

# Moree Plains Shire Council

## ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2021

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***“To lead the way in fostering a healthy, positive and well-resourced community.”***



# Moree Plains Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2021

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***“To lead the way in fostering a healthy, positive and  
well-resourced community.”***



# Moree Plains Shire Council

## General Purpose Financial Statements

for the year ended 30 June 2021

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# Moree Plains Shire Council

## General Purpose Financial Statements

for the year ended 30 June 2021

### Understanding Council's Financial Statements

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#### Introduction

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

#### What you will find in the Statements

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

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

#### About the Councillor/Management Statement

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

#### About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

##### 1. The Income Statement

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

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

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

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

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

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

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

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

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

#### About the Notes to the Financial Statements

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

#### About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

#### Who uses the Financial Statements?

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

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

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

## Moree Plains Shire Council

### General Purpose Financial Statements

for the year ended 30 June 2021

### Understanding Council's Financial Statements (continued)

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#### **More Information**

A review of Council's financial performance and position for the 2020/2021 financial year can be found at Note D1 of the Financial Statements.

# Moree Plains 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)

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

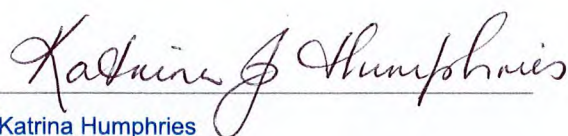
- the *Local Government Act 1993* and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

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

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

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

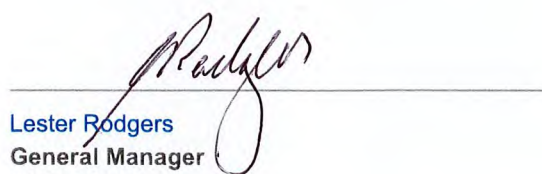
Signed in accordance with a resolution of Council made on 28 October 2021.



Katrina Humphries  
Mayor  
28 October 2021



Greg Smith  
Councillor  
28 October 2021



Lester Rodgers  
General Manager  
28 October 2021



Andrew Probert  
Responsible Accounting Officer  
28 October 2021

## Moree Plains Shire Council

### Income Statement

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
<b>Income from continuing operations</b>				
30,352	Rates and annual charges	B2-1	30,615	29,963
11,634	User charges and fees	B2-2	11,628	12,492
972	Other revenue	B2-3	2,238	4,651
11,284	Grants and contributions provided for operating purposes	B2-4	12,241	11,412
28,897	Grants and contributions provided for capital purposes	B2-4	10,463	17,956
625	Interest and investment income	B2-5	235	627
–	Other income	B2-6	–	1
<u>83,764</u>	<b>Total income from continuing operations</b>		<u>67,420</u>	<u>77,102</u>
<b>Expenses from continuing operations</b>				
19,863	Employee benefits and on-costs	B3-1	19,611	19,264
17,227	Materials and services	B3-2	20,940	20,035
2,340	Borrowing costs	B3-3	2,296	3,802
14,527	Depreciation, amortisation and impairment for non-financial assets	B3-4	16,039	15,413
745	Other expenses	B3-5	743	644
–	Net losses from the disposal of assets	B4-1	977	932
<u>54,702</u>	<b>Total expenses from continuing operations</b>		<u>60,606</u>	<u>60,090</u>
<u>29,062</u>	<b>Operating result from continuing operations</b>		<u>6,814</u>	<u>17,012</u>
<u>29,062</u>	<b>Net operating result for the year attributable to Council</b>		<u>6,814</u>	<u>17,012</u>
<u>164</u>	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<u>(3,649)</u>	<u>(944)</u>

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

## Moree Plains Shire Council

### Statement of Comprehensive Income

for the year ended 30 June 2021

\$ '000	Notes	2021	2020
<b>Net operating result for the year – from Income Statement</b>		<b>6,814</b>	<b>17,012</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	<b>9,721</b>	(74,818)
Impairment relating to infrastructure, property, plant and equipment	C1-7	<b>(25,558)</b>	–
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>(15,837)</b>	(74,818)
<b>Total other comprehensive income for the year</b>		<b>(15,837)</b>	(74,818)
<b>Total comprehensive income for the year attributable to Council</b>		<b>(9,023)</b>	(57,806)

