Total continuing operating revenue <sup>1</sup>					
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	<b>5.22x</b>	6.51x	<b>49.93x</b>	55.28x	> 1.50x
Current liabilities less specific purpose liabilities					
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>20.34x</b>	19.27x	<b>1.70x</b>	3.11x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)					
<b>5. Rates and annual charges outstanding percentage</b>					
Rates and annual charges outstanding	<b>6.51%</b>	5.95%	<b>13.19%</b>	11.59%	< 10.00%
Rates and annual charges collectable					
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<b>9.50</b>	8.34	<b>50.42</b>	61.37	> 3.00
Monthly payments from cash flow of operating and financing activities	<b>mths</b>	mths	<b>mths</b>	mths	mths

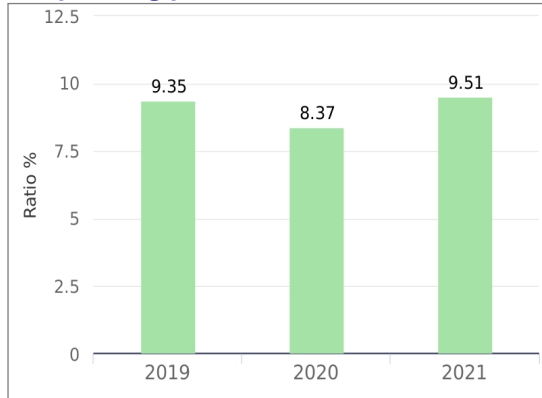
(1) - (2) Refer to Notes at Note G4-1 above.

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

## H Additional Council disclosures (unaudited)

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

#### 1. Operating performance ratio



#### Purpose of operating performance ratio

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

#### Commentary on 2020/21 result

2020/21 ratio 9.51%

Council's Operating performance is again consistent with prior year's. This year's result continues Council's long term Operating results being above the benchmark.

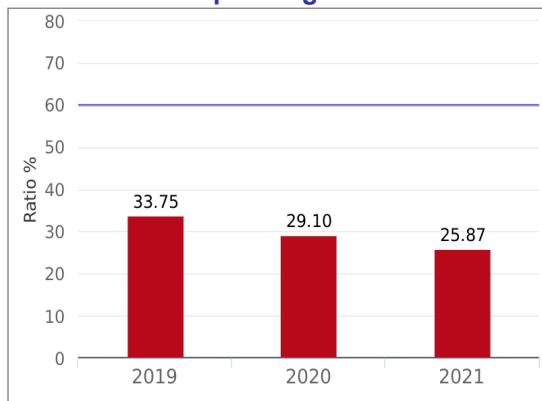
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### 2. Own source operating revenue ratio



#### Purpose of own source operating revenue ratio

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

#### Commentary on 2020/21 result

2020/21 ratio 25.87%

Council's own source operating revenue is being impacted by the level of grants being provided by both the commonwealth and state government, mainly related to Covid stimulus.

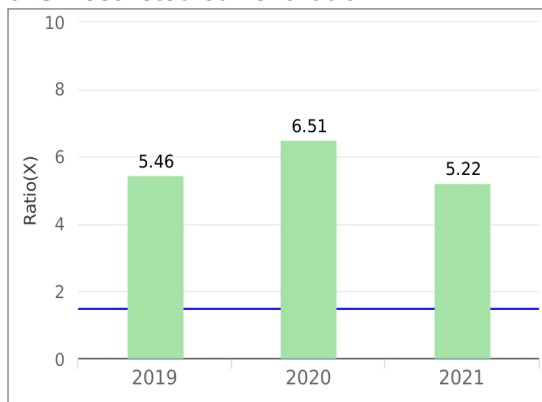
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### 3. Unrestricted current ratio



#### Purpose of unrestricted current ratio

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

#### Commentary on 2020/21 result

2020/21 ratio 5.22x

Council's ratio for this year has dropped slightly, however is again well above the industry benchmark. Council is in a strong financial position to pay its debts as and when they fall due.

Benchmark: — > 1.50x

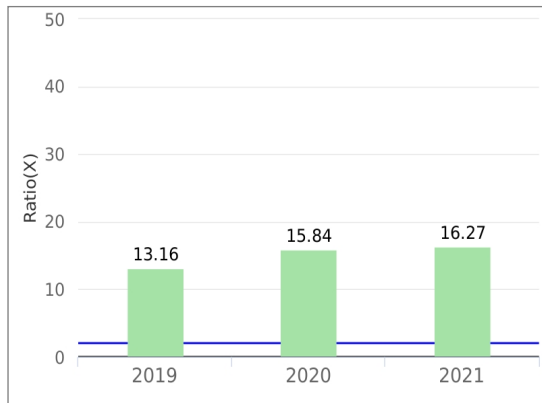
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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

### 4. Debt service cover ratio



**Purpose of debt service cover ratio**

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

**Commentary on 2020/21 result**

2020/21 ratio 16.27x

Council's ratio is well above the industry benchmark and consistent with prior years.

