

Coolamon Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2021



Coolamon Shire Council

General Purpose Financial Statements

for the year ended 30 June 2021

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Overview

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

55 Cowabbie Street
COOLAMON NSW 2701

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.coolamon.nsw.gov.au.

Coolamon Shire Council

General Purpose Financial Statements

for the year ended 30 June 2021

Statement by Councillors and Management

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

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

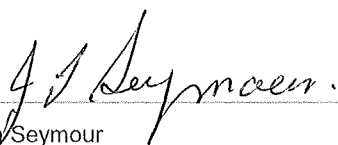
- the *Local Government Act 1993* (NSW) (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the *Local Government Code of Accounting Practice and Financial Reporting*.

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 21 October 2021



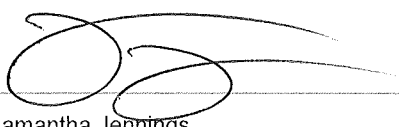
John Seymour
Mayor
21 October 2021



Bruce Hutcheon
Councillor
21 October 2021



Tony Donoghue
General Manager
21 October 2021



Samantha Jennings
Responsible Accounting Officer
21 October 2021

Coolamon Shire Council**Income Statement**

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000		Actual 2021	Actual 2020
		Notes		
	Income from continuing operations			
3,932	Rates and annual charges	B2-1	3,958	3,742
4,231	User charges and fees	B2-2	5,072	4,336
216	Other revenue	B2-3	583	550
6,476	Grants and contributions provided for operating purposes	B2-4	7,323	6,899
2,153	Grants and contributions provided for capital purposes	B2-4	2,396	5,937
317	Interest and investment income	B2-5	271	378
380	Other income	B2-6	376	362
362	Net gains from the disposal of assets	B4-1	-	197
18,067	Total income from continuing operations		19,979	22,401
	Expenses from continuing operations			
6,480	Employee benefits and on-costs	B3-1	6,741	6,309
4,132	Materials and services	B3-2	4,719	4,999
7	Borrowing costs	B3-3	26	53
4,123	Depreciation, amortisation and impairment for non-financial assets	B3-4	4,096	3,883
450	Other expenses	B3-5	482	430
-	Net losses from the disposal of assets	B4-1	111	-
15,192	Total expenses from continuing operations		16,175	15,674
2,875	Operating result from continuing operations		3,804	6,727
2,875	Net operating result for the year attributable to Council		3,804	6,727
723	Net operating result for the year before grants and contributions provided for capital purposes		1,408	790

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

Coolamon Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2021

\$ '000	Notes	2021	2020
Net operating result for the year – from Income Statement		3,804	6,727
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	<u>6,567</u>	<u>291</u>
Total items which will not be reclassified subsequently to the operating result		6,567	291
Total other comprehensive income for the year		6,567	291
Total comprehensive income for the year attributable to Council		10,371	7,018

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

Coolamon Shire Council

Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	2020
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	3,746	1,415
Investments	C1-2	21,002	22,000
Receivables	C1-4	768	743
Inventories	C1-5	61	260
Total current assets		25,577	24,418
Non-current assets			
Receivables	C1-4	280	–
Inventories	C1-5	1,137	454
Infrastructure, property, plant and equipment	C1-6	190,474	181,167
Investments accounted for using the equity method	D2-2	178	173
Total non-current assets		192,069	181,794
Total assets		217,646	206,212
LIABILITIES			
Current liabilities			
Payables	C3-1	9,318	8,826
Contract liabilities	C3-2	1,551	1,057
Employee benefit provisions	C3-4	1,976	1,893
Provisions	C3-5	29	–
Total current liabilities		12,874	11,776
Non-current liabilities			
Payables	C3-1	4	3
Employee benefit provisions	C3-4	135	134
Provisions	C3-5	390	427
Total non-current liabilities		529	564
Total liabilities		13,403	12,340
Net assets		204,243	193,872
EQUITY			
Accumulated surplus	C4-1	101,222	97,418
IPPE revaluation reserve	C4-1	103,021	96,454
Council equity interest		204,243	193,872
Total equity		204,243	193,872

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

Coolamon 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		97,418	96,454	193,872	91,822	96,163	187,985
Changes due to AASB 1058 and AASB 15 adoption		-	-	-	(1,131)	-	(1,131)
Restated opening balance		97,418	96,454	193,872	90,691	96,163	186,854
Net operating result for the year		3,804	-	3,804	6,727	-	6,727
Restated net operating result for the period		3,804	-	3,804	6,727	-	6,727
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	-	6,567	6,567	-	291	291
Other comprehensive income		-	6,567	6,567	-	291	291
Total comprehensive income		3,804	6,567	10,371	6,727	291	7,018
Closing balance at 30 June		101,222	103,021	204,243	97,418	96,454	193,872

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

Coolamon Shire Council

Statement of Cash Flows

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
Cash flows from operating activities				
<i>Receipts:</i>				
3,915	Rates and annual charges		3,974	3,559
4,231	User charges and fees		4,958	4,459
316	Investment and interest revenue received		264	594
8,079	Grants and contributions		10,195	12,871
–	Bonds, deposits and retention amounts received		639	96
1,011	Other		1,003	897
<i>Payments:</i>				
(6,362)	Employee benefits and on-costs		(6,657)	(6,107)
(3,931)	Materials and services		(4,833)	(3,736)
–	Borrowing costs		(26)	(53)
(763)	Other		(416)	(1,107)
6,496	Net cash flows from operating activities	G1-1a	9,101	11,473
Cash flows from investing activities				
<i>Receipts:</i>				
–	Redemption of term deposits		33,750	48,705
375	Sale of real estate assets		205	145
994	Sale of infrastructure, property, plant and equipment		1,068	323
13	Deferred debtors receipts		–	–
<i>Payments:</i>				
–	Acquisition of term deposits		(32,752)	(53,005)
(6,764)	Purchase of infrastructure, property, plant and equipment		(8,039)	(8,595)
(665)	Purchase of real estate assets		(688)	(355)
(315)	Deferred debtors and advances made		(314)	–
(6,362)	Net cash flows from investing activities		(6,770)	(12,782)
134	Net change in cash and cash equivalents		2,331	(1,309)
1,515	Cash and cash equivalents at beginning of year		1,415	2,724
1,649	Cash and cash equivalents at end of year	C1-1	3,746	1,415
17,700	plus: Investments on hand at end of year	C1-2	21,002	22,000
19,349	Total cash, cash equivalents and investments		24,748	23,415

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

Coolamon Shire Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 21 October 2021. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

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

Council is a not for-profit entity.

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

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

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

COVID-19 Impacts

COVID-19 has caused minimal disruption to Council's business practices. Some costs have been incurred to ensure social distancing of works staff and increased infection control at Allawah Lodge, Allawah Community Care & Coolamon Early Childhood Centre but these have not been accounted for separately.

Rate collections have been marginally affected, however it is not known if this is a consequence of COVID-19 or attributable to the prolonged drought. Other receivables have not been impacted.

Overall the financial impact has not been significant and is not anticipated to increase in future years. Council is of the view that physical non-current assets will not experience substantial declines in value due to COVID-19. Fair value for the majority of Council's non-current assets is determined by replacement cost where there is no anticipated material change in value due to COVID-19.

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.

A1-1 Basis of preparation (continued)

The Consolidated Fund has been included in the financial statements of Council.

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

- General purpose operations including Allawah Lodge, Allawah Retirement Village and Coolamon Early Childhood Centre
- Domestic Waste Management Services
- Sewerage Services and
- Council's entitlements of the Riverina Regional Library.

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

- Advance Ardlethan Committee
- Beckom Hall & Community Committee
- Coolamon Showground Committee
- Ardlethan Showground Committee
- Advance Ganmain Committee
- Advance Marrar Committee
- Advance Matong Committee
- Rannock Community Centre 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 not been included in these reports.

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

Goods and Services Tax (GST)

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

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

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

Volunteer services

Council has not recorded the value of volunteer services as they can not be reliably measured.

New accounting standards and interpretations issued not yet effective

New accounting standards and interpretations issued but not yet effective

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

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

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

New accounting standards adopted during the year

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

A1-1 Basis of preparation (continued)

Those newly adopted standards which had a material impact on Council's reported financial position, financial performance and/or associated financial statement disclosures are further discussed in Note G4-1.

B Financial Performance

B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Functions or activities										
Governance	–	–	698	704	(698)	(704)	–	–	–	–
Administration	278	464	48	–	230	464	28	1	19,420	16,833
Public Order & Safety	119	97	484	430	(365)	(333)	102	70	722	740
Health	24	22	190	300	(166)	(278)	–	–	773	814
Environment	938	896	1,200	1,071	(262)	(175)	117	81	3,832	4,802
Community Services & Education	2,374	2,150	2,381	1,858	(7)	292	257	624	2,438	2,372
Housing & Community Amenities	431	341	751	695	(320)	(354)	76	84	4,212	4,227
Sewerage Services	1,173	3,142	703	718	470	2,424	405	2,513	14,757	14,285
Recreation & Culture	687	1,265	1,619	1,642	(932)	(377)	674	1,249	13,784	13,897
Mining, Manufacture & Construction	146	88	280	307	(134)	(219)	–	–	470	378
Transport & Communication	3,874	3,176	4,393	4,483	(519)	(1,307)	3,874	3,176	133,206	124,963
Economic Affairs	3,124	4,202	3,428	3,466	(304)	736	196	1,247	23,854	22,728
Shares of gains or losses in joint venture	5	3	–	–	5	3	–	–	178	173
General Purpose Revenues	6,806	6,555	–	–	6,806	6,555	3,990	3,791	–	–
Total functions and activities	19,979	22,401	16,175	15,674	3,804	6,727	9,719	12,836	217,646	206,212

B1-2 Components of functions or activities

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

Governance

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

Administration

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

Public Order & Safety

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

Health

Includes food control, health centres etc.

Environment

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

Community Services & Education

Includes administration and education, social protection (welfare), other community services and administration, youth services, aged and disabled persons services, children's services, including family day care, child care, and other family and children services.

Housing & Community Amenities

Includes public cemeteries, public conveniences, street lighting, town planning, other community amenities, including housing development and accommodation for families and children, aged persons, disabled persons, migrants and Indigenous persons.

Sewerage Services

Includes the provision of reticulated sewerage and common effluent services.

Recreation & Culture

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

Mining, Manufacture & Construction

Includes building control, quarries and pits.

Transport & Communication

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

Economic Affairs

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

Shares of gains or losses in joint venture

Council's net gain or losses relating to the participation in the Riverina Regional Library.

General Purpose Revenues

General Purpose Revenues include Financial Assistance Grant, Land Rates, Untied Pensioner Concession Subsidy, untied Interest on Investments and untied Extra Charges levied on Land Rates.

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2021	2020
Ordinary rates		
Residential	741	694
Farmland	1,701	1,665
Business	93	93
Less: pensioner rebates (mandatory)	(54)	(52)
Rates levied to ratepayers	2,481	2,400
Pensioner rate subsidies received	29	29
Total ordinary rates	2,510	2,429
Annual charges		
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>		
Domestic waste management services	575	550
Sewerage services	739	589
Stormwater management services	46	45
Tip access	106	103
Waste management services (non-domestic)	16	15
Less: pensioner rebates (mandatory)	(72)	(65)
Annual charges levied	1,410	1,237
Pensioner subsidies received:		
– Sewerage	23	13
– Domestic waste management	15	63
Total annual charges	1,448	1,313
Total rates and annual charges	3,958	3,742

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

Accounting policy

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

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

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

B2-2 User charges and fees

\$ '000	Timing	2021	2020
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Ardlethan effluent	2	–	9
Total specific user charges		–	9
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Building regulation	2	84	54
Inspection services	2	62	35
Private works – section 67	2	69	88
Regulatory and statutory fees	2	10	5
Section 10.7 certificates (EP&A Act)	2	17	10
Section 603 certificates	2	19	11
Town planning	2	89	53
Total fees and charges – statutory/regulatory		350	256
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Aged care	2	2,367	2,382
Caravan park	2	63	38
Cemeteries	2	129	74
Child care	2	881	627
Waste disposal tipping fees	2	45	64
Allawah Community Care inc. Community Transport	2	322	306
Home care packages	2	901	564
Other	2	14	16
Total fees and charges – other		4,722	4,071
Total user charges and fees		5,072	4,336
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		–	–
User charges and fees recognised at a point in time (2)		5,072	4,336
Total user charges and fees		5,072	4,336