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



## Moree Plains Shire Council

### Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	2020
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1	17,651	6,283
Investments	C1-2	23,000	29,500
Receivables	C1-4	8,084	5,794
Inventories	C1-5	9,199	8,751
Contract assets and contract cost assets	C1-6	1,906	3,017
Other		181	237
<b>Total current assets</b>		<b>60,021</b>	<b>53,582</b>
<b>Non-current assets</b>			
Infrastructure, property, plant and equipment	C1-7	455,709	463,523
Right of use assets	C2-1	199	264
<b>Total non-current assets</b>		<b>455,908</b>	<b>463,787</b>
<b>Total assets</b>		<b>515,929</b>	<b>517,369</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C3-1	6,983	6,594
Contract liabilities	C3-2	7,395	1,250
Lease liabilities	C2-1	70	67
Borrowings	C3-3	1,606	14,385
Employee benefit provisions	C3-4	4,793	5,161
Provisions	C3-5	851	–
<b>Total current liabilities</b>		<b>21,698</b>	<b>27,457</b>
<b>Non-current liabilities</b>			
Lease liabilities	C2-1	132	199
Borrowings	C3-3	42,402	28,166
Employee benefit provisions	C3-4	262	297
Provisions	C3-5	5,669	6,461
<b>Total non-current liabilities</b>		<b>48,465</b>	<b>35,123</b>
<b>Total liabilities</b>		<b>70,163</b>	<b>62,580</b>
<b>Net assets</b>		<b>445,766</b>	<b>454,789</b>
<b>EQUITY</b>			
Accumulated surplus	C4-1	189,070	182,256
IPPE revaluation reserve	C4-1	256,696	272,533
<b>Council equity interest</b>		<b>445,766</b>	<b>454,789</b>
<b>Total equity</b>		<b>445,766</b>	<b>454,789</b>

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

## Moree Plains 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		182,256	272,533	454,789	167,508	347,267	514,775
Changes due to AASB 1058 and AASB 15 adoption		-	-	-	(2,180)	-	(2,180)
<b>Opening balance</b>		<b>182,256</b>	<b>272,533</b>	<b>454,789</b>	<b>165,328</b>	<b>347,267</b>	<b>512,595</b>
Net operating result for the year		6,814	-	6,814	17,012	-	17,012
<b>Net operating result for the period</b>		<b>6,814</b>	<b>-</b>	<b>6,814</b>	<b>17,012</b>	<b>-</b>	<b>17,012</b>
<b>Other comprehensive income</b>							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	-	9,721	9,721	-	(74,818)	(74,818)
Impairment (loss) relating to IPP&E	C1-7	-	(25,558)	(25,558)	-	-	-
Other reserves movements		-	-	-	(84)	84	-
<b>Other comprehensive income</b>		<b>-</b>	<b>(15,837)</b>	<b>(15,837)</b>	<b>(84)</b>	<b>(74,734)</b>	<b>(74,818)</b>
<b>Total comprehensive income</b>		<b>6,814</b>	<b>(15,837)</b>	<b>(9,023)</b>	<b>16,928</b>	<b>(74,734)</b>	<b>(57,806)</b>
<b>Closing balance at 30 June</b>		<b>189,070</b>	<b>256,696</b>	<b>445,766</b>	<b>182,256</b>	<b>272,533</b>	<b>454,789</b>