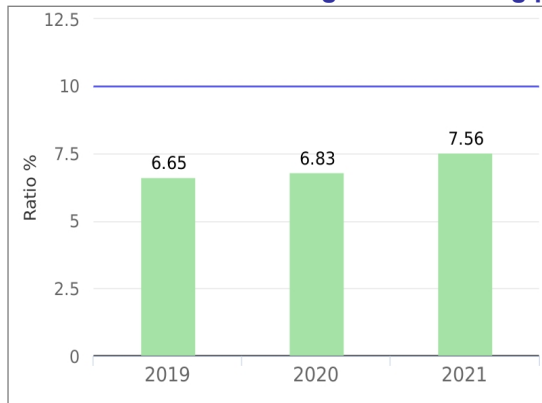
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

### 5. Rates and annual charges outstanding percentage



**Purpose of rates and annual charges outstanding percentage**

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

**Commentary on 2020/21 result**

2020/21 ratio 7.56%

Despite the Covid 19 impacts Council's ratio is still well under the benchmark of 10%.

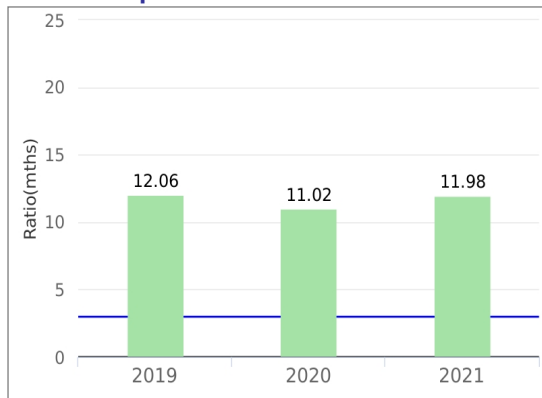
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

### 6. Cash expense cover ratio



**Purpose of cash expense cover ratio**

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

**Commentary on 2020/21 result**

2020/21 ratio 11.98 mths

Council continues to maintain a strong liquidity ratio which is well above the benchmark.

Benchmark: — > 3.00mths

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark



## H1-2 Council information and contact details

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**Principal place of business:**

65 Green Street  
LOCKHART NSW 2656

**Contact details**

**Mailing Address:**

P O BOX 21  
LOCKHART NSW 2656

**Telephone:** 02 6920 5305

**Facsimile:** 02 6920 5247

**Opening hours:**

8:30am - 4.30pm  
Monday to Friday

**Internet:** [www.lockhart.nsw.gov.au](http://www.lockhart.nsw.gov.au)

**Email:** [mail@lockhart.nsw.gov.au](mailto:mail@lockhart.nsw.gov.au)

**Officers**

**General Manager**

Peter Veneris

**Responsible Accounting Officer**

Craig Fletcher

**Auditors**

Auditor-General  
Audit Office of NSW  
Level 19, Darling Park Tower 2  
201 Sussex Street  
Sydney NSW 2000

**Elected members**

**Mayor**

Rodger Schirmer

**Councillors**

Clr Max Day  
Clr Derek Douglas  
Clr Gail Driscoll  
Clr Ian Marston  
Clr Peter Sharp  
Clr Andrew Rockliff  
Clr Gregory Verdon (Deputy Mayor)  
Clr James Walker

**Other information**

**ABN:** 82 002 584 082



**INDEPENDENT AUDITOR'S REPORT**  
**Report on the general purpose financial statements**  
**Lockhart Shire Council**

To the Councillors of the Lockhart Shire Council

## Opinion

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

In my opinion:

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

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

## Basis for Opinion

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

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

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

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

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

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

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

## **Other Information**

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

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

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

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

I have nothing to report in this regard.

## **The Councillors' Responsibilities for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://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.



Michael Kharzoo  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

9 December 2021  
SYDNEY



Cr Greg Verdon  
Delegate Mayor  
Lockhart Shire Council  
PO Box 21  
LOCKHART NSW 2656

Contact: Michael Kharzoo  
Phone no: (02) 9275 7188  
Our ref: D2126142/1757

9 December 2021

Dear Mayor

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

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

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

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

### **SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS**

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	3.5	3.5	
Grants and contributions revenue	13.6	10.9	 24.8
Operating result from continuing operations	5.9	4.2	 40.5
Net operating result before capital grants and contributions	0.1	0.2	 50.0