Accounting policy

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

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

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

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

B2-3 Other revenue

\$ '000	Timing	2021	2020
Legal fees recovery – rates and charges (extra charges)	2	71	6
Commissions and agency fees	2	7	5
Diesel rebate	2	57	57
Insurance claims recoveries	2	68	5
Allawah Lodge & Allawah Retirement Village	2	198	168
Insurance incentives	2	23	41
Zone rural fire service administration	2	29	29
SCCF Community Projects Administration	2	–	77
NYE Fest Income	2	–	11
Canola Trail Contributions	2	14	78
Recycling	2	41	–
Sewerage	2	18	–
Other	2	57	73
Total other revenue		583	550

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)	583	550
Total other revenue	583	550

Accounting policy for other revenue

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

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

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

B2-4 Grants and contributions

\$ '000	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance	2	1,927	1,841	-	-
Payment in advance - future year allocation					
Financial assistance	2	2,063	1,951	-	-
Amount recognised as income during current year		3,990	3,792	-	-
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Sewerage services	1	125	-	250	2,282
Child care	2	23	117	-	-
Heritage and cultural	2	64	51	-	-
Library	2	70	71	-	-
Noxious weeds	2	48	48	-	-
Ardlethan preschool	2	198	175	-	-
Stronger Country Communities	1	-	-	150	849
Street lighting	2	18	18	-	-
Aged Care Regional, Rural & Remote Infrastructure	1	-	-	-	497
Other specific grants	2	75	47	-	-
OLG Crown Land Management	2	-	66	-	-
Drought Communities Program	2	-	-	75	1,551
Transport (roads to recovery)	1	1,159	1,159	-	-
LRCIP Funding	1	8	-	1,001	-
Allawah Business Improvement Fund	2	137	-	-	-
NSW Planning Portal	2	50	-	-	-
Fixing Local/Country Roads	2	-	-	619	-
Bushfire services	2	102	66	-	-
Recreation and culture	2	-	32	-	-
Transport for NSW Contributions	1	1,180	1,185	217	222
Sewerage (excl. section 64 contributions)	2	-	-	30	231
Other contributions	2	76	72	-	-
Total special purpose grants and non-developer contributions – cash		3,333	3,107	2,342	5,632
Non-cash contributions					
Dedications – subdivisions (other than by s7.4 and s7.11 – EP&A Act, s64 of the LGA)	2	-	-	-	177
Recreation and culture	2	-	-	42	-
Roads and bridges	2	-	-	7	53
Total other contributions – non-cash		-	-	49	230
Total special purpose grants and non-developer contributions (tied)		3,333	3,107	2,391	5,862
Total grants and non-developer contributions		7,323	6,899	2,391	5,862
Comprising:					
– Commonwealth funding		5,293	4,951	1,077	2,048
– State funding		1,902	550	1,236	3,131
– Other funding		128	1,398	78	683
		7,323	6,899	2,391	5,862

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):	G5					
Cash contributions						
S 7.11 – contributions towards amenities/services		2	–	–	5	75
Total developer contributions – cash			–	–	5	75
Total developer contributions			–	–	5	75
Total contributions			–	–	5	75
Total grants and contributions			7,323	6,899	2,396	5,937
Timing of revenue recognition for grants and contributions						
Grants and contributions recognised over time (1)			2,472	2,344	1,618	3,850
Grants and contributions recognised at a point in time (2)			4,851	2,211	778	(1,763)
Total grants and contributions			7,323	4,555	2,396	2,087

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 Restated	Capital 2021	Capital 2020
Unspent grants and contributions				
Unspent funds at 1 July	-	-	993	77
Add: Funds received and not recognised as revenue in the current year	-	-	475	993
Less: Funds received in prior year but revenue recognised and funds spent in current year	-	-	(993)	(77)
Unspent funds at 30 June	-	-	475	993
Contributions				
Unspent funds at 1 July	-	-	65	-
Add: contributions received and not recognised as revenue in the current year	-	-	5	65
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	-	-	-	-
Unspent contributions at 30 June	-	-	70	65

B2-4 Grants and contributions (continued)

Accounting policy

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

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

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

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

Capital grants

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

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

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

Developer contributions

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

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

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

Other grants and contributions

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

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

B2-5 Interest and investment income

\$ '000	2021	2020
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	21	21
– Cash and investments	250	357
Finance income on the net investment in the lease	–	–
Total interest and investment income (losses)	271	378
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	11	16
General Council cash and investments	127	160
Restricted investments/funds – external:		
Sewerage fund operations	24	33
Domestic waste management operations	12	18
Restricted investments/funds – internal:		
Internally restricted assets	97	151
Total interest and investment income	271	378

Accounting policy

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

Dividends are recognised as income in profit or loss when the shareholder's right to receive payment is established unless the dividend clearly represents a recovery of part of the cost of the investment.

B2-6 Other income

\$ '000	Notes	2021	2020
Rental income			
Other lease income			
Leaseback fees - council vehicles		24	23
Other		100	99
Housing		119	119
Retirement Village		128	118
Total Other lease income		371	359
Total rental income	C2-2	371	359
Net share of interests in joint ventures and associates using the equity method			
Joint ventures		5	3
Total net share of interests in joint ventures and associates using the equity method	D2-2,D2-3	5	3
Total other income		376	362

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2021	2020
Salaries and wages	5,472	5,235
Travel expenses	28	47
Employee leave entitlements (ELE)	995	986
Superannuation	581	561
Workers' compensation insurance	201	130
Fringe benefit tax (FBT)	23	(59)
Training costs (other than salaries and wages)	27	61
Other	72	28
Total employee costs	7,399	6,989
Less: capitalised costs	(658)	(680)
Total employee costs expensed	6,741	6,309
Number of 'full-time equivalent' employees (FTE) at year end	81	79

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		3,103	3,525
Contractor and consultancy costs		150	169
Audit Fees	F2-1	33	33
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	104	105
Advertising		13	33
Bank charges		25	22
Electricity and heating		166	175
Insurance		304	270
Postage		20	22
Printing and stationery		53	39
Street lighting		66	65
Subscriptions and publications		73	25
Telephone and communications		43	48
Valuation fees		23	23
Computer / office equipment maintenance		294	169
Donations, contributions and assistance to other organisations (Section 356)			
– REROC		24	25
Water charges		140	187
Legal expenses:			
– Legal expenses: planning and development		6	3
– Legal expenses: debt recovery		48	43
– Legal expenses: other		31	18
Total materials and services		4,719	4,999
Total materials and services		4,719	4,999

B3-3 Borrowing costs

\$ '000	Notes	2021	2020
(i) Interest bearing liability costs			
Interest on advances		22	11
Total interest bearing liability costs		22	11
Total interest bearing liability costs expensed		22	11
(ii) Other borrowing costs			
– Remediation liabilities	C3-5	4	42
Total other borrowing costs		4	42
Total borrowing costs expensed		26	53

Accounting policy

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

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

\$ '000	Notes	2021	2020
Depreciation and amortisation			
Plant and equipment		562	523
Office equipment		61	53
Land improvements (depreciable)		37	29
Infrastructure:	C1-6		
– Buildings – non-specialised		39	49
– Buildings – specialised		1,002	978
– Other structures		238	210
– Roads		2,003	1,850
– Bridges		27	27
– Footpaths		43	39
– Stormwater drainage		38	37
– Sewerage network		245	206
– Swimming pools		54	54
Reinstatement, rehabilitation and restoration assets:			
– Quarry assets	C3-5,C1-6	17	15
Total gross depreciation and amortisation costs		4,366	4,070
Less: capitalised costs		(270)	(187)
Total depreciation and amortisation costs		4,096	3,883
Total depreciation, amortisation and impairment for non-financial assets		4,096	3,883

Accounting policy

Depreciation and amortisation

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

Impairment of non-financial assets

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

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

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

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

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

B3-5 Other expenses

\$ '000	Notes	2021	2020
Impairment of receivables			
Other		18	31
Total impairment of receivables	C1-4	18	31
Other			
Contributions/levies to other levels of government			
– NSW State Emergency Service Levy		19	6
– NSW Fire & Rescue Levy		10	19
– NSW rural fire service levy		297	203
– Riverina Regional Library		104	102
– Riverina Joint Organisation		19	5
Donations, contributions and assistance to other organisations (Section 356)		15	64
Total other		464	399
Total other expenses		482	430

Accounting policy

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

Impairment expenses are recognised when identified.

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

\$ '000	Notes	2021	2020
Gain (or loss) on disposal of property (excl. investment property)			
Proceeds from disposal – property		846	–
Less: carrying amount of property assets sold/written off		(742)	–
Gain (or loss) on disposal		104	–
Gain (or loss) on disposal of plant and equipment			
	C1-6		
Proceeds from disposal – plant and equipment		127	304
Less: carrying amount of plant and equipment assets sold/written off		(69)	(140)
Gain (or loss) on disposal		58	164
Gain (or loss) on disposal of real estate assets held for sale			
	C1-5		
Proceeds from disposal – real estate assets		205	145
Less: carrying amount of real estate assets sold/written off		(181)	(117)
Gain (or loss) on disposal		24	28
Gain (or loss) on disposal of term deposits			
	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		33,750	48,705
Less: carrying amount of term deposits sold/redeemed/matured		(33,750)	(48,705)
Gain (or loss) on disposal		–	–
Other (Infrastructure, Other Structures & Sewerage Assets)			
Proceeds from disposal – Other Structures		95	19
Less: carrying amount of Other Structures & Sewerage assets sold/written off		(392)	(14)
Gain (or loss) on disposal		(297)	5
Net gain (or loss) on disposal of assets		(111)	197

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 18/06/2020 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
REVENUES				
Rates and annual charges	3,932	3,958	26	1% F
User charges and fees	4,231	5,072	841	20% F
User Charges and Fees experienced a favourable variance of 20%. The following items contributed to this variance:				
<ul style="list-style-type: none"> • Private Works - Council completed additional private works during the financial year resulting in \$69,000 income. Council's original budget allowed for \$30,000 • Childcare Fees - Due to additional enrolments, Council received \$881,000 in childcare fees, exceeding the original budget by \$62,000. • Allawah Community Care - Council's original budget allowed for \$288,000 income from Allawah Community Care (MSO & Community Transport activities). Council received \$322,000 during the year as a result of increased clients. • Home Care Packages - additional packages offered to clients in the year resulted in an additional \$501,000 income 				
Other revenues	216	583	367	170% F
Other revenues experienced a favourable variance of \$367,000 (170%). The following items contributed to this variance:				
<ul style="list-style-type: none"> • Legal fees recovery - Council's original budget did not allow for any income relating to legal fees recovery. Council held a sale of land for overdue rates that contributed to this variance of \$71,000 • Allawah Lodge & Allawah Retirement Village Income - Council received \$198,000 in other revenue relating to Allawah Lodge and Allawah Village which was in excess of the original budget by \$47,000 • Recyclables - Council received \$41,000 for the sale of recyclables. Council's original budget allowed for income of \$6,000 • Insurance Claim Recoveries & Insurance Incentives - Council received \$68,000 and \$23,000 respectively for these other revenue items. Council's original budget did not include any income for either. 				
Operating grants and contributions	6,476	7,323	847	13% F
Operating grants & contributions experienced a favourable variance of 13% (\$847,000). The following items contributed to this variance:				
<ul style="list-style-type: none"> • Financial Assistance Grant - Council's original budget allowed for \$3.773 million to be received. Council received a total of \$3,990 million resulting in a variance of \$217,000 • Ardlethan Preschool - Council received funding of \$198,000 including non-recurrent grants that were not included in Council's original budget allowance of \$132,000 • Allawah Business Improvement - Council successfully applied for grant monies from the federal government and received \$137,000 during the financial year. This was not included in Council's original budget. • NSW Planning Portal - Council received \$50,000 from the state government to assist with the implementation of the NSW Planning Portal during the year. This was not included in Council's original budget. 				
Capital grants and contributions	2,153	2,396	243	11% F
Council experienced a favourable variance of \$243,000 with respect to Capital Grants & Contributions. A number of grant programs included in Council's original budget were completed in the prior year whilst additional grants were received during the year but were not included in the original budget.				
<ul style="list-style-type: none"> • Drought Communities Program - Council's budget allowed for the receipt of \$1.17 million but only \$75,000 was accounted for as the money was received in the previous year • Local Roads & Community Infrastructure - Council's original budget did not include income from this program but Council received \$1.001 million during the year 				

B5-1 Material budget variations (continued)

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
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- Fixing Local Roads - Council's original budget did not account for any income relating to this program, but Council received \$619,000 during the year

Interest and investment revenue	317	271	(46)	(15)%	U
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Council's original budget allowed for an average interest rate of 1.5% on investments. Unfortunately due to the economic circumstances, Council only averaged a return of 1% which contributed to this unfavourable variance. The state government also mandated that interest could not be charged on overdue rates and charges which also resulted in reduction in income.