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

## Moree Plains Shire Council

### Statement of Cash Flows

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
<b>Cash flows from operating activities</b>				
<i>Receipts:</i>				
30,352	Rates and annual charges		31,221	29,103
11,635	User charges and fees		9,399	12,832
625	Investment and interest revenue received		(27)	725
40,181	Grants and contributions		30,292	22,217
–	Bonds, deposits and retention amounts received		11	31
972	Other		3,897	10,217
<i>Payments:</i>				
(19,863)	Employee benefits and on-costs		(20,014)	(19,313)
(17,227)	Materials and services		(22,932)	(20,466)
(2,340)	Borrowing costs		(2,166)	(3,799)
(745)	Other		(633)	(2,062)
43,590	<b>Net cash flows from operating activities</b>	G1-1	<b>29,048</b>	<b>29,485</b>
<b>Cash flows from investing activities</b>				
<i>Receipts:</i>				
–	Sale of investment securities		88,500	92,000
–	Redemption of term deposits		6,500	–
923	Sale of infrastructure, property, plant and equipment		283	1,807
<i>Payments:</i>				
–	Purchase of investment securities		(88,500)	(90,500)
(52,761)	Purchase of infrastructure, property, plant and equipment		(25,851)	(26,596)
–	Purchase of real estate assets		–	(85)
(51,838)	<b>Net cash flows from investing activities</b>		<b>(19,068)</b>	<b>(23,374)</b>
<b>Cash flows from financing activities</b>				
<i>Receipts:</i>				
7,820	Proceeds from borrowings		3,700	–
<i>Payments:</i>				
(1,284)	Repayment of borrowings		(2,243)	(4,225)
–	Principal component of lease payments		(69)	(30)
6,536	<b>Net cash flows from financing activities</b>		<b>1,388</b>	<b>(4,255)</b>
(1,712)	<b>Net change in cash and cash equivalents</b>		<b>11,368</b>	<b>1,856</b>
3,000	Cash and cash equivalents at beginning of year		6,283	4,427
1,288	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>17,651</b>	<b>6,283</b>
30,000	plus: Investments on hand at end of year	C1-2	23,000	29,500
31,288	<b>Total cash, cash equivalents and investments</b>		<b>40,651</b>	<b>35,783</b>

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

# Moree Plains Shire Council

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# Moree Plains 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 28 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. Details of other entities are included in Note D2.

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

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

Council is a not for-profit entity.

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

#### Historical cost convention

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

#### Significant accounting estimates and judgements

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

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

#### COVID 19 Impact

COVID 19 Impact The Coronavirus (COVID 19) Pandemic continues to impact both communities and business throughout the world including Australia and the community where Council operates. This Pandemic has had a financial impact for Council in the financial year ended 30 June 2021, and is expected to further impact the following financial year. As at the end of the current reporting period Council estimated a loss from COVID 19 of approximately \$1,488,000, mainly from the use of halls, facilities, sporting ovals and events; commercial arrangements including Council's aquatic centre, leases commercial buildings, income from airport operations, fines and others. Council provided rental relief packages to commercial and community leasing portfolio based on evaluation of requests received. The financial impact of the rent relief packages has been accounted for and reflected in the financial statements under relevant income category. No material changes have been noted in asset values and collection of rates.

#### Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-7
- (ii) estimated tip remediation provisions – refer Note C3-5
- (iii) employee benefit provisions – refer Note C3-4.

#### Significant judgements in applying the Council's accounting policies

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

## A1-1 Basis of preparation (continued)

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### 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.

The Consolidated Fund has been included in the Financial Statements of the Council.

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

- General purpose operations
- Water service
- Sewerage service
- Gwydir Day Care
- Max Centre
- Moree Artesian Aquatic Centre

#### The Trust Fund

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

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

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

### Goods and Services Tax (GST)

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

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

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

### Volunteer services

Council does not utilise volunteer services.

### 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.

Council's assessment of these new standards and interpretations (where they have been deemed as having a material impact on Council's future financial performance, financial position and cash flows) are set out below:

#### **AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current**

#### **AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date**

## A1-1 Basis of preparation (continued)

This Standard amends AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.

For example the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.

Council does not expect any material impact from the above amendments and to its classification of liabilities as current or non-current.

This standard has an effective date for the 30 June 2024 reporting period.

### **AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018 -2020 and Other Amendments**

This Standard amends a number of standards as follows:

- AASB 1 to simplify the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences,
- AASB 3 to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations,
- AASB 9 to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability,
- AASB 116 to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset,
- AASB 137 to specify the costs that an entity includes when assessing whether a contract will be loss-making and
- AASB 141 to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.

Council does not expect any material impact from the above amendments. This standard has an effective date for the 30 June 2023 reporting period.

### **New accounting standards adopted during the year**

During the year Council adopted the following accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from 1 July 2020:

- AASB 1059 Service Concession Arrangements: Grantor and associated amendments
- AASB 2018- 6 Amendments to Australian Accounting Standards – Definition of a business
- AASB 2018 – 7 Amendments to Australian Accounting Standards – Definition of material
- AASB 2019 – 3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform
- AASB 2019 -5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia
- AASB 2019 – 7 Amendments to Australian Accounting Standards – Disclosure of GFS Measures of Key Fiscal Aggregates and GAAP / GFS Reconciliations
- AASB 2020 – 4 Amendments to Australian Accounting Standards – Covid-19 Related Rent Concessions

Further information on the newly adopted standards which had a material impact on Council's reported financial position, financial performance and/or associated financial statement disclosures can be found at G3-1.