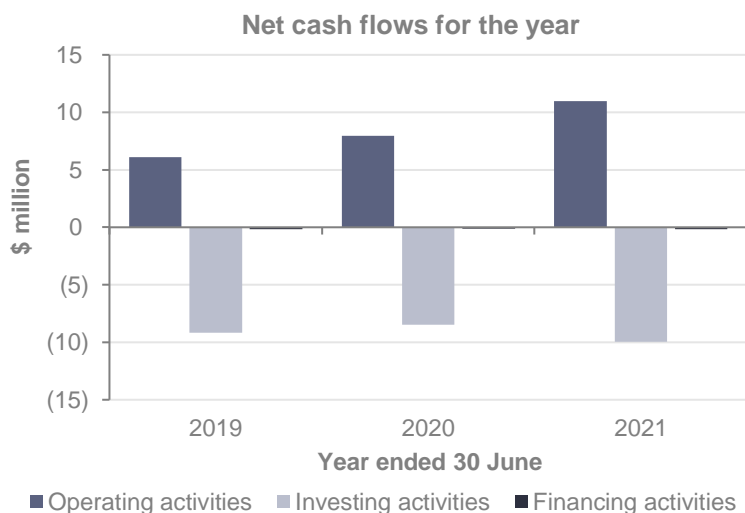
The Council's operating result from continuing operations (\$5.9 million including depreciation and amortisation expense of \$3.9 million) was \$1.7 million higher than the 2019–20 result. This was driven by the \$2.7 million increase in grants and contributions revenue, offset by the increase in net loss from disposal of assets by \$0.3 million and increase in materials and services expense by \$0.7 million.

The net operating result before capital grants and contributions (surplus of \$0.1 million) was \$0.1 million lower than the 2019-20 result (surplus of \$0.2 million). This is driven by the increase in net loss from disposal of assets by \$0.3 million and increase in materials and services expense by \$0.7 million (as noted in above commentary), offset by the \$0.9 million increase in operating grants and contribution

Grants and contributions revenue (\$13.6 million) increased by \$2.7 million (24.8 per cent) in 2020–21 with the main increase due to \$1.0 million of Local Roads and Community Infrastructure funding and \$1.0 million of Fixing Local Roads funding.

## STATEMENT OF CASH FLOWS

- Councils cash and cash equivalents was \$8.5 million at 30 June 2021 (\$7.6 million at 30 June 2020). There was a net increase in cash and cash equivalents of \$0.9 million during 2020-21 financial year.
- Net cash provided by operating activities has increased by \$3.0 million. This is mainly due to higher cash receipts from grants and contributions.
- Net cash used in investing activities has increased by \$1.5 million, due to the increase in purchase of infrastructure, property, plant and equipment of \$1.5 million.
- Net cash used in financing activities has remained relatively constant from 2020 to 2021, as it relates to repayment of prior borrowings.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2021	2020	Commentary
	\$m	\$m	
<b>Total cash, cash equivalents and investments</b>	<b>8.5</b>	<b>7.6</b>	<ul style="list-style-type: none"> <li>Externally restricted cash and investments are restricted in their use by externally imposed requirements. The externally restricted funds have remained consistent with the prior year.</li> <li>Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect identified programs of works and any forward plans identified by Council. The increase is due to the consolidation of \$337 thousand of Section 355 Committee funds into Council's position for 2021.</li> <li>Unrestricted cash and investments have increased from prior year given the sale of real estate assets during 2021.</li> </ul>
Restricted cash and investments:			
• External restrictions	2.7	2.8	
• Internal restrictions	5.3	4.6	
• Unrestricted	0.5	0.2	

### Debt

Council has \$3.5 million of borrowings as at 30 June 2021 (2020: \$3.7 million). The borrowings are drawn through Bendigo Bank related to Council's administration building and T-Corp related to capital works for the swimming pool upgrades and the sewer network extension.