Net gains from disposal of assets	362	-	(362)	(100)%	U
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Council's original budget allowed for profit on sale of plant of \$71,000, profit from the sale of property of \$206,000 and profit from the sale of real estate of \$85,000. Council achieved profits of \$58,000 for plant, \$104,000 for property and \$24,000 for real estate. In addition to this Council was replaced infrastructure assets requiring a write off of \$297,000.

Other income	380	376	(4)	(1)%	U
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EXPENSES

Employee benefits and on-costs	6,480	6,741	(261)	(4)%	U
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Materials and services	4,132	4,719	(587)	(14)%	U
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Materials and Services experienced at 14% unfavourable variance for the FY2021 year. The following items contributed to this variance:

- Legal Expenses - Council's original budget allowed for \$50,000 expenditure. The Sale of Land for Overdue rates and other legal expenses saw Council exceed this allowance by \$35,000
- Computer/Office Equipment Maintenance - Council's original budget allowed for \$120,500 but more accurate allocation of costings and network maintenance saw Council expend a total of \$294,000
- Subscriptions & publications - Council expensed a total of \$73,000 during the year against a budget of \$50,000
- Insurances - Council's original budget allowed for \$282,000 where premiums for the year amounted to \$304,000

Borrowing costs	7	26	(19)	(271)%	U
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Borrowing costs experienced an unfavourable variance of \$19,000 (271%). The repayment of accommodation bonds and payments for residents of Allawah Lodge is subject to legislative requirements including the accrual of interest from the date of a resident's death until Council is provided with proof of probate. Council's original budget did not account for the delay between the death of residents and the ultimate refund.

Depreciation, amortisation and impairment of non-financial assets	4,123	4,096	27	1%	F
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Other expenses	450	482	(32)	(7)%	U
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Net losses from disposal of assets	-	111	(111)	∞	U
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Council's original budget allowed for profit on sale of plant of \$71,000, profit from the sale of property of \$206,000 and profit from the sale of real estate of \$85,000. Council achieved profits of \$58,000 for plant, \$104,000 for property and \$24,000 for real estate. In addition to this Council was replaced infrastructure assets requiring a write off of \$297,000.

STATEMENT OF CASH FLOWS

Cash flows from operating activities	6,496	9,101	2,605	40%	F
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The favourable variance from operating activities is mainly attributable to the additional grant and contribution income received during the financial year. Council also received additional user charges and fee income and other revenues as compared to Council's original budget. Further information relating to these variances are detailed above under Revenues.

Cash flows from investing activities	(6,362)	(6,770)	(408)	6%	U
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C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2021	2020
Cash and cash equivalents		
Cash on hand and at bank	3,746	1,415
Total cash and cash equivalents	3,746	1,415
Reconciliation of cash and cash equivalents		
Total cash and cash equivalents per Statement of Financial Position	3,746	1,415
Balance as per the Statement of Cash Flows	3,746	1,415

Accounting policy

For Statement of Cash Flow presentation purposes, cash and cash equivalents include: cash on hand; deposits held at call with financial institutions; other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value; and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

C1-2 Financial investments

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Debt securities at amortised cost				
Term Deposits	21,002	–	22,000	–
Total	21,002	–	22,000	–
Total financial investments	21,002	–	22,000	–
Total cash assets, cash equivalents and investments	24,748	–	23,415	–

Accounting policy

Financial instruments are recognised initially on the date that the Council becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, Council classifies its financial assets into the following categories – those measured at:

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income – equity instrument (FVOCI-equity)

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Council's financial assets measured at amortised cost comprise trade and other receivables, term deposits and cash and cash equivalents in the Statement of Financial Position. Term deposits with an initial term of more than 3 months are classified as investments rather than cash and cash equivalents.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, impairment and gains or loss on de-recognition are recognised in profit or loss.

C1-3 Restricted cash, cash equivalents and investments

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	24,748	–	23,415	–
attributable to:				
External restrictions	13,615	–	13,058	–
Internal restrictions	10,189	–	10,006	–
Unrestricted	944	–	351	–
	24,748	–	23,415	–

\$ '000	2021	2020
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Details of restrictions

External restrictions – included in liabilities

Specific purpose unexpended grants – general fund	1,551	1,057
Allawah Lodge Accommodation Bonds & Payments	4,668	4,148
Allawah Village Loan Licence	3,622	3,503
Home Care Packages	545	484
External restrictions – included in liabilities	10,386	9,192

External restrictions – other

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

Developer contributions – general	70	65
Specific purpose unexpended grants (recognised as revenue) – general fund	475	993
Sewer fund	1,598	1,624
Domestic waste management	750	889
Stormwater management	65	64
Other	271	231
External restrictions – other	3,229	3,866

Total external restrictions

	13,615	13,058
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Internal restrictions

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

Plant and vehicle replacement	1,000	1,000
Employees leave entitlement	1,499	1,420
Carry over works	220	128
Ardlethan Preschool	39	20
Asset Management - General Fund	3,500	3,500
Financial Assistance Grant Advance	2,063	1,951
Swimming pools	55	35
Rehabilitation of gravel pits	168	148
Asset Management - Coolamon Early Childhood Centre	361	343
Asset Management - Allawah Lodge	706	920
Asset Management - Allawah Village	578	541
Total internal restrictions	10,189	10,006

Total restrictions

	23,804	23,064
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Internal restrictions over cash, cash equivalents and investments are those assets restricted only by a resolution of the elected Council.

C1-4 Receivables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Purpose				
Rates and annual charges	242	-	338	-
Interest and extra charges	38	-	77	-
Private works	28	-	9	-
Accrued revenues				
– Interest on investments	71	-	66	-
Allawah Community Care fees	9	-	21	-
Net investment in finance lease	-	-	-	-
Cemetery	7	-	7	-
Deferred debtors	42	280	8	-
Government grants and subsidies	295	-	277	-
Sewerage connections	11	-	26	-
Rents	44	-	26	-
Coolamon Early Childhood Centre	1	-	5	-
REROC - Biodiversity Officer	-	-	36	-
Other debtors	48	-	66	-
Total	836	280	962	-
Less: provision of impairment				
Rates and annual charges	(36)	-	(146)	-
Interest and extra charges	(32)	-	(73)	-
Total provision for impairment – receivables	(68)	-	(219)	-
Total net receivables	768	280	743	-
Externally restricted receivables				
Sewerage services				
– Rates and availability charges	48	-	35	-
– Other	14	-	33	-
Domestic waste management	49	-	46	-
Total external restrictions	111	-	114	-
Internally restricted receivables				
– Internal restricted receivables (Coolamon Early Childhood Centre & Allawah Complex)	20	-	10	-
Internally restricted receivables	20	-	10	-
Unrestricted receivables	637	280	619	-
Total net receivables	768	280	743	-

C1-4 Receivables (continued)

\$ '000	2021	2020
Movement in provision for impairment of receivables		
Balance at the beginning of the year	219	191
+ new provisions recognised during the year	18	32
– amounts provided for but recovered during the year	(169)	(4)
Balance at the end of the year	68	219

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, or when the receivables are over 5 years past due, whichever occurs first.

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.

C1-5 Inventories

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
(i) Inventories at cost				
Real estate for resale	–	1,137	176	454
Stores and materials	61	–	84	–
Total inventories at cost	61	1,137	260	454
Total inventories	61	1,137	260	454

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Total externally restricted assets	–	–	–	–
Total internally restricted assets	–	–	–	–
Total unrestricted assets	61	1,137	260	454
Total inventories	61	1,137	260	454

C1-5 Inventories (continued)

(i) Other disclosures

\$ '000	Notes	2021 Current	2021 Non-current	2020 Current	2020 Non-current
(a) Details for real estate development					
Residential		–	1,137	176	454
Total real estate for resale		–	1,137	176	454
(Valued at the lower of cost and net realisable value)					
Represented by:					
Acquisition costs		–	615	172	445
Development costs		–	522	4	9
Total costs		–	1,137	176	454
Total real estate for resale		–	1,137	176	454
Movements:					
Real estate assets at beginning of the year		176	454	290	102
– Purchases and other costs		5	683	3	352
– WDV of sales (expense)	B4-1	(181)	–	(117)	–
Total real estate for resale		–	1,137	176	454

(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	–	–
	–	–

Accounting policy

Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Land held for resale

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed, borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period								At 30 June 2021		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	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	4,247	–	4,247	317	448	–	–	(3,928)	–	–	–	1,084	–	1,084
Plant and equipment	5,854	(2,918)	2,936	537	–	(69)	(562)	–	–	–	–	6,200	(3,358)	2,842
Office equipment	703	(441)	262	64	–	–	(61)	–	–	–	–	768	(503)	265
Land:														
– Operational land	4,043	–	4,043	–	124	(117)	–	21	–	–	–	4,071	–	4,071
– Community land	1,948	–	1,948	–	42	–	–	–	–	–	–	1,990	–	1,990
Land improvements – depreciable	377	(105)	272	–	46	–	(37)	–	–	–	–	423	(142)	281
Infrastructure:														
– Buildings – non-specialised	1,692	(298)	1,394	–	–	(366)	(39)	–	–	–	–	1,234	(245)	989
– Buildings – specialised	42,372	(19,336)	23,036	1,206	508	(259)	(1,002)	618	–	–	–	43,994	(19,887)	24,107
– Other structures	4,613	(1,015)	3,598	280	125	–	(238)	97	–	–	–	5,114	(1,252)	3,862
– Roads	74,740	(14,296)	60,444	3,194	495	(277)	(2,003)	–	–	–	1,988	75,591	(11,750)	63,841
– Bridges	2,718	(639)	2,079	–	–	–	(27)	–	–	–	280	3,009	(677)	2,332
– Footpaths	2,728	(400)	2,328	–	216	–	(43)	–	–	(72)	–	2,837	(408)	2,429
– Bulk earthworks (non-depreciable)	59,300	–	59,300	–	–	(42)	–	–	–	–	4,212	63,470	–	63,470
– Stormwater drainage	3,728	(689)	3,039	–	57	(10)	(38)	33	–	–	–	3,806	(725)	3,081
– Sewerage network	15,985	(6,961)	9,024	–	661	(62)	(245)	3,159	–	–	159	19,778	(7,082)	12,696
– Swimming pools	4,301	(1,429)	2,872	1	–	–	(54)	–	–	–	–	4,302	(1,483)	2,819
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):														
– Quarry assets	385	(40)	345	–	–	–	(17)	–	(13)	–	–	372	(57)	315
Total infrastructure, property, plant and equipment	229,734	(48,567)	181,167	5,599	2,722	(1,202)	(4,366)	–	(13)	(72)	6,639	238,043	(47,569)	190,474

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

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

By aggregated asset class	At 1 July 2019			Asset movements during the reporting period						At 30 June 2020		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000												
Capital work in progress	499	–	499	133	3,783	–	–	(168)	–	4,247	–	4,247
Plant and equipment	5,640	(3,064)	2,576	989	–	(138)	(523)	32	–	5,854	(2,918)	2,936
Office equipment	761	(501)	260	22	34	(1)	(53)	–	–	703	(441)	262
Land:												
– Operational land	4,043	–	4,043	–	–	–	–	–	–	4,043	–	4,043
– Community land	1,690	–	1,690	–	49	–	–	–	209	1,948	–	1,948
Land improvements – depreciable	285	(83)	202	85	23	(10)	(29)	1	–	377	(105)	272
Infrastructure:												
– Buildings – non-specialised	1,688	(249)	1,439	4	–	–	(49)	–	–	1,692	(298)	1,394
– Buildings – specialised	41,540	(18,427)	23,113	673	98	–	(978)	130	–	42,372	(19,336)	23,036
– Other structures	4,397	(804)	3,593	86	124	–	(210)	5	–	4,613	(1,015)	3,598
– Roads	72,092	(12,446)	59,646	2,359	289	–	(1,850)	–	–	74,740	(14,296)	60,444
– Bridges	2,718	(612)	2,106	–	–	–	(27)	–	–	2,718	(639)	2,079
– Footpaths	2,606	(362)	2,244	–	125	(2)	(39)	–	–	2,728	(400)	2,328
– Bulk earthworks (non-depreciable)	59,197	–	59,197	–	106	(3)	–	–	–	59,300	–	59,300
– Stormwater drainage	3,700	(652)	3,048	28	–	–	(37)	–	–	3,728	(689)	3,039
– Sewerage network	15,830	(6,684)	9,146	–	2	–	(206)	–	82	15,985	(6,961)	9,024
– Swimming pools	4,301	(1,375)	2,926	–	–	–	(54)	–	–	4,301	(1,429)	2,872
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):												
– Quarry assets	385	(25)	360	–	–	–	(15)	–	–	385	(40)	345
Total infrastructure, property, plant and equipment	221,372	(45,284)	176,088	4,379	4,633	(154)	(4,070)	–	291	229,734	(48,567)	181,167

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

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

Accounting policy

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

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

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

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

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

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

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 8	Buildings	
Heavy plant/road making equipment	5 to 10	Buildings: masonry	50 to 100
Other plant and equipment	5 to 10	Buildings: other	20 to 40
		Transportation assets	
Sewer assets		Sealed roads: surface	20 to 25
Dams and reservoirs	80 to 100	Sealed roads: structure	60 to 50
Reticulation pipes: PVC	62 to 70	Unsealed roads	15
Reticulation pipes: other	40 to 44	Bridge: concrete	80
Pumps and telemetry	25 to 50	Kerb, gutter and footpaths	80
Other infrastructure assets		Stormwater assets	
Swimming pools	30 to 60	Drains	80 to 100
Reinstatement, rehabilitation and resotation assets		Culverts	50 to 80
Quarry assets	15 to 25		

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

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)

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 legislation changed, Council will not recognise Rural Fire Service assets including buildings and plant and vehicles, except those buildings located on Council owned or controlled land.