## 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
<b>Functions or activities</b>										
Administration	827	4,789	5,309	6,210	(4,482)	(1,421)	35	120	70,118	59,265
Governance	220	–	1,717	1,247	(1,497)	(1,247)	220	–	–	–
Public Order and Safety	3,366	991	2,165	1,896	1,201	(905)	3,052	633	6,810	4,608
Health	310	8	533	409	(223)	(401)	197	–	–	–
Environment	4,258	4,326	5,542	4,760	(1,284)	(434)	43	265	–	–
Community Services and Education	1,455	1,476	3,592	2,013	(2,137)	(537)	1,034	1,069	3,284	2,573
Housing and Community Amenities	618	559	1,532	3,396	(914)	(2,837)	235	286	37,155	24,753
Water Supplies	4,803	6,662	5,080	7,057	(277)	(395)	231	1,356	60,745	60,585
Sewerage Services	3,586	3,590	3,632	3,653	(46)	(63)	29	52	55,676	55,442
Recreation and Culture	3,216	6,762	7,296	9,022	(4,080)	(2,260)	1,451	2,031	47,831	46,107
Mining, Manufacturing and Construction	–	65	(177)	37	177	28	–	–	127	138
Transport and Communication	12,203	15,591	22,900	17,056	(10,697)	(1,465)	7,832	11,731	229,614	238,242
Economic Affairs	245	724	1,485	3,072	(1,240)	(2,348)	–	63	4,568	12,310
Other	32,313	31,559	–	262	32,313	31,297	8,345	11,762	1	13,346
<b>Total functions and activities</b>	<b>67,420</b>	<b>77,102</b>	<b>60,606</b>	<b>60,090</b>	<b>6,814</b>	<b>17,012</b>	<b>22,704</b>	<b>29,368</b>	<b>515,929</b>	<b>517,369</b>

## B1-2 Components of functions or activities

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

### **Administration**

Corporate support

### **Governance**

Activities related to councils role as a component of democratic government

### **Public Order and Safety**

Emergency services, enforcement of regulations and animal control

### **Health**

Food and health related activities

### **Environment**

Noxious weed control activities, environmental protection, solid waste management, street cleaning, drainage and stormwater management

### **Community Services and Education**

Administration and education, social protection, youth services, aged persons and children's services

### **Housing and Community Amenities**

Public cemeteries, public conveniences, street lighting, town planning

### **Water Supplies**

All activities associated with the supply of water

### **Sewerage Services**

All activities associated with sewerage management

### **Recreation and Culture**

Public libraries, art galleries, community halls, sporting grounds and venues, parks and swimming pools

### **Mining, Manufacturing and Construction**

Building control, quarries and gravel pits

### **Transport and Communication**

Roads, kerb and gutter, bridges, footpaths, carparks and aerodromes

### **Economic Affairs**

Caravan parks, tourism sale yards, real estate and any other business undertakings

## B2 Sources of income

### B2-1 Rates and annual charges

\$ '000	2021	2020
<b>Ordinary rates</b>		
Residential	4,790	4,667
Farmland	16,169	15,755
Business	2,853	2,789
Less: pensioner rebates (mandatory)	(92)	(92)
<b>Rates levied to ratepayers</b>	<b>23,720</b>	<b>23,119</b>
Pensioner rate subsidies received	63	60
<b>Total ordinary rates</b>	<b>23,783</b>	<b>23,179</b>
<b>Annual charges</b>		
<small>(pursuant to s.496, s.496A, s.496B, s.501 &amp; s.611)</small>		
Domestic waste management services	2,135	2,132
Water supply services	1,360	1,337
Sewerage services	3,075	3,055
Waste management services (non-domestic)	329	329
Less: pensioner rebates (mandatory)	(123)	(123)
<b>Annual charges levied</b>	<b>6,776</b>	<b>6,730</b>
Pensioner subsidies received:		
– Water	23	22
– Sewerage	20	20
– Domestic waste management	13	12
<b>Total annual charges</b>	<b>6,832</b>	<b>6,784</b>
<b>Total rates and annual charges</b>	<b>30,615</b>	<b>29,963</b>