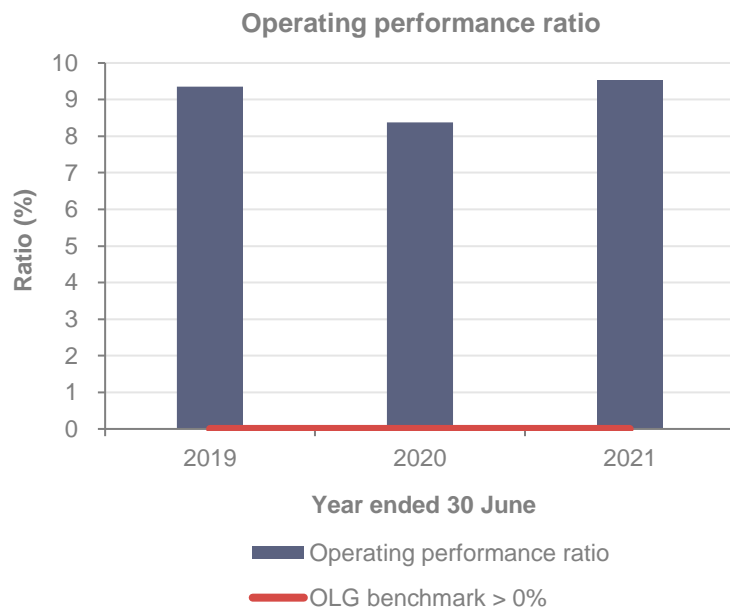
# PERFORMANCE

## Performance measures

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

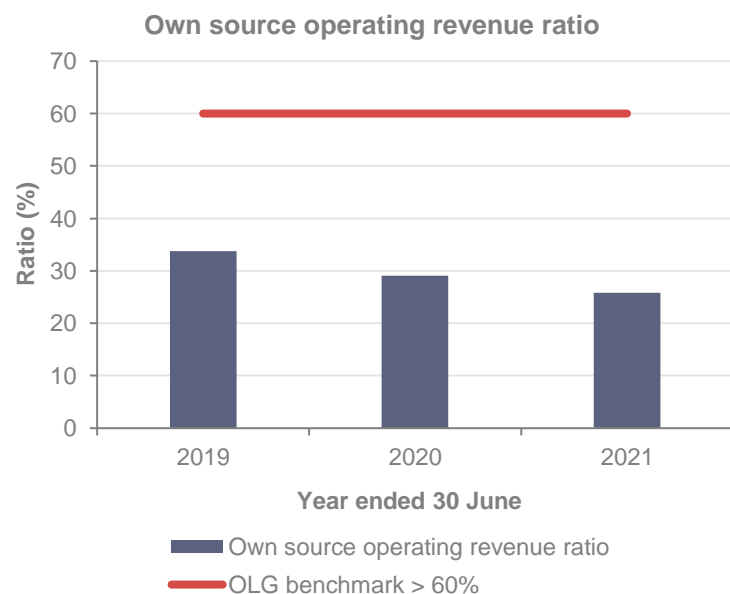
### Operating performance ratio

- The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.
- The Council exceeded the OLG benchmark for the current reporting period.
- The operating performance ratio increased to 9.51%, largely due to the \$2.7 million increase in grants and contributions revenue, offset by the increase in net loss from disposal of assets by \$0.3 million and increase in materials and services expense by \$0.7 million (as noted in earlier commentary).



### Own source operating revenue ratio

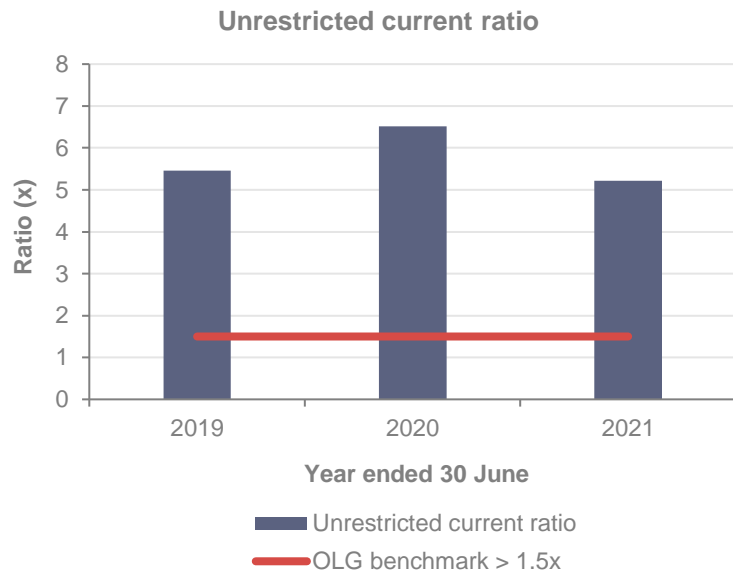
- The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.
- The Council did not meet the OLG benchmark for the current reporting period.
- The own source operating revenue ratio has slightly decreased over the past two years, as grants and contributions continue to represent a significant portion of Council's income.





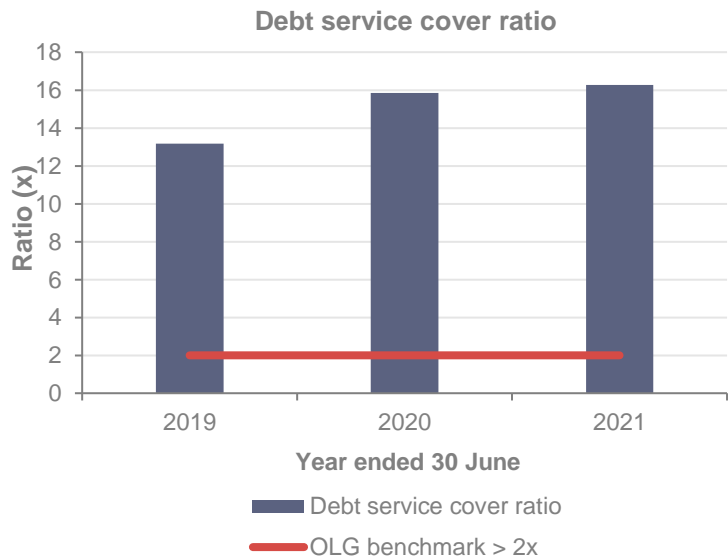
### Unrestricted current ratio

- The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.
- The Council's ratio of 5.2 exceeded the OLG benchmark for the current reporting period.