Externally restricted infrastructure, property, plant and equipment

\$ '000	as at 30/06/21			as at 30/06/20		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
Sewerage services						
WIP	–	–	–	3,159	–	3,159
Plant and equipment	61	11	50	61	8	53
Land						
– Operational land	261	–	261	261	–	261
Buildings	59	28	31	59	27	32
Other structures	71	11	60	71	7	64
Infrastructure	19,777	7,082	12,695	15,985	6,961	9,024
Total sewerage services	20,229	7,132	13,097	19,596	7,003	12,593
Domestic waste management						
Plant and equipment	283	94	189	283	60	223
Land						
– Operational land	78	–	78	78	–	78
Buildings	376	110	266	376	103	273
Other structures	339	136	203	339	119	220
Total domestic waste management	1,076	340	736	1,076	282	794
Total restricted infrastructure, property, plant and equipment	21,305	7,472	13,833	20,672	7,285	13,387

C2 Leasing activities

C2-1 Council as a lessee

Council has leases over a two buildings. Information relating to the leases in place is provided below.

Terms and conditions of leases

Marrar Memorial Hall - January 2017 - December 2020 - for Community Purposes

Coolamon Railway Station - Continuing lease - for Community Purposes

Leases at significantly below market value – concessionary / peppercorn leases

Both leases for the Coolamon Railway Station & the Marrar Memorial Hall are at significantly below market for land and buildings which are used for community purposes.

The leases are generally between 4 and 5 years and require payments of a less than \$1,000 per year. The use of the right-to-use asset is restricted by the lessors to specified community services which Council must provide, these services are detailed in the leases.

Council does not believe that any of the leases in place are individually material from a statement of financial position or performance perspective.

Accounting policy

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

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

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

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

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / Concessionary leases

Council has elected not to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability at initial recognition.

C2-2 Council as a lessor

Operating leases

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

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

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

(i) Assets held as investment property

Council does not hold any assets considered to be investment properties.

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

Operating lease expenses

(ii) Assets held as property, plant and equipment

Council provides the following operating leases: leaseback vehicles to employees; Retirement Village units; Rental arrangements for employee and aged housing, medical centres, telecommunications tower

Lease income (excluding variable lease payments not dependent on an index or rate)	371	359
Total income relating to operating leases for Council assets	371	359
Other leased assets expenses		
Other	642	712
Total expenses relating to other leases assets	642	712

Reconciliation of IPPE assets leased out as operating leases

\$ '000	Plant & Equipment 2021	Plant & Equipment 2020
Opening balance as at 1 July	10,141	10,333
Additions renewals	138	164
Carrying value of disposals	(742)	-
Depreciation expense	(352)	(360)
Adjustments and transfers	19	-
Revaluation increments to equity (ARR)	-	4
Closing balance as at 30 June	9,204	10,141

Accounting policy

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

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

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

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

C3 Liabilities of Council

C3-1 Payables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Payables				
Goods and services – operating expenditure	393	4	531	3
Accrued expenses:				
Advances	–	–	95	–
Security bonds, deposits and retentions	8,290	–	7,651	–
Prepaid rates	90	–	60	–
Prepaid Allawah Lodge Care Fees	–	–	5	–
Home Care Packages	545	–	484	–
Total payables	9,318	4	8,826	3
Total payables	9,318	4	8,826	3

Payables relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Externally restricted assets				
Sewer	2	–	81	–
Domestic waste management	–	–	70	–
Accommodation Payments/Loan Licences	8,290	–	7,651	–
Home Care Packages	545	–	484	–
Payables relating to externally restricted assets	8,837	–	8,286	–
Internally restricted assets				
Other (CECC Payables)	30	–	32	–
Other (Allawah Lodge Payables)	136	–	144	–
Other (Allawah Village Payables)	–	–	33	–
Payables relating to internally restricted assets	166	–	209	–
Total payables relating to restricted assets	9,003	–	8,495	–
Total payables relating to unrestricted assets	315	4	331	3
Total payables	9,318	4	8,826	3

C3-1 Payables (continued)

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

\$ '000	2021	2020
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	8,145	7,511
Total payables	8,145	7,511

Accounting policy

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

Payables

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

C3-2 Contract Liabilities

\$ '000	Notes	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	1,206	–	810	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	345	–	247	–
Total grants received in advance		1,551	–	1,057	–
Total contract liabilities		1,551	–	1,057	–

Notes

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

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

Contract liabilities relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Externally restricted assets				
Unspent grants held as contract liabilities (excl. Water & Sewer)	1,551	–	1,057	–
Contract liabilities relating to externally restricted assets	1,551	–	1,057	–
Total contract liabilities relating to restricted assets	1,551	–	1,057	–
Total contract liabilities	1,551	–	1,057	–

C3-2 Contract Liabilities (continued)

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

\$ '000	2021	2020
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	79	879
Operating grants (received prior to performance obligation being satisfied)	168	143
Total revenue recognised that was included in the contract liability balance at the beginning of the period	247	1,022

Significant changes in contract liabilities

Significant grants received during the year that Council has accounted for as Contract Liabilities include:

- Restart NSW Drought Stimulus for the Coolamon Business Park \$197,000
- Crown Reserves Improvement Fund for improvements at the Coolamon Showground \$276,000
- Business Improvement Fund for Allawah Lodge \$131,000 net

Contract Liabilities at the start of the year relating to Drought Communities Program funding \$65,000 were removed as liabilities as the works had been completed.

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

Council does not have any external borrowings or borrowings from or to externally restricted funds.

Financing arrangements

\$ '000	2021	2020
Total facilities		
Credit cards/purchase cards	30	30
Total financing arrangements	30	30
Undrawn facilities		
– Credit cards/purchase cards	30	30
Total undrawn financing arrangements	30	30

C3-4 Employee benefit provisions

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Annual leave	745	–	680	–
Long service leave	1,218	135	1,202	134
Other leave (RDO/TIL)	13	–	11	–
Total employee benefit provisions	1,976	135	1,893	134

Employee benefit provisions relating to restricted assets

Internally restricted assets

Other (Employees Leave Entitlements Reserve)	1,499	–	1,373	–
Other (CECC Employee Leave Entitlements)	78	6	80	–
Other (Allawah Lodge Employee Leave Entitlements)	208	8	204	–
Employee benefit provisions relating to internally restricted assets	1,785	14	1,657	–
Total employee benefit provisions relating to restricted assets	1,785	14	1,657	–
Total employee benefit provisions relating to unrestricted assets	191	121	236	134
Total employee benefit provisions	1,976	135	1,893	134

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

\$ '000	2021	2020
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees' benefits	1,320	1,329
	1,320	1,329

Description of and movements in provisions

C3-4 Employee benefit provisions (continued)

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 Current	2021 Non-Current	2020 Current	2020 Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works)	29	390	–	427
Sub-total – asset remediation/restoration	29	390	–	427
Total provisions	29	390	–	427
Provisions relating to restricted assets				
Internally restricted assets				
Other (Gravel Pit Rehabilitation Reserve)	–	168	–	148
Provisions relating to internally restricted assets	–	168	–	148
Total provisions relating to restricted assets	–	168	–	148
Total provisions relating to unrestricted assets	29	222	–	279
Total provisions	29	390	–	427

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

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

C3-5 Provisions (continued)

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Net carrying amount
2021		
At beginning of year	427	427
Additional provisions	4	4
Other - Unwinding of the discount	(12)	(12)
Total other provisions at end of year	419	419
2020		
At beginning of year	385	385
Other - Unwinding of the discount	42	42
Total other provisions at end of year	427	427

Nature and purpose of provisions

Gravel Pit Remediation

Council has a legal/public obligation to make good, restore, rehabilitate and reinstate the Council operated quarries.

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.

C3-5 Provisions (continued)

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

D1-1 Income Statement by fund

\$ '000	General 2021	Sewer 2021
Income from continuing operations		
Rates and annual charges	3,232	726
User charges and fees	5,072	–
Interest and investment revenue	247	24
Other revenues	565	18
Grants and contributions provided for operating purposes	7,198	125
Grants and contributions provided for capital purposes	2,116	280
Other income	376	–
Total income from continuing operations	18,806	1,173
Expenses from continuing operations		
Employee benefits and on-costs	6,549	192
Materials and services	4,524	195
Borrowing costs	26	–
Depreciation, amortisation and impairment of non-financial assets	3,843	253
Other expenses	405	77
Net losses from the disposal of assets	48	63
Total expenses from continuing operations	15,395	780
Operating result from continuing operations	3,411	393
Net operating result for the year	3,411	393
Net operating result attributable to each council fund	3,411	393
Net operating result for the year before grants and contributions provided for capital purposes	1,295	113

D1-2 Statement of Financial Position by fund

\$ '000	General 2021	Sewer 2021
ASSETS		
Current assets		
Cash and cash equivalents	2,148	1,598
Investments	21,002	–
Receivables	706	62
Inventories	61	–
Total current assets	23,917	1,660
Non-current assets		
Receivables	280	–
Inventories	1,137	–
Infrastructure, property, plant and equipment	177,377	13,097
Investments accounted for using the equity method	178	–
Total non-current assets	178,972	13,097
TOTAL ASSETS	202,889	14,757
LIABILITIES		
Current liabilities		
Payables	9,316	2
Contract liabilities	1,551	–
Employee benefit provision	1,976	–
Provisions	29	–
Total current liabilities	12,872	2
Non-current liabilities		
Payables	4	–
Employee benefit provision	135	–
Provisions	390	–
Total non-current liabilities	529	–
TOTAL LIABILITIES	13,401	2
Net assets	189,488	14,755
EQUITY		
Accumulated surplus	92,332	8,890
Revaluation reserves	97,156	5,865
Council equity interest	189,488	14,755
Total equity	189,488	14,755

D2 Interests in other entities

D2-1 Subsidiaries

Council has no interest in any controlled entities (subsidiaries).

\$ '000	Council's share of net assets	
	2021	2020
Council's share of net assets		
Net share of interests in joint ventures and associates using the equity method – assets		
Joint ventures	178	173
Total net share of interests in joint ventures and associates using the equity method – assets	178	173
Total Council's share of net assets	178	173

D2-2 Interests in joint arrangements

Net carrying amounts – Council's share

\$ '000	Nature of relationship	Place of business	Interest in ownership		2021		2020	
			2021	2020	2021	2020		
Riverina Regional Library	Joint venture	Riverina	3.8%	3.8%	178		173	
Total carrying amounts – material joint ventures					178		173	

Riverina Regional Library

Coolamon Shire Council is a member of the Riverina Regional Library. The Riverina Regional Library is a dynamic and responsive service which is a community focal point for the delivery of lifelong education, recreation and information needs. Other member Councils include Bland Shire, Cootamundra-Gundagai Regional, Federation, Greater Hume, Junee Shire, Lockhart Shire, Snowy Valleys, Temora Shire and the City of Wagga Wagga.