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

#### Accounting policy

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

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area 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
<b>Specific user charges</b>			
(per s.502 - specific 'actual use' charges)			
Domestic waste management services	2	958	952
Water supply services	2	2,910	3,761
Sewerage services	2	365	365
<b>Total specific user charges</b>		<b>4,233</b>	<b>5,078</b>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>			
Planning and building regulation	2	200	172
Private works – section 67	2	42	18
<b>Total fees and charges – statutory/regulatory</b>		<b>242</b>	<b>190</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>			
Aerodrome	2	323	391
Cemeteries	2	186	176
Child care	2	417	378
Lease rentals	2	453	592
Transport for NSW works (state roads not controlled by Council)	1	3,936	3,397
Swimming centres	2	978	1,378
Waste disposal tipping fees	2	587	502
Rent and hire of council property	2	18	171
Other	2	255	239
<b>Total fees and charges – other</b>		<b>7,153</b>	<b>7,224</b>
<b>Total user charges and fees</b>		<b>11,628</b>	<b>12,492</b>
<b>Timing of revenue recognition for user charges and fees</b>			
User charges and fees recognised over time (1)		3,490	3,397
User charges and fees recognised at a point in time (2)		8,138	9,095
<b>Total user charges and fees</b>		<b>11,628</b>	<b>12,492</b>

### Accounting policy

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

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases such as caravan parks, the customer is required to pay on arrival 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
Fines	2	140	161
Legal fees recovery – rates and charges (extra charges)	2	107	57
Diesel rebate	2	113	–
Insurance claims recoveries	2	95	–
Recycling income (non-domestic)	2	62	–
Sales – general	2	93	86
Insurance premium refunds and incentive payments	2	72	101
Investment recoveries	2	–	584
Sewer services	2	90	76
Water services	2	235	55
Weight of loads	2	101	54
Paid Parental Leave	2	59	49
Contractual Litigation Settlements	2	733	3,267
Other	2	338	161
<b>Total other revenue</b>		<b>2,238</b>	<b>4,651</b>

**Timing of revenue recognition for other revenue**

Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)		4,651
<b>Total other revenue</b>		<b>4,651</b>

**Accounting policy for other revenue**

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

Statutory fees and fines are recognised as revenue when the service has been provided, 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
<b>General purpose grants and non-developer contributions (untied)</b>					
<b>General purpose (untied)</b>					
<b>Current year allocation</b>					
Financial assistance – general component	2	2,580	2,417	–	–
Financial assistance – local roads component	2	1,450	1,454	–	–
<b>Payment in advance - future year allocation</b>					
Financial assistance – general component	2	2,760	2,560	–	–
Financial assistance – local roads component	2	1,557	1,545	–	–
<b>Amount recognised as income during current year</b>		<b>8,347</b>	<b>7,976</b>	<b>–</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>					
<b>Cash contributions</b>					
<b>Previously specific grants:</b>					
<b>Pensioners' rates subsidies:</b>					
Water supplies	1	53	–	153	1,324
Sewerage services	1	24	–	–	4
Bushfire and emergency services	1	530	89	2,167	237
Child care	1	733	948	–	–
Employment and training programs	1	91	–	–	–
Heritage and cultural	1	2	19	–	261
Noxious weeds	2	17	84	–	–
Recreation and culture	1	134	287	697	–
Community care services	1	151	47	–	–
Lighting and CCTV	1	–	–	–	105
Airport	1	–	–	23	–
Drought Communities Program	1	–	–	575	606
Stronger Country Communities Fund	1	–	–	30	720
House Raising Scheme	2	197	181	–	–
Transport (other roads and bridges funding)	1	224	429	6,241	9,832
Local Roads and Community Infrastructure (LRICI)	1	–	–	279	–
RMS - Weight of Loads	1	271	–	–	–
Other specific grants	1	233	71	26	357
<b>Previously contributions:</b>					
Roads and bridges	1	–	–	–	722
Transport for NSW contributions (regional roads, block grant)	1	1,028	1,103	272	–
Other contributions	1	53	29	–	–
<b>Total special purpose grants and non-developer contributions – cash</b>		<b>3,741</b>	<b>3,287</b>	<b>10,463</b>	<b>14,168</b>
<b>Non-cash contributions</b>					
Recognition of NSW State Crown Land	1	–	–	–	3,788
Recognition of NSW State Crown Land		–	–	–	3,788
<b>Total other contributions – non-cash</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>3,788</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>3,741</b>	<b>3,287</b>	<b>10,463</b>	<b>17,956</b>
<b>Total grants and non-developer contributions</b>		<b>12,088</b>	<b>11,263</b>	<b>10,463</b>	<b>17,956</b>
<b>Comprising:</b>					
– Commonwealth funding		8,347	7,977	3,616	10,518
– State funding		3,185	2,154	6,820	2,928