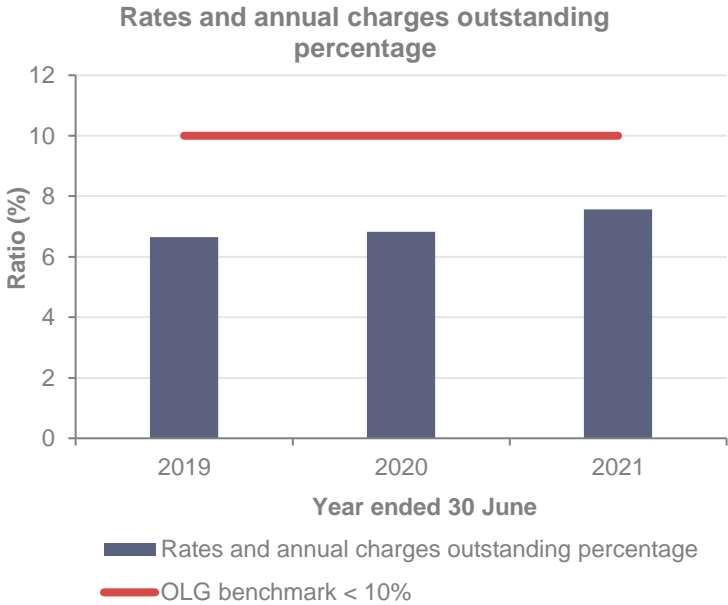
### Debt service cover ratio

- The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.
- The Council's ratio of 16.3 exceeded the OLG benchmark for the current reporting period.
- The Council's debt service cover ratio remained relatively constant from 2020 to 2021.



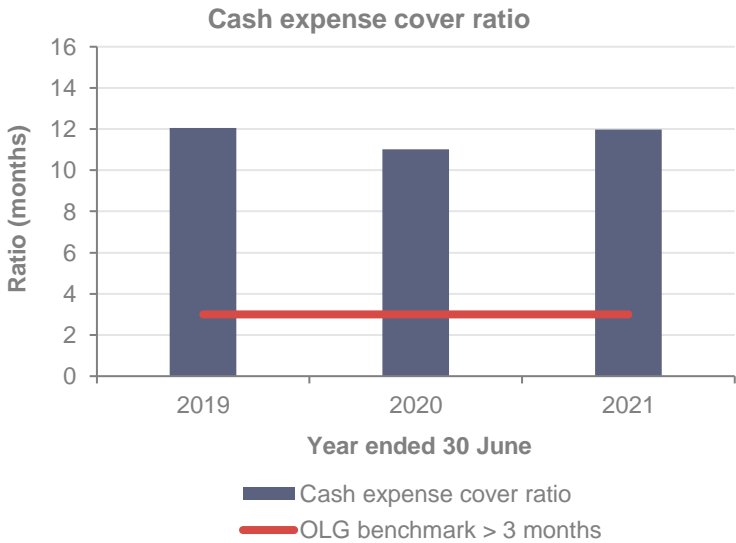
**Rates and annual charges outstanding percentage**

- 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 met the OLG benchmark for the current reporting period, with a ratio of 7.5 per cent.
- The rates and annual charges outstanding percentage has increased slightly from the previous year and this relates to regulations limiting some Council debt recovery actions due to COVID-19.



**Cash expense cover ratio**

- This liquidity ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.
- The Council's ratio of 12 exceeded the OLG benchmark for the current reporting period.
- The Council's cash expense cover ratio remained relatively constant from 2020 to 2021.



**Infrastructure, property, plant and equipment renewals**

The Council renewed \$3.0 million of assets in the 2020-21 financial year, compared to \$4.1 million of assets in the 2019-20 financial year. The decrease is primarily due to reduction in Road and Bulk Earthwork renewals from \$4.0 million in 2019-20, to \$2.2 million in 2020-21.

## 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.



Michael Kharzoo  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

cc: Mr Peter Veneris, General Manager  
Craig Fletcher, Director of Corporate and Community Services  
Kiersten Fishburn, Secretary of the Department of Planning, Industry and Environment

# Lockhart Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2021

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Lockhart  
Shire Council

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<b>Statement by Councillors and Management</b>	<b>3</b>
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<b>Auditor's Report on Special Purpose Financial Statements</b>	<b>9</b>

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### Background

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

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

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

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

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

## Lockhart Shire Council

### Special Purpose Financial Statements

for the year ended 30 June 2021

### Statement by Councillors and Management

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

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

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

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

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

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

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



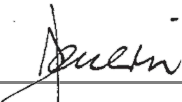
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Rodger Schirmer  
**Mayor**  
15 November 2021



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Greg Verdon  
**Councillor**  
15 November 2021



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Peter Veneris  
**General Manager**  
15 November 2021



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Craig Fletcher  
**Responsible Accounting Officer**  
15 November 2021