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

Material joint ventures

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

Details

	Principal activity	Measurement method
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	3.8%	3.8%	3.8%	3.8%

D2-2 Interests in joint arrangements (continued)

Summarised financial information for joint ventures

\$ '000	Riverina Regional Library	
	2021	2020
Statement of financial position		
Current assets		
Cash and cash equivalents	3,163	2,866
Other current assets	21	31
Non-current assets		
	2,586	2,641
Current liabilities		
Other current liabilities	1,093	981
Non-current liabilities		
Non-current financial liabilities (excluding trade and other payables and provisions)	2	4
Net assets	4,675	4,553
Statement of comprehensive income		
Income	3,188	3,053
Interest income	18	30
Depreciation and amortisation	(901)	(853)
Other expenses	(2,183)	(2,154)
Profit/(loss) from continuing operations	122	76
Profit/(loss) for the period	122	76
Total comprehensive income	122	76
Share of income – Council (%)	3.8%	3.8%
Profit/(loss) – Council (\$)	5	3
Total comprehensive income – Council (\$)	5	3
Summarised Statement of cash flows		
Cash flows from operating activities	1,144	1,013
Cash flows from investing activities	(847)	(798)
Net increase (decrease) in cash and cash equivalents	297	215
Reconciliation of the carrying amount		
Opening net assets (1 July)	4,553	4,477
Profit/(loss) for the period	122	76
Closing net assets	4,675	4,553
Council's share of net assets (%)	3.8%	3.8%
Council's share of net assets (\$)	178	173

D2-3 Interests in associates

Council has no interest in any associates.

D2-4 Unconsolidated structured entities

Council has no interest in any unconsolidated structured entities.

D2-5 Subsidiaries, joint arrangements and associates not recognised

Council has not recognised the following

Goldenfields Water County Council

Council is a member of the Goldenfields Water County Council, a body corporate established under the Local Government Act 1993 (NSW) responsible for the water supply functions within the Local Government Areas of Bland, Coolamon, Junee, Temora and parts of Cootamundra-Gundagai, Hilltops and Narrandera. Council does not have control or a significant influence over the County Council and accordingly the County Council has not been consolidated in the financial statements.

Riverina Joint Organisation

Council is a member of the Riverina Joint Organisation, established under the Local Government Act 1993 (NSW) together with the Bland Shire, Cootamundra-Gundagai Regional, Greater Hume Shire, Junee Shire, Temora Shire, Lockhart Shire & Wagga Wagga City Councils. Council does not have control or a significant influence over the joint organisation and accordingly the joint organisation has not been consolidated in the financial statements.

Riverina Eastern Regional Organisation of Councils

Council is a member of the Riverina Eastern Regional Organisation of Councils, together with the Bland Shire, Cootamundra-Gundagai Regional, Greater Hume Shire, Junee Shire, Temora Shire, Lockhart Shire, Goldenfields Water County Council & Riverina Water County Council. Council does not have control or a significant influence over the joint organisation and accordingly the joint organisation has not been consolidated in the financial statements.

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk.

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 Council.

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

Financial risk management is undertaken by Council's finance section under policies approved by Council.

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

(a) Market risk – interest rate and price risk

\$ '000	2021	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	245	210
Impact of a 10% movement in price of investments		
– Equity / Income Statement	–	–

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

(b) Credit risk

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

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures. Council also encourages ratepayers to pay their rates by the due date through incentives.

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

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

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required.

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

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
2021						
Gross carrying amount	–	146	35	17	8	206
2020						
Gross carrying amount	–	134	52	6	–	192

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
2021						
Gross carrying amount	411	16	337	1	77	842
Expected loss rate (%)	0.00%	0.00%	0.00%	5.00%	15.00%	1.38%
ECL provision	–	–	–	–	12	12
2020						
Gross carrying amount	270	5	2	29	245	551
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	3.00%	1.33%
ECL provision	–	–	–	–	7	7

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

(c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
2021							
Trade/other payables	0.00%	9,322	-	-	-	9,322	9,322
Total financial liabilities		9,322	-	-	-	9,322	9,322
2020							
Trade/other payables	0.00%	8,769	-	-	-	8,769	8,769
Total financial liabilities		8,769	-	-	-	8,769	8,769

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
- Financial assets and liabilities

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

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

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

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

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

\$ '000	Notes	Fair value measurement hierarchy							
		Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2021	2020	2021	2020	2021	2020	2021	2020
Recurring fair value measurements									
Infrastructure, property, plant and equipment C1-6									
Plant and equipment		30/06/2021	30/06/20	–	–	2,842	2,936	2,842	2,936
Office furniture		30/06/2021	30/06/20	–	–	265	262	265	262
Operational land		30/06/2018	30/06/18	4,071	4,043	–	–	4,071	4,043
Community land		30/06/2020	30/06/20	–	–	1,990	1,948	1,990	1,948
Land improvements		30/06/2019	30/06/19	–	–	281	272	281	272
Buildings – non-specialised		30/06/2018	30/06/18	989	1,394	–	–	989	1,394
Buildings – specialised		30/06/2018	30/06/18	–	–	24,107	23,036	24,107	23,036
Other structures		30/06/2019	30/06/19	–	–	3,862	3,598	3,862	3,598
Roads, bridge and footpaths		30/06/2021	30/06/19	–	–	68,602	64,851	68,602	64,851
Bulk earthworks		30/06/2021	30/06/19	–	–	63,470	59,300	63,470	59,300
Stormwater drainage		30/06/2019	30/06/19	–	–	3,081	3,039	3,081	3,039
Sewerage network		30/06/2018	30/06/18	–	–	12,696	9,024	12,696	9,024
Swimming pools		30/06/2019	30/06/19	–	–	2,819	2,872	2,819	2,872
Quarry Assets		30/06/2019	30/06/19	–	–	315	345	315	345
Total infrastructure, property, plant and equipment				5,060	5,437	184,330	171,483	189,390	176,920

E2-1 Fair value measurement (continued)

Valuation techniques

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

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

Infrastructure, property, plant and equipment (IPPE)

Roads Infrastructure

This asset class comprises the road surface and pavement, bridges, drainage, kerb & gutter and footpaths. The cost approach was adopted to value these assets based on assessments and calculations from a condition assessment done in house as part of the valuation project undertaken in 2020/2021. Assets have been componentised and a full review of condition, useful lives and unit rates was undertaken. Key inputs such as estimated pattern of consumption, asset condition and useful life required extensive professional judgement and impact significantly on the final determination of fair value.

Stormwater Drainage Infrastructure

This asset class comprises the pits, pipes, open channels and headwalls. The cost approach was adopted to value these assets based on assessments and calculations from a condition assessment done in house as part of the valuation project undertaken in 2018/2019. Assets have been componentised and a full review of condition, useful lives and unit rates was undertaken. Key inputs such as estimated pattern of consumption, asset condition and useful life required extensive professional judgement and impact significantly on the final determination of fair value.

Sewerage Infrastructure

This asset class comprises the treatment works, pumping station, sewerage mains and effluent reuse. The cost approach was adopted to value these assets based on assessments and calculations from condition assessments done in house as part of the valuation project undertaken in 2017/2018. Assets have been componentised and a full review of condition, useful lives and unit rates was undertaken. Key inputs such as estimated pattern of consumption, asset condition and useful life required extensive professional judgement and impact significantly on the final determination of fair value. The valuation process was performed in house as compared to being undertaken by consultants in the past. Council indexes sewerage infrastructure assets annually in accordance with the NSW Reference Rates.

Community Land

This asset class comprises all of Council's land classified as Community Land under the NSW Local Government Act 1993. Council has used the Valuer General's Unimproved Capital Land Value (UCV) as the fair value as at 30 June 2020.

Operational Land

This asset class comprises all of Council's land classified as Operational Land under the NSW Local Government Act 1993. Council engaged AssetVal to value all of its operational land with an effective date of 30/06/2018. There has been no change to the valuation process during the period.

Buildings - Specialised & Non-Specialised

This asset class comprises all of Council's buildings, both specialised and non-specialised. Council engaged AssetVal to value all of its buildings with an effective date of 30/06/18. The cost approach was adopted to estimate the fair value of these assets using the depreciated replacement cost allowing for professional fees, demolition, removal of debris and escalation in costs. Inputs such as estimates of residual value and pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value. There has been no change to the valuation process during the period.

E2-1 Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

The valuation process for level 3 fair value measurements

The inputs used for applying the Cost Approach to the valuation process were

pattern of consumption

- residual value (where appropriate)
- asset condition
- unit rates
- useful lives

When necessary Council has engaged external consultants with specific expertise to work in conjunction with Council staff to establish the fair value of the assets based on the above inputs Council has applied the five year rolling valuation cycle.

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
Infrastructure, property, plant and equipment			
PP&E & Office Equipment	3,107	Cost used to approximate fair value (In House)	Gross replacement cost, useful life and residual value
Community Land	1,990	Land values obtained by the NSW Valuer General (In House)	Land value, land area
Land Improvements	281	Cost used to approximate fair value (In House)	Asset condition, remaining lives and residual value
Specialised Buildings	24,107	Unit rates (External Valuer)	Asset condition, remaining lives and residual value
Other Structures	3,862	Cost used to approximate fair value (In House)	Asset condition, remaining lives and residual value
Roads, Bridges, Footpaths & Bulk Earthworks	132,072	Unit rates (In House)	Asset condition, remaining lives and residual value
Stormwater	3,081	Unit rates (In House)	Asset condition, remaining lives and residual value
Sewerage	12,696	Unit rates (In House)	Asset condition, remaining lives and residual value
Swimming Pools	2,819	Cost used to approximate fair value (In House)	Asset condition, remaining lives and residual value
Gravel Pits	315	Cost used to approximate fair value (In House)	Asset condition, remaining lives and 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 (Note 10a)	
	2021	2020
Opening balance	171,483	170,107
Total gains or losses for the period		
Recognised in other comprehensive income – revaluation surplus	6,567	291
Other movements		
Transfers from/(to) another asset class	3,907	–
Purchases (GBV)	7,432	5,256
Disposals (WDV)	(719)	(154)
Depreciation and impairment	(4,327)	(4,021)
Adjustments	(13)	4
Closing balance	184,330	171,483

E2-1 Fair value measurement (continued)

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

Following the revaluation of Building Assets by AssetVal in 2017/2018, a number of buildings that had previously been identified as Level 2 were reclassified as Level 3 due to the lack of a fair value market. These included Allawah Lodge, Allawah Retirement Village and the Coolamon Early Childhood Centre.

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 \$11,035. 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 \$10,500. Council's expected contribution to the plan for the next annual reporting period is \$12,757.

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 0.03%

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)

(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.

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
Compensation:		
Short-term benefits	821	839
Post-employment benefits	65	66
Other long-term benefits	29	29
Total	915	934

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

Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of KMP using Council services (e.g. access to library or Council swimming pool) will not be disclosed.

Nature of the transaction			Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000	Ref	Transactions during the year				
2021						
Clr B Hutcheon - Purchase of Land by Council	1	117	-		-	-
Mr T Donoghue - Purchase of Land by KMP	2	75	-		-	-
2020						
Clr B Hutcheon - Purchase of Land by Council	1	13	117		-	-
Mr T Donoghue - Purchase of Land by KMP	2	-	-		-	-

1 Council negotiated to purchase land from a related party of the KMP. Contracts were exchanged in FY2020 and transfer was in FY2021

2 The KMP purchased a real estate allotment from Council.

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	14	14
Councillors' fees	81	82
Other Councillors' expenses (including Mayor)	9	9
Total	104	105

F2 Other relationships

F2-1 Audit fees

\$ '000	2021	2020
During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms		
Auditors of the Council - NSW Auditor-General:		
(i) Audit and other assurance services		
Audit and review of financial statements	29	29
Remuneration for audit and other assurance services	29	29
Total Auditor-General remuneration	29	29
Non NSW Auditor-General audit firms		
(ii) Non-assurance services		
Other services	4	4
Remuneration for non-assurance services	4	4
Total remuneration of non NSW Auditor-General audit firms	4	4
Total audit fees	33	33

G Other matters

G1-1 Statement of Cash Flows information

(a) Reconciliation of net operating result to cash provided from operating activities

\$ '000	2021	2020
Net operating result from Income Statement	3,804	6,727
Adjust for non-cash items:		
Depreciation and amortisation	4,096	3,883
Net losses/(gains) on disposal of assets	111	(197)
Non-cash capital grants and contributions	-	(230)
Adoption of AASB 15/1058	-	(1,131)
Share of net (profits)/losses of associates/joint ventures using the equity method	(5)	(3)
+/- Movement in operating assets and liabilities and other cash items:		
Decrease/(increase) in receivables	160	547
Increase/(decrease) in provision for impairment of receivables	(151)	28
Decrease/(increase) in inventories	23	(30)
Increase/(decrease) in payables	(137)	85
Increase/(decrease) in other liabilities	630	493
Increase/(decrease) in contract liabilities	494	1,057
Increase/(decrease) in provision for employee benefits	84	202
Increase/(decrease) in other provisions	(8)	42
Net cash provided from/(used in) operating activities from the Statement of Cash Flows	9,101	11,473

(b) Non-cash investing and financing activities

Developer contributions 'in kind'	-	177
Other dedications	-	53
Total non-cash investing and financing activities	-	230

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2021	2020
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Buildings	85	1,391
Plant and equipment	376	35
Sewer Infrastructure	44	401
Other	221	117
Real Estate Development	283	–
Total commitments	1,009	1,944
These expenditures are payable as follows:		
Within the next year	1,009	1,944
Total payable	1,009	1,944
Sources for funding of capital commitments:		
Unrestricted general funds	406	173
Future grants and contributions	454	481
Externally restricted reserves	44	100
Internally restricted reserves	105	1,190
Total sources of funding	1,009	1,944

Details of capital commitments

Council has on order at the end of the financial year two trucks and seven fleet vehicles (\$376,000). Council had partially completed contracts for shed construction at the Up-to-Date Store (\$75,000) and Ardlethan Sewer Reticulation (\$44,000). Council has engaged a contractor to undertake strengthening works on Council's Telecommunications Tower (\$125,000). Council has commenced the development of a Business Park and has committed to works including telecommunications and gas provision as well as contracting out the detailed design for stormwater, water and electrical infrastructure provision (\$283,000)

G3-1 Events occurring after the reporting date

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

G4 Changes from prior year statements

G4-1 Changes in accounting policy

Voluntary changes in accounting policies

Council made no voluntary changes in any accounting policies during the year.