**B2-4 Grants and contributions (continued)**

\$ '000	Timing	<b>Operating 2021</b>	Operating 2020	<b>Capital 2021</b>	Capital 2020
– Other funding		<b>556</b>	1,132	<b>27</b>	4,510
		<b>12,088</b>	<b>11,263</b>	<b>10,463</b>	<b>17,956</b>

**Developer contributions**

\$ '000	Notes	Timing	<b>Operating 2021</b>	Operating 2020	<b>Capital 2021</b>	Capital 2020
<b>Developer contributions: (s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>	G4					
<b>Cash contributions</b>						
S 7.12 – fixed development consent levies		2	<b>123</b>	69	–	–
S 64 – water supply contributions		2	<b>25</b>	32	–	–
S 64 – sewerage service contributions		2	<b>5</b>	48	–	–
<b>Total developer contributions – cash</b>			<b>153</b>	<b>149</b>	<b>–</b>	<b>–</b>
<b>Total developer contributions</b>			<b>153</b>	<b>149</b>	<b>–</b>	<b>–</b>
<b>Total contributions</b>			<b>153</b>	<b>149</b>	<b>–</b>	<b>–</b>
<b>Total grants and contributions</b>			<b>12,241</b>	<b>11,412</b>	<b>10,463</b>	<b>17,956</b>
<b>Timing of revenue recognition for grants and contributions</b>						
Grants and contributions recognised over time (1)			–	–	–	–
Grants and contributions recognised at a point in time (2)			<b>12,241</b>	11,412	<b>10,463</b>	17,956
<b>Total grants and contributions</b>			<b>12,241</b>	<b>11,412</b>	<b>10,463</b>	<b>17,956</b>

## B2-4 Grants and contributions (continued)

### Unspent grants and contributions

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

\$ '000	Operating 2021	Operating 2020	Capital 2021	Capital 2020
<b>Unspent grants and contributions</b>				
Unspent funds at 1 July	1,401	2,423	974	2,188
<b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	110	–	1,359	–
<b>Add:</b> Funds received and not recognised as revenue in the current year	1,181	508	6,030	208
<b>Less:</b> Funds recognised as revenue in previous years that have been spent during the reporting year	(521)	–	(1,557)	–
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	(648)	(1,530)	(587)	(1,422)
<b>Unspent funds at 30 June</b>	<b>1,523</b>	<b>1,401</b>	<b>6,219</b>	<b>974</b>
<b>Contributions</b>				
Unspent funds at 1 July	1,478	1,570	–	–
<b>Add:</b> contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	521	–	–	–
<b>Add:</b> contributions received and not recognised as revenue in the current year	–	–	–	–
<b>Add:</b> contributions recognised as income in the current period obtained in respect of a future rating identified by Council for the purpose of establishing a rate	–	–	–	–
<b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year	(460)	(92)	–	–
<b>Unspent contributions at 30 June</b>	<b>1,539</b>	<b>1,478</b>	<b>–</b>	<b>–</b>

### Accounting policy

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

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

The performance obligations are varied based on the agreement but can include construction of specific infrastructure or delivery of specific services (i.e childcare) as well as condition assessment of environmental factors. 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



## B2-4 Grants and contributions (continued)

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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
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	44	93
– Cash and investments	172	499
– Other	5	4
– Overdue user charges and fees	14	31
Finance income on the net investment in the lease	–	–
<b>Total interest and investment income (losses)</b>	<b>235</b>	<b>627</b>
<b>Interest and investment income is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
Overdue rates and annual charges (general fund)	29	95
General Council cash and investments	136	292
<b>Restricted investments/funds – external:</b>		
Development contributions		
– Section 7.11	4	14
– Section 64	6	16
Water fund operations	33	160
Sewerage fund operations	26	49
Gwydir day care and preschool	1	1
<b>Total interest and investment income</b>	<b>235</b>	<b>627</b>