## Lockhart Shire Council

### Income Statement of sewerage business activity

for the year ended 30 June 2021

\$ '000	2021	2020
<b>Income from continuing operations</b>		
Access charges	530	514
User charges	5	6
Fees	20	–
Interest	13	38
<b>Total income from continuing operations</b>	<b>568</b>	<b>558</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	19	100
Borrowing costs	36	34
Materials and services	428	253
Depreciation, amortisation and impairment	253	206
<b>Total expenses from continuing operations</b>	<b>736</b>	<b>593</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(168)</b>	<b>(35)</b>
Grants and contributions provided for capital purposes	2	73
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(166)</b>	<b>38</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(166)</b>	<b>38</b>
<b>Surplus (deficit) after tax</b>	<b>(166)</b>	<b>38</b>
<b>Plus accumulated surplus</b>	<b>7,409</b>	<b>7,371</b>
<b>Plus adjustments for amounts unpaid:</b>		
<b>Less:</b>		
<b>Closing accumulated surplus</b>	<b>7,243</b>	<b>7,409</b>
<b>Return on capital %</b>	<b>(1.3)%</b>	<b>0.0%</b>
<b>Subsidy from Council</b>	<b>278</b>	<b>82</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	(166)	38
Less: capital grants and contributions (excluding developer contributions)	(2)	(73)
<b>Surplus for dividend calculation purposes</b>	<b>–</b>	<b>–</b>
<b>Potential dividend calculated from surplus</b>	<b>–</b>	<b>–</b>

## Lockhart Shire Council

### Statement of Financial Position of sewerage business activity

as at 30 June 2021

\$ '000	2021	2020
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,168	2,143
Receivables	79	68
<b>Total current assets</b>	<b>2,247</b>	<b>2,211</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	9,811	9,221
<b>Total non-current assets</b>	<b>9,811</b>	<b>9,221</b>
<b>Total assets</b>	<b>12,058</b>	<b>11,432</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	7	4
Borrowings	38	36
<b>Total current liabilities</b>	<b>45</b>	<b>40</b>
<b>Non-current liabilities</b>		
Borrowings	858	895
<b>Total non-current liabilities</b>	<b>858</b>	<b>895</b>
<b>Total liabilities</b>	<b>903</b>	<b>935</b>
<b>Net assets</b>	<b>11,155</b>	<b>10,497</b>
<b>EQUITY</b>		
Accumulated surplus	7,243	7,409
Revaluation reserves	3,912	3,088
<b>Total equity</b>	<b>11,155</b>	<b>10,497</b>



## 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)

None

#### Category 2

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

#### Sewerage Service

Comprising the whole of the sewerage reticulation and treatment operations and net assets system servicing the villages of Lockhart, The Rock and Yerong Creek.

### Taxation equivalent charges

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

#### Notional rate applied (%)

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

## Note – Significant Accounting Policies (continued)

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

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

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

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

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

### Income tax

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

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

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

### Local government rates and charges

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

### Loan and debt guarantee fees

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

#### (i) Subsidies

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

#### (ii) Return on investments (rate of return)

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

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

The rate of return is calculated as follows:

**Operating result before capital income + interest expense**

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

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

## Note – Significant Accounting Policies (continued)

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### (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 sewerage businesses are permitted to pay an annual dividend from its 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 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**  
**Lockhart Shire Council**

To the Councillors of Lockhart Shire Council

### **Opinion**

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

The Declared Business Activities of the Council is Sewerage service.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activity as at 30 June 2021, and its 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](http://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.



Michael Kharzoo  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

9 December 2021  
SYDNEY

# Lockhart Shire Council

SPECIAL SCHEDULES  
for the year ended 30 June 2021

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Lockhart  
Shire Council

# Lockhart Shire Council

## Special Schedules

for the year ended 30 June 2021

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Permissible income for general rates

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Report on infrastructure assets as at 30 June 2021

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## Lockhart Shire Council

### Permissible income for general rates

\$ '000	Notes	Calculation 2020/21	Calculation 2021/22
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	2,477	2,542
Plus or minus adjustments <sup>2</sup>	b	1	11
<b>Notional general income</b>	c = a + b	<b>2,478</b>	<b>2,553</b>
<b>Permissible income calculation</b>			
Or rate peg percentage	e	2.60%	2.00%
Or plus rate peg amount	i = e x (c + g)	64	51
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>2,542</b>	<b>2,604</b>
Plus (or minus) last year's carry forward total	l	9	8
<b>Sub-total</b>	n = (l + m)	<b>9</b>	<b>8</b>
<b>Total permissible income</b>	o = k + n	<b>2,551</b>	<b>2,612</b>
Less notional general income yield	p	2,542	2,598
<b>Catch-up or (excess) result</b>	q = o - p	<b>9</b>	<b>14</b>
Less unused catch-up <sup>5</sup>	s	(1)	(7)
<b>Carry forward to next year <sup>6</sup></b>	t = q + r + s	<b>8</b>	<b>7</b>

#### 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.
- (5) Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- (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

#### Lockhart Shire Council

To the Councillors of Lockhart Shire Council

### Opinion

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

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

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

### Basis for Opinion

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

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

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

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

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

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

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

### Emphasis of Matter - Basis of Accounting

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

## Other Information

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

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

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

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

I have nothing to report in this regard.