Changes in accounting policies due to adoption of new accounting standards (retrospective)

Council made no changes in accounting policies due to adoption of new accounting standards – retrospective

G4-2 Correction of errors

Council made no correction of errors during the current reporting period.

G4-3 Changes in accounting estimates

Council made no changes in accounting estimates during the year.

G5 Statement of developer contributions as at 30 June 2021

G5-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Footpaths	5	-	-	-	-	-	5	-
Kerb & Gutter	12	-	-	-	-	-	12	-
Roads & Carparking	44	-	-	-	-	-	44	-
Roads Recoupment	-	-	-	-	-	-	-	(132)
Plan administration	1	(5)	-	-	-	-	(4)	-
Haulage	3	10	-	-	-	-	13	-
S7.11 contributions – under a plan	65	5	-	-	-	-	70	(132)
Total S7.11 and S7.12 revenue under plans	65	5	-	-	-	-	70	(132)
Total contributions	65	5	-	-	-	-	70	(132)

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.

G5-2 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					
CONTRIBUTION PLAN NUMBER 1								
Footpaths	5	-	-	-	-	-	5	-
Kerb & Gutter	12	-	-	-	-	-	12	-
Plan administration	1	-	-	-	-	-	1	-
Roads & Carparking	44	-	-	-	-	-	44	-
Haulage	3	5	-	-	-	-	8	-
Total	65	5	-	-	-	-	70	-

G6 Statement of performance measures

G6-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2021	Indicator 2021	Indicators 2020 2019		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	1,532	8.72%	3.82%	4.43%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	17,578				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	10,255	51.34%	42.18%	47.80%	> 60.00%
Total continuing operating revenue ¹	19,974				
3. Unrestricted current ratio					
Current assets less all external restrictions	11,851	10.16x	10.19x	8.30x	> 1.50x
Current liabilities less specific purpose liabilities	1,166				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	5,654	217.46x	85.98x	283.62x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	26				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	212	4.99%	4.90%	6.12%	< 10.00%
Rates and annual charges collectable	4,246				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	24,748	24.89	25.54	21.08	> 3.00
Monthly payments from cash flow of operating and financing activities	994	mths	mths	mths	mths

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

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

G6-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Sewer Indicators		Benchmark
	2021	2020	2021	2020	
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	8.13%	5.06%	19.71%	(27.03)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹					
2. Own source operating revenue ratio					
Total continuing operating revenue excluding capital grants and contributions ¹	50.46%	45.84%	65.47%	20.02%	> 60.00%
Total continuing operating revenue ¹					
3. Unrestricted current ratio					
Current assets less all external restrictions	11.85x	12.57x	830.00x	20.89x	> 1.50x
Current liabilities less specific purpose liabilities					
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	203.38x	85.15x	∞	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)					
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	6.02%	4.56%	0.00%	6.73%	< 10.00%
Rates and annual charges collectable					
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	23.28	23.77	∞	∞	> 3.00
Monthly payments from cash flow of operating and financing activities	mths	mths			mths

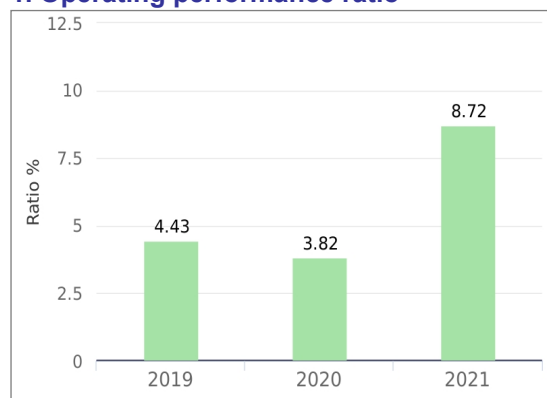
(1) - (2) Refer to Notes at Note G6-1 above.

(3) General fund refers to all of Council's activities except for its 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 8.72%

Council continues to achieve a positive Operating Performance Ratio greater than the benchmark of 0.00%

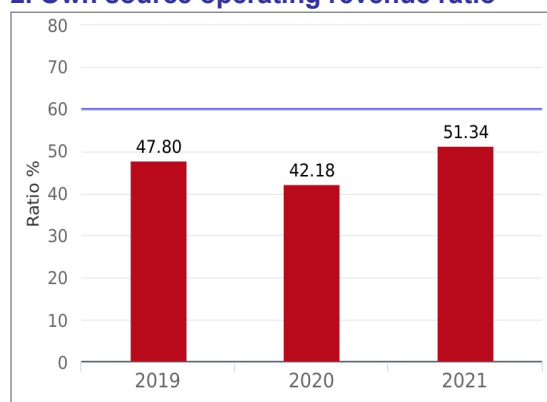
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2020/21 result

2020/21 ratio 51.34%

Council continues to source grants government grants where available. Successfully obtaining these grants leads to an unfavourable result for this ratio.

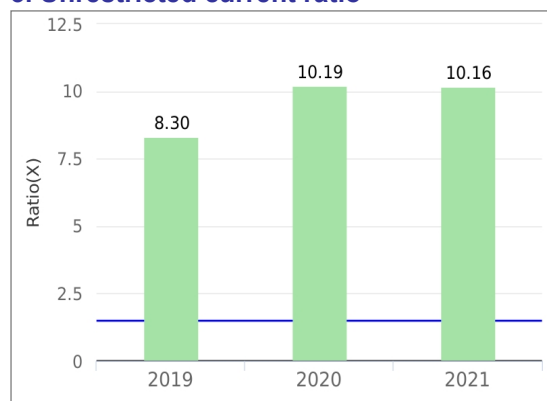
Benchmark: — > 60.00%

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 10.16x

Council continues to maintain a strong Unrestricted Current Ratio which is much higher than the benchmark of 1.5x

Benchmark: — > 1.50x

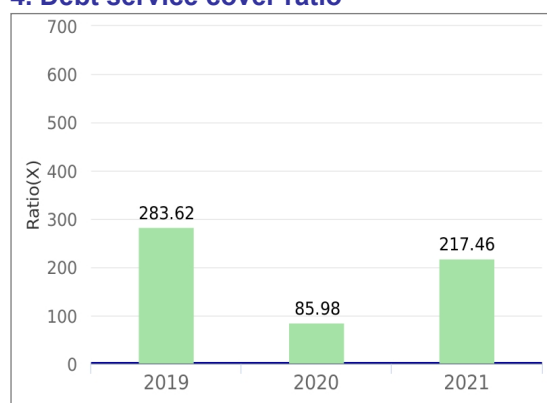
Source of benchmark: Code of Accounting Practice and Financial Reporting

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 217.46x

Council has a strong Debt Service Cover Ratio due to it not having external financing arrangements

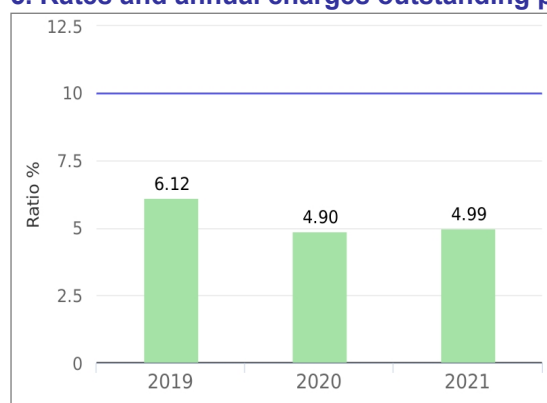
Benchmark: — > 2.00x

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 4.99%

Council's Rates and Annual Charges Outstanding Percentage remains well under the benchmark for Rural Councils of 10.0%

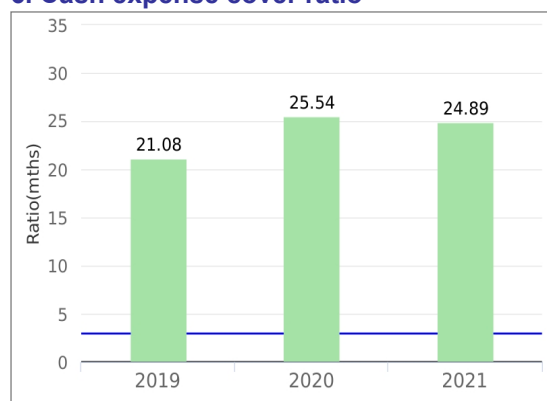
Benchmark: — < 10.00%

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 24.89 mths

Council's Cash Expense Cover Ratio has continued to hold steady over a number of years and is well over the benchmark of 3 months

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

Principal place of business:

55 Cowabbie Street
COOLAMON NSW 2701

Contact details

Mailing Address:

PO Box 101
COOLAMON NSW 2701

Telephone: 02 6930 1800

Facsimile: 02 6927 3168

Opening hours:

8:30am - 5:00pm
Monday to Friday

Internet: www.coolamon.nsw.gov.au

Email: council@coolamon.nsw.gov.au

Officers

GENERAL MANAGER

Mr Tony Donoghue

RESPONSIBLE ACCOUNTING OFFICER

Ms Samantha Jennings

PUBLIC OFFICER

Mr Tony Donoghue

AUDITORS

Audit Office of New South Wales

CONTRACT AUDIT AGENT

Crowe
491 Smollett Street
ALBURY NSW 2640

Elected members

MAYOR

Clr John Seymour

COUNCILLORS

Clr Bruce Hutcheon

Clr Steve Jones

Clr David McCann

Clr Kerrilee Logan

Clr Kathy Maslin

Clr Colin McKinnon

Clr Alan White

Clr Jeremy Crocker

Other information

ABN: 32 573 173 265



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

To the Councillors of the Coolamon Shire Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:


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

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

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

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

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



Nirupama Mani
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

25 October 2021
SYDNEY



Cr John Seymour
Mayor
Coolamon Shire Council
PO Box 101
COOLAMON NSW 2701

Contact: Nirupama Mani
Phone no: (02) 9275 7111
Our ref: D2121630/1716

25 October 2021

Dear Mayor

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

I have audited the general purpose financial statements (GPFS) of the Coolamon 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 \$000	2020 \$000	Variance %
Rates and annual charges revenue	3,958	3,742	↑ 5.7
Grants and contributions revenue	9,719	12,836	↓ 24.28
Operating result from continuing operations	3,804	6,727	↓ 43.45
Net operating result before capital grants and contributions	1,408	790	↑ 78.23

The Council's net operating result from continuing operations \$3.8 million (\$6.7 million for the year ended 30 June 2020). The decrease of \$2.9 million is mainly due to a decrease in capital grants. During 2019–20, Council received a sewerage services grant of \$2.3 million.

The net operating result before capital grants and contributions was \$1.4 million (\$0.80 million for the year ended 30 June 2020). The increase is largely due to an increase in total user fees charges, specifically child care and home care packages.

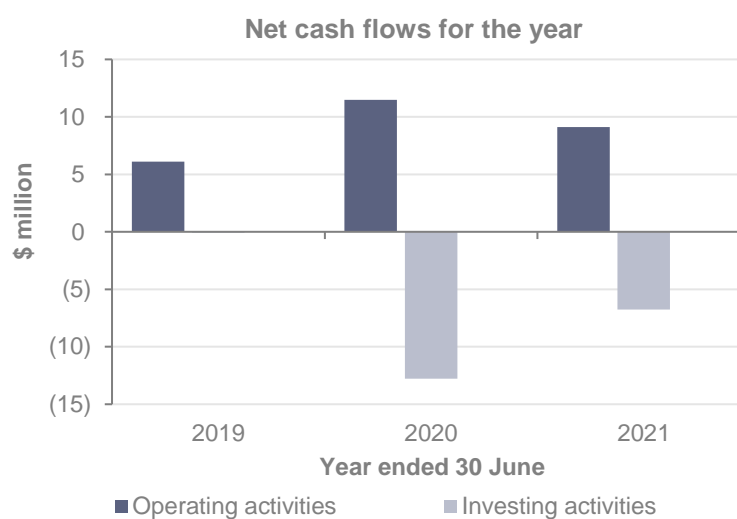
Rates and annual charges revenue were \$3.9 million (\$3.7 million for the year ended 30 June 2020). The increase of \$0.22 million (5.7%) is consistent with an increase in ordinary rates in line with the 2.6% rate peg and an increase in the total number of rateable properties of 1.3%.

Grants and contributions revenue was \$9.7 million (\$12.8 million for the year ended 30 June 2020). The decrease of \$3.1 million is due to receiving:

- \$2.3 million for a capital sewerage services grant; and
- \$1.5 million for drought communities program grant in 2019–20.

STATEMENT OF CASH FLOWS

- Council's cash and cash equivalents was \$3.7 million (\$1.4 million for the year ended 30 June 2020). There was a net increase in cash and cash equivalents of \$2.3 million at 30 June 2021.
- Net cash provided by operating activities decreased by \$2.4 million mainly due to a decrease in grants and contributions.
- Net cash used in investing activities decreased by \$6.0 million, largely due to prior year having a net increase in term deposits.
- Council has no external borrowings as at 30 June 2021.



FINANCIAL POSITION

Cash and investments

Cash and investments	2021	2020	Commentary
	\$000	\$000	
Total cash, cash equivalents and investments	24,748	23,415	<ul style="list-style-type: none"> • Externally restricted cash and investments are restricted in their use by externally imposed requirements. The increase of \$0.6 million is primarily due to Allawah Lodge and Allawah Village Residents refundable deposits. • Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect identified programs of works and any forward plans identified by Council. This has remained reasonably consistent. • Unrestricted cash and investments increased to \$0.9 million, which is available to provide liquidity for day-to-day operations of the Council.
Restricted cash and investments:			
• External restrictions	13,615	13,058	
• Internal restrictions	10,189	10,006	
• Unrestricted	944	351	

PERFORMANCE

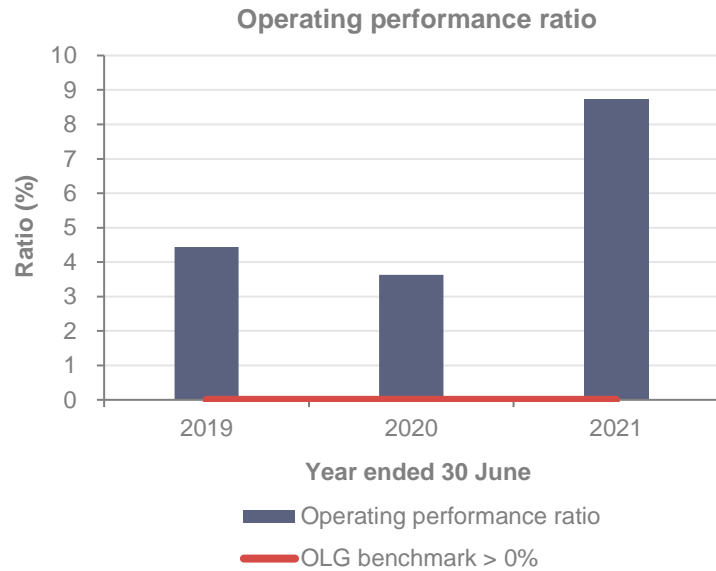
Performance measures

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's operating performance ratio increased to 8.7% in the current year from 3.8% in the prior year and continues to exceed the OLG benchmark .

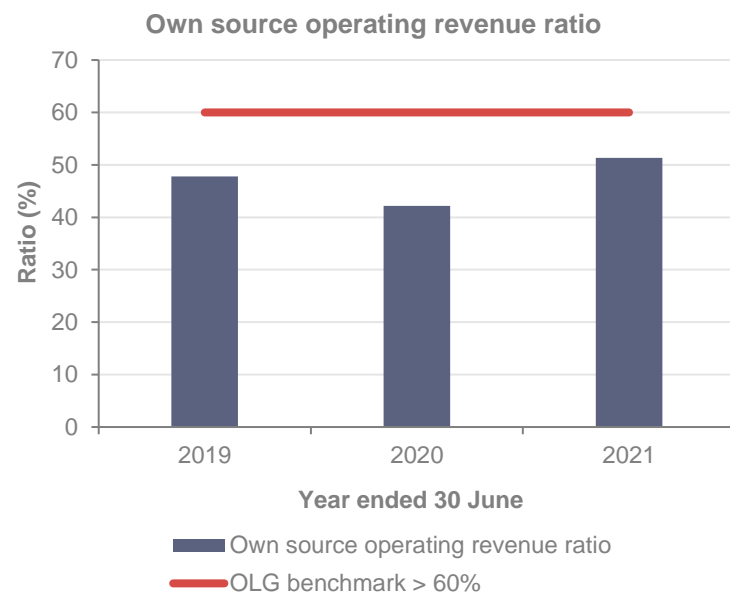


Own source operating revenue ratio

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's own source operating revenue ratio of 51.3% did not meet the OLG benchmark for the current reporting period.

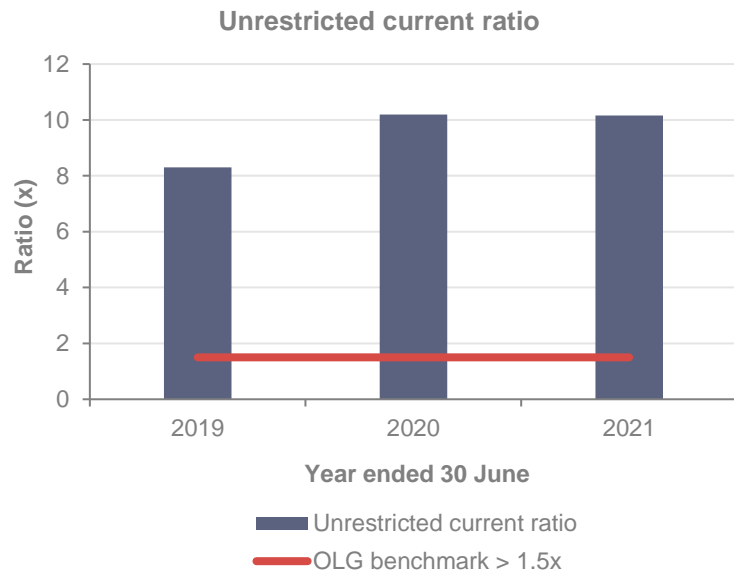
The own source operating revenue ratio increased to 51.3% from 42.2% due to the decrease in capital grants and contributions noted in the 'Income Statement' commentary.



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 unrestricted current ratio of 10.2 times exceeded the OLG benchmark for the current reporting period.

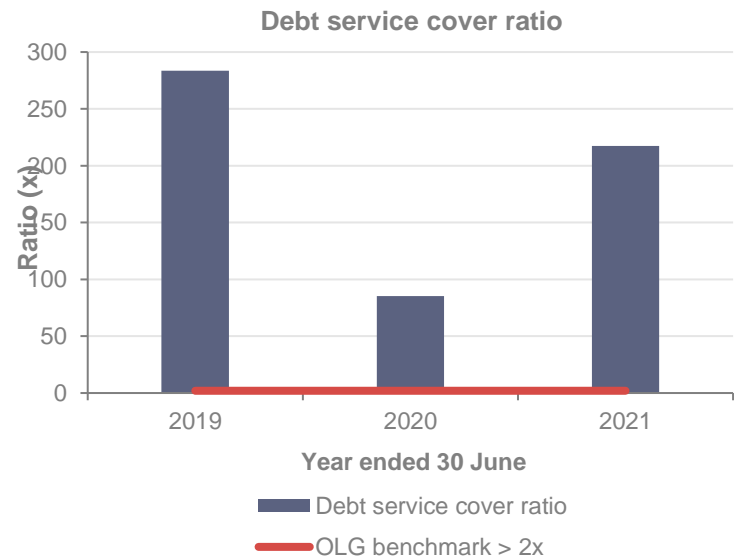


Debt service cover ratio

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 debt service ratio of 217.5 times exceeded the OLG benchmark for the current reporting period.

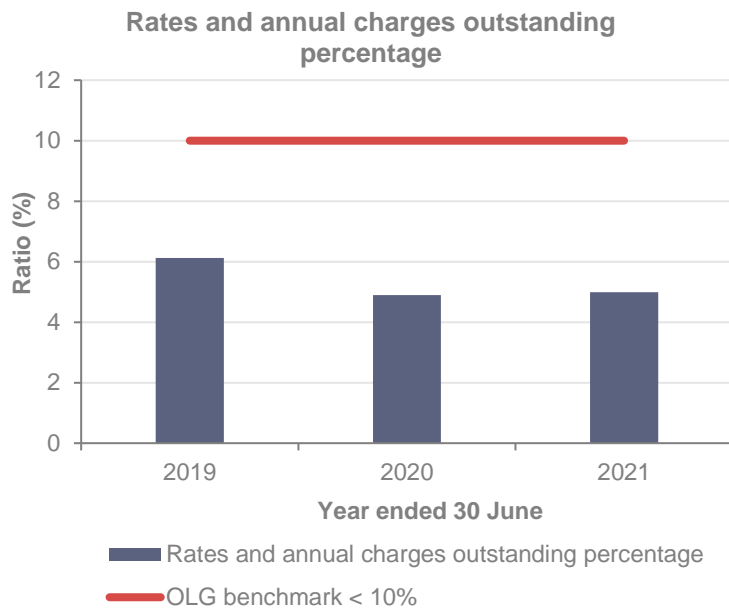
Council holds no external debt as at 30 June 2021, but did pay interest on advances during the year.



Rates and annual charges outstanding percentage

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

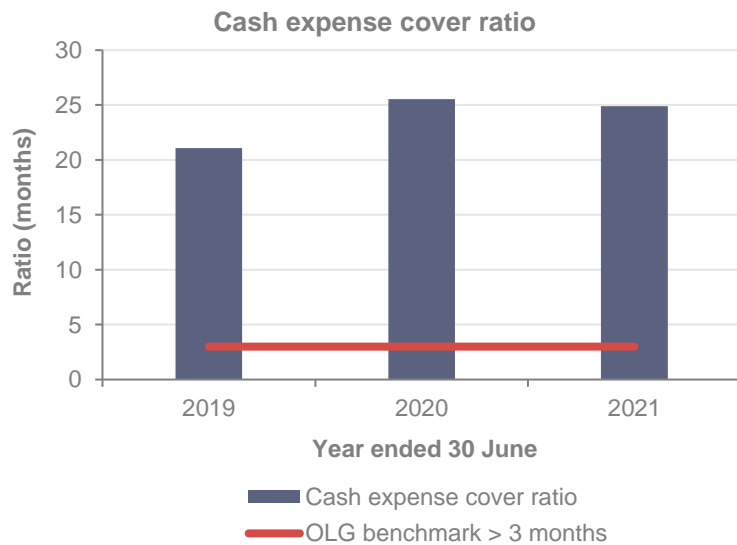
The Council's rates and annual charges outstanding percentage ratio of 5.0% is within OLG benchmark for the current reporting period.



Cash expense cover ratio

This liquidity ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.

The Council's cash expense cover ratio of 24.9 months exceeded the OLG benchmark for the current reporting period.



Infrastructure, property, plant and equipment renewals

The Council has renewed \$5.6 million of infrastructure, property, plant and equipment assets in the 2020–21 financial year, compared to \$4.4 million of assets in the 2019–20 financial year.