## The Councillors' Responsibilities for the Schedule

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

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

## Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

A description of my responsibilities for the audit of the Schedule is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar8.pdf](http://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.



Michael Kharzoo  
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

9 December 2021  
SYDNEY

## Lockhart Shire Council

## Report on infrastructure assets as at 30 June 2021

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard \$ '000	Estimated cost to bring to the agreed level of service set by Council \$ '000	2020/21 Required maintenance <sup>a</sup> \$ '000	2020/21 Actual maintenance \$ '000	Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Buildings	Buildings – non-specialised	250	–	60	43	4,397	6,796	28.0%	2,837.0%	30.0%	5.0%	(2,800.0%)
	Buildings – specialised	150	–	20	16	9,025	16,474	30.0%	25.0%	30.0%	10.0%	5.0%
	<b>Sub-total</b>	<b>400</b>	<b>–</b>	<b>80</b>	<b>59</b>	<b>13,422</b>	<b>23,270</b>	<b>29.4%</b>	<b>846.2%</b>	<b>30.0%</b>	<b>8.5%</b>	<b>(814.2%)</b>
Other structures	Other structures	–	–	–	–	168	415	0.0%	0.0%	0.0%	0.0%	100.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>168</b>	<b>415</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>
Roads	Roads	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sealed roads	–	–	600	695	186,061	214,809	25.0%	50.0%	25.0%	0.0%	0.0%
	Unsealed roads	–	–	600	742	77,409	82,716	40.0%	10.0%	50.0%	0.0%	0.0%
	Bridges	–	–	–	–	5,212	7,400	75.0%	25.0%	0.0%	0.0%	0.0%
	Footpaths	–	–	–	13	1,679	2,428	90.0%	5.0%	5.0%	0.0%	0.0%
	Other road assets	–	–	–	8	5,273	8,617	0.0%	10.0%	90.0%	0.0%	0.0%
	Bulk earthworks	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Other road assets (incl. bulk earth works)	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>1,200</b>	<b>1,458</b>	<b>275,634</b>	<b>315,970</b>	<b>29.9%</b>	<b>37.5%</b>	<b>32.6%</b>	<b>0.0%</b>	<b>0.0%</b>	
Sewerage network	Sewerage network	–	–	250	219	9,811	17,008	0.0%	0.0%	0.0%	0.0%	100.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>250</b>	<b>219</b>	<b>9,811</b>	<b>17,008</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>
Stormwater drainage	Stormwater drainage	–	–	–	–	3,104	3,215	0.0%	0.0%	0.0%	0.0%	100.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3,104</b>	<b>3,215</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>

# Lockhart Shire Council

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

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard \$ '000	Estimated cost to bring to the agreed level of service set by Council \$ '000	2020/21 Required maintenance <sup>a</sup> \$ '000	2020/21 Actual maintenance \$ '000	Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Open space / recreational assets	Swimming pools	–	–	–	66	3,970	4,207	0.0%	0.0%	0.0%	0.0%	100.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Open Space/Recreation	–	–	330	347	2,342	4,402	0.0%	0.0%	0.0%	0.0%	100.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>330</b>	<b>413</b>	<b>6,312</b>	<b>8,609</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>
<b>Total – all assets</b>		<b>400</b>	<b>–</b>	<b>1,860</b>	<b>2,149</b>	<b>308,451</b>	<b>368,487</b>	<b>27.5%</b>	<b>85.6%</b>	<b>29.8%</b>	<b>0.5%</b>	<b>(43.5%)</b>

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

### Infrastructure asset condition assessment 'key'

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

## Lockhart Shire Council

### Report on infrastructure assets as at 30 June 2021

#### Infrastructure asset performance indicators (consolidated) \*

\$ '000	Amounts 2021	Indicator 2021	Indicators		Benchmark
			2020	2019	
<b>Buildings and infrastructure renewals ratio</b>					
Asset renewals <sup>1</sup>	<b>3,042</b>	<b>89.29%</b>	124.44%	159.68%	>= 100.00%
Depreciation, amortisation and impairment	<b>3,407</b>				
<b>Infrastructure backlog ratio</b>					
Estimated cost to bring assets to a satisfactory standard	<b>400</b>	<b>0.13%</b>	0.18%	0.59%	< 2.00%
Net carrying amount of infrastructure assets	<b>309,033</b>				
<b>Asset maintenance ratio</b>					
Actual asset maintenance	<b>2,149</b>	<b>115.54%</b>	101.65%	105.98%	> 100.00%
Required asset maintenance	<b>1,860</b>				
<b>Cost to bring assets to agreed service level</b>					
Estimated cost to bring assets to an agreed service level set by Council	<b>-</b>	<b>0.00%</b>	0.00%	0.00%	
Gross replacement cost	<b>368,487</b>				