OTHER MATTERS

Legislative compliance

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

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



Nirupama Mani
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

cc: Mr Tony Donoghue, General Manager
Courtney Armstrong, Executive Manager, Corporate and Community Services
Ray Smith, Chair of the Audit, Risk and Improvement Committee
Kiersten Fishburn, Secretary of the Department of Planning, Industry and Environment

Coolamon Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2021



Coolamon Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2021

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Background

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

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

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

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

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

Coolamon Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2021

Statement by Councillors and Management

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

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

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

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


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

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


Signed in accordance with a resolution of Council made on 21 October 2021




John Seymour
Mayor
21 October 2021



Bruce Hutcheon
Councillor
21 October 2021



Tony Donoghue
General Manager
21 October 2021



Samantha Jennings
Responsible Accounting Officer
21 October 2021

Coolamon Shire Council

Income Statement of sewerage business activity

for the year ended 30 June 2021

\$ '000	2021	2020
Income from continuing operations		
Access charges	726	579
User charges	–	9
Interest	24	33
Grants and contributions provided for non-capital purposes	125	–
Other income	18	8
Total income from continuing operations	893	629
Expenses from continuing operations		
Employee benefits and on-costs	192	177
Materials and services	195	326
Depreciation, amortisation and impairment	253	214
Loss on sale of assets	63	–
Other expenses	77	82
Total expenses from continuing operations	780	799
Surplus (deficit) from continuing operations before capital amounts	113	(170)
Grants and contributions provided for capital purposes	280	2,513
Surplus (deficit) from continuing operations after capital amounts	393	2,343
Surplus (deficit) from all operations before tax	393	2,343
Less: corporate taxation equivalent [based on result before capital]	(29)	–
Surplus (deficit) after tax	364	2,343
Plus accumulated surplus	8,497	6,154
– Corporate taxation equivalent	29	–
Closing accumulated surplus	8,890	8,497
Return on capital %	0.9%	(1.3)%
Subsidy from Council	82	281
Calculation of dividend payable:		
Surplus (deficit) after tax	364	2,343
Less: capital grants and contributions (excluding developer contributions)	(280)	(231)
Surplus for dividend calculation purposes	84	2,112
Potential dividend calculated from surplus	42	1,056

Coolamon Shire Council

Income Statement of Allawah Complex

for the year ended 30 June 2021

\$ '000	2021 Category 1	2020 Category 1
Income from continuing operations		
User charges	2,367	2,382
Interest	97	151
Other income	524	328
Total income from continuing operations	2,988	2,861
Expenses from continuing operations		
Employee benefits and on-costs	1,787	1,734
Borrowing costs	22	11
Materials and services	703	655
Depreciation, amortisation and impairment	389	369
Loss on sale of assets	-	7
Other expenses	134	132
Total expenses from continuing operations	3,035	2,908
Surplus (deficit) from continuing operations before capital amounts	(47)	(47)
Grants and contributions provided for capital purposes	-	1,247
Surplus (deficit) from continuing operations after capital amounts	(47)	1,200
Surplus (deficit) from all operations before tax	(47)	1,200
Less: corporate taxation equivalent [based on result before capital]	-	-
Surplus (deficit) after tax	(47)	1,200
Plus accumulated surplus	7,608	6,408
Plus adjustments for amounts unpaid:		
Closing accumulated surplus	7,561	7,608
Return on capital %	(0.2)%	(0.3)%
Subsidy from Council	189	127

Coolamon Shire Council

Income Statement of Coolamon Early Childhood Centre

for the year ended 30 June 2021

\$ '000	2021 Category 2	2020 Category 2
Income from continuing operations		
User charges	881	624
Grants and contributions provided for non-capital purposes	23	118
Other income	9	14
Total income from continuing operations	913	756
Expenses from continuing operations		
Employee benefits and on-costs	712	579
Materials and services	83	70
Depreciation, amortisation and impairment	34	29
Other expenses	10	10
Total expenses from continuing operations	839	688
Surplus (deficit) from continuing operations before capital amounts	74	68
Grants and contributions provided for capital purposes	31	330
Surplus (deficit) from continuing operations after capital amounts	105	398
Surplus (deficit) from all operations before tax	105	398
Less: corporate taxation equivalent [based on result before capital]	(19)	(19)
Surplus (deficit) after tax	86	379
Plus accumulated surplus	682	284
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	19	19
Closing accumulated surplus	787	682
Return on capital %	7.3%	7.4%

Coolamon Shire Council

Statement of Financial Position of sewerage business activity

as at 30 June 2021

\$ '000	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	1,598	1,624
Receivables	62	68
Total current assets	1,660	1,692
Non-current assets		
Infrastructure, property, plant and equipment	13,097	12,593
Total non-current assets	13,097	12,593
Total assets	14,757	14,285
LIABILITIES		
Current liabilities		
Payables	2	81
Total current liabilities	2	81
Total liabilities	2	81
Net assets	14,755	14,204
EQUITY		
Accumulated surplus	8,890	8,497
Revaluation reserves	5,865	5,707
Total equity	14,755	14,204

Coolamon Shire Council

Statement of Financial Position of Allawah Complex

as at 30 June 2021

\$ '000	2021 Category 1	2020 Category 1
ASSETS		
Current assets		
Cash and cash equivalents	9,705	9,862
Receivables	19	5
Total current assets	9,724	9,867
Non-current assets		
Infrastructure, property, plant and equipment	11,015	10,307
Total non-current assets	11,015	10,307
Total assets	20,739	20,174
LIABILITIES		
Current liabilities		
Contract liabilities	131	–
Payables	8,296	7,827
Employee benefit provisions	208	196
Total current liabilities	8,635	8,023
Non-current liabilities		
Payables	–	–
Employee benefit provisions	8	8
Total non-current liabilities	8	8
Total liabilities	8,643	8,031
Net assets	12,096	12,143
EQUITY		
Accumulated surplus	7,561	7,608
Revaluation reserves	4,535	4,535
Total equity	12,096	12,143

Coolamon Shire Council

Statement of Financial Position of Coolamon Early Childhood Centre

as at 30 June 2021

\$ '000	2021 Category 2	2020 Category 2
ASSETS		
Current assets		
Cash and cash equivalents	388	377
Receivables	1	6
Total current assets	389	383
Non-current assets		
Infrastructure, property, plant and equipment	1,016	915
Total non-current assets	1,016	915
Total assets	1,405	1,298
LIABILITIES		
Current liabilities		
Contract liabilities	4	–
Payables	27	32
Employee benefit provisions	78	75
Total current liabilities	109	107
Non-current liabilities		
Payables	–	–
Borrowings	305	305
Employee benefit provisions	5	5
Total non-current liabilities	310	310
Total liabilities	419	417
Net assets	986	881
EQUITY		
Accumulated surplus	787	682
Revaluation reserves	199	199
Total equity	986	881

Note – Significant Accounting Policies

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

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

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

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

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1

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

a. Allawah Complex

Provision of Residential Aged Care and Retirement Village accommodation.

Category 2

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

a. Coolamon Shire Sewerage Services

Council's sewerage reticulation and treatment activities

b. Coolamon Early Childhood Centre

Provision of long day care.

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):

Note – Significant Accounting Policies (continued)

Notional rate applied (%)

Corporate income tax rate – 26%

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

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

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

The payment of taxation equivalent charges, referred to in the DoI – Water guidelines as a ‘dividend for taxation equivalent’, may be applied for any purpose allowed under the *Local Government Act, 1993*.

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

Income tax

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

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

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

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

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

The rate applied of 26% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

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

The rate of return is calculated as follows:

Note – Significant Accounting Policies (continued)

Operating result before capital income + interest expense

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

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

(iii) Dividends

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

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

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

- 50% of this surplus in any one year, or
- the number of 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
Coolamon Shire Council

To the Councillors of the Coolamon Shire Council

Opinion

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

The Declared Business Activities of the Council are:

- Sewerage Business Activity
- Allawah Complex
- Coolamon Early Childhood Centre

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink that reads "Nirupama Mani". The signature is written in a cursive style with a small arrow pointing downwards at the end of the word "Mani".

Nirupama Mani
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

25 October 2021
SYDNEY

Coolamon Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2021



Coolamon Shire Council

Special Schedules

for the year ended 30 June 2021

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Coolamon Shire Council

Permissible income for general rates

\$ '000	Notes	Calculation 2020/21	Calculation 2021/22
Notional general income calculation ¹			
Last year notional general income yield	a	2,451	2,514
Plus or minus adjustments ²	b	—	11
Notional general income	c = a + b	2,451	2,525
Permissible income calculation			
Or rate peg percentage	e	2.60%	2.00%
Or plus rate peg amount	i = e x (c + g)	64	51
Sub-total	k = (c + g + h + i + j)	2,515	2,576
Plus (or minus) last year's carry forward total	l	(2)	(1)
Sub-total	n = (l + m)	(2)	(1)
Total permissible income	o = k + n	2,513	2,575
Less notional general income yield	p	2,514	2,560
Catch-up or (excess) result	q = o - p	(1)	14
Carry forward to next year ⁶	t = q + r + s	(1)	14

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the Valuation of Land Act 1916.
- (6) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the *Local Government Act 1993*. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.

Coolamon Shire Council

Report on infrastructure assets as at 30 June 2021

Asset Class	Asset Category	Estimated cost		2020/21 Required maintenance ^a	2020/21 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost					
		Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council					1	2	3	4	5	
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000						
Buildings	Buildings – non-specialised	–	–	36	37	989	1,234	22.0%	78.0%	0.0%	0.0%	0.0%	
	Buildings – specialised	–	–	808	993	24,107	43,994	23.0%	20.0%	39.0%	15.0%	3.0%	
	Sub-total	–	–	844	1,030	25,096	45,228	23.0%	21.6%	37.9%	14.6%	2.9%	
Other structures	Other structures	–	–	314	502	3,862	5,114	59.0%	31.0%	5.0%	3.0%	2.0%	
	Sub-total	–	–	314	502	3,862	5,114	59.0%	31.0%	5.0%	3.0%	2.0%	
Roads	Sealed Roads - Seal	–	–	667	745	19,218	21,969	67.0%	28.6%	4.1%	0.3%	0.0%	
	Sealed Roads - Pavement	–	–	–	–	30,062	37,416	35.1%	56.5%	8.4%	0.0%	0.0%	
	Unsealed Roads - Pavement	–	–	589	426	5,371	6,283	55.4%	41.6%	3.0%	0.0%	0.0%	
	Kerb & Gutter	–	–	–	–	9,190	9,923	41.0%	55.6%	2.2%	0.1%	1.0%	
	Bridges	–	–	–	–	2,332	3,009	0.0%	12.4%	87.6%	0.0%	0.0%	
	Footpaths/Cycleways	–	–	10	7	2,429	2,837	57.6%	38.7%	2.9%	0.8%	0.0%	
	Bulk earthworks	–	–	–	–	63,470	63,470	100.0%	0.0%	0.0%	0.0%	0.0%	
Sub-total	–	–	1,266	1,178	132,072	144,907	69.4%	25.6%	4.9%	0.1%	0.1%		
Stormwater drainage	Stormwater drainage	–	–	20	19	3,081	3,806	40.0%	59.0%	1.0%	0.0%	0.0%	
	Sub-total	–	–	20	19	3,081	3,806	40.0%	59.0%	1.0%	0.0%	0.0%	
Sewerage network	Sewerage network	–	–	267	313	12,696	19,778	70.0%	27.0%	3.0%	0.0%	0.0%	
	Sub-total	–	–	267	313	12,696	19,778	70.0%	27.0%	3.0%	0.0%	0.0%	
Open space / recreational assets	Swimming pools	–	–	192	145	2,819	4,302	0.0%	65.0%	35.0%	0.0%	0.0%	
	Other (parks, gardens & recreational assets)	–	–	413	385	–	–	0.0%	0.0%	0.0%	0.0%	0.0%	
	Sub-total	–	–	605	530	2,819	4,302	0.0%	65.0%	35.0%	0.0%	0.0%	
Total – all assets		–	–	3,316	3,572	179,626	223,135	57.9%	26.3%	12.0%	3.1%	0.7%	

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

Infrastructure asset condition assessment 'key'

1. Excellent - No work required (normal maintenance)	4. Poor - Renewal Required
2. Good - Only minor maintenance work required	5. Very Poor - Urgent renewal/upgrading required
3. Average - Maintenance work required	

Coolamon 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	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	5,014	135.92%	91.30%	116.72%	>= 100.00%
Depreciation, amortisation and impairment	3,689				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	-	0.00%	0.00%	0.00%	< 2.00%
Net carrying amount of infrastructure assets	180,710				
Asset maintenance ratio					
Actual asset maintenance	3,572	107.72%	122.64%	123.99%	> 100.00%
Required asset maintenance	3,316				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	-	0.00%	0.00%	0.00%	
Gross replacement cost	223,135				

(*) 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.



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Coolamon Shire Council

To the Councillors of Coolamon Shire Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink that reads "Nirupama Mani". The signature is written in a cursive style with a small arrow pointing downwards at the end of the word "Mani".

Nirupama Mani
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

25 October 2021
SYDNEY