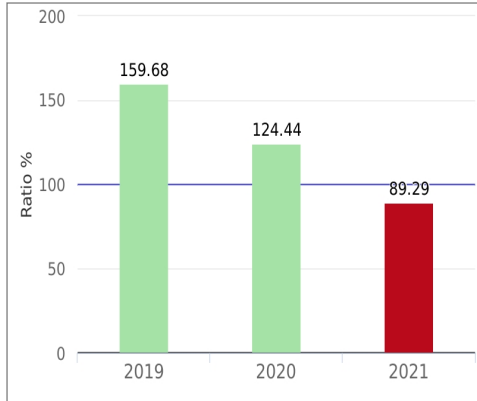
(\*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

# Lockhart Shire Council

## Report on infrastructure assets as at 30 June 2021

### Buildings and infrastructure renewals ratio



**Buildings and infrastructure renewals ratio**

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

**Commentary on result**

20/21 ratio 89.29%

Although FY21 ratio is below the benchmark, Council has maintained a healthy average of 107.64 over the 4 year period 2018-2021 that is above the industry benchmark.

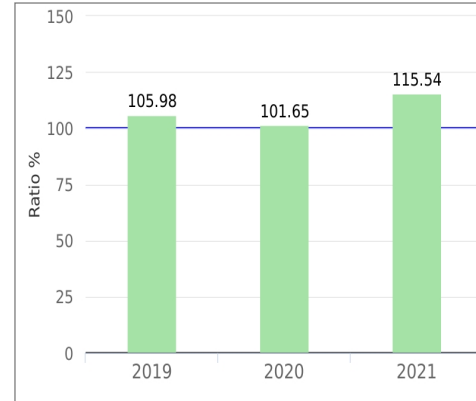
Benchmark: —  $\geq 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

### Asset maintenance ratio



**Asset maintenance ratio**

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

**Commentary on result**

20/21 ratio 115.54%

Consistent with an improved average of 108.65 over past 4 years.

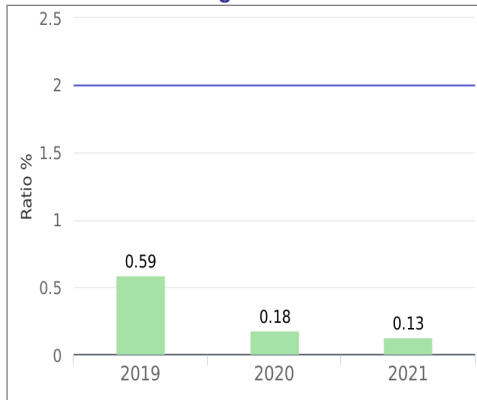
Benchmark: —  $> 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

### Infrastructure backlog ratio



**Infrastructure backlog ratio**

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

**Commentary on result**

20/21 ratio 0.13%

Average remains under the industry benchmark.

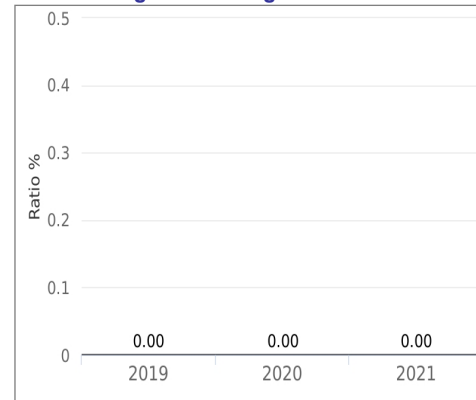
Benchmark: —  $< 2.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

### Cost to bring assets to agreed service level



**Cost to bring assets to agreed service level**

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

**Commentary on result**

20/21 ratio 0.00%



## Lockhart Shire Council

### Report on infrastructure assets as at 30 June 2021

#### Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Sewer fund		Benchmark
	2021	2020	2021	2020	
<b>Buildings and infrastructure renewals ratio</b>					
Asset renewals <sup>1</sup>	<b>96.45%</b>	132.80%	<b>0.00%</b>	0.00%	>= 100.00%
Depreciation, amortisation and impairment					
<b>Infrastructure backlog ratio</b>					
Estimated cost to bring assets to a satisfactory standard	<b>0.13%</b>	0.19%	<b>0.00%</b>	0.00%	< 2.00%
Net carrying amount of infrastructure assets					
<b>Asset maintenance ratio</b>					
Actual asset maintenance	<b>119.88%</b>	102.75%	<b>87.60%</b>	90.67%	> 100.00%
Required asset maintenance					
<b>Cost to bring assets to agreed service level</b>					
Estimated cost to bring assets to an agreed service level set by Council	<b>0.00%</b>	0.00%	<b>0.00%</b>	0.00%	
Gross replacement cost					

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