### 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
<b>Rental income</b>			
<b>Other lease income</b>			
Other		–	1
<b>Total Other lease income</b>		<b>–</b>	<b>1</b>
<b>Total rental income</b>	C2-2	<b>–</b>	<b>1</b>
<b>Total other income</b>		<b>–</b>	<b>1</b>

## B3 Costs of providing services

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

\$ '000	2021	2020
Salaries and wages	16,522	16,486
Employee leave entitlements (ELE)	2,246	2,619
Superannuation – defined contribution plans	1,492	1,356
Superannuation – defined benefit plans	250	291
Workers' compensation insurance	497	355
Fringe benefit tax (FBT)	86	125
Payroll tax	56	75
Training costs (other than salaries and wages)	119	215
Other	390	288
<b>Total employee costs</b>	<b>21,658</b>	<b>21,810</b>
Less: capitalised costs	(2,047)	(2,546)
<b>Total employee costs expensed</b>	<b>19,611</b>	<b>19,264</b>
Number of 'full-time equivalent' employees (FTE) at year end	227	218

#### Accounting policy

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

#### Retirement benefit obligations

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

#### Superannuation plans

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

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

### B3-2 Materials and services

\$ '000	Notes	2021	2020
Raw materials and consumables		11,854	7,072
Contractor and consultancy costs		6,142	8,746
Audit Fees	F2-1	91	89
<b>Previously other expenses:</b>			
Councillor and Mayoral fees and associated expenses	F1-2	179	233
Bank charges		74	72
Electricity and heating		930	958
Insurance		740	691
Street lighting		322	326
Telephone and communications		330	316
<b>Legal expenses:</b>			
– Legal expenses: planning and development		14	3
– Legal expenses: debt recovery		103	74
– Legal expenses: other		154	1,412
Expenses from short-term leases		7	43
<b>Total materials and services</b>		<b>20,940</b>	<b>20,035</b>
<b>Total materials and services</b>		<b>20,940</b>	<b>20,035</b>

## B3-2 Materials and services (continued)

### Accounting policy

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

## B3-3 Borrowing costs

\$ '000	Notes	2021	2020
<b>(i) Interest bearing liability costs</b>			
Interest on leases		5	4
Interest on loans		2,132	3,724
<b>Total interest bearing liability costs</b>		<b>2,137</b>	<b>3,728</b>
<b>Total interest bearing liability costs expensed</b>		<b>2,137</b>	<b>3,728</b>
<b>(ii) Other borrowing costs</b>			
Fair value adjustments on recognition of advances and deferred debtors			
– Remediation liabilities	C3-5	159	74
<b>Total other borrowing costs</b>		<b>159</b>	<b>74</b>
<b>Total borrowing costs expensed</b>		<b>2,296</b>	<b>3,802</b>

### Accounting policy

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

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

\$ '000	Notes	2021	2020
<b>Depreciation and amortisation</b>			
Plant and equipment		1,775	1,867
Office equipment		349	301
Furniture and fittings		104	102
<b>Infrastructure:</b>	C1-7		
– Buildings – non-specialised		1,264	759
– Buildings – specialised		1,122	885
– Other structures		1,040	1,005
– Roads		5,660	6,222
– Bridges		646	320
– Footpaths		205	212
– Stormwater drainage		223	223
– Water supply network		1,421	1,301
– Sewerage network		1,339	1,302
– Other infrastructure		24	40
Right of use assets	C2-1	70	32
<b>Reinstatement, rehabilitation and restoration assets:</b>			
– Asset reinstatement costs		797	842
<b>Total gross depreciation and amortisation costs</b>		<b>16,039</b>	<b>15,413</b>
<b>Total depreciation and amortisation costs</b>		<b>16,039</b>	<b>15,413</b>
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>16,039</b>	<b>15,413</b>

### Depreciation and amortisation

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

### 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**

<b>\$ '000</b>	Notes	<b>2021</b>	2020
<b>Impairment of receivables</b>			
User charges and fees		<b>7</b>	42
<b>Total impairment of receivables</b>	C1-4	<b>7</b>	<b>42</b>
<b>Other</b>			
Contributions/levies to other levels of government			
– Emergency services levy (includes FRNSW, SES, and RFS levies)		<b>674</b>	505
Donations, contributions and assistance to other organisations (Section 356)		<b>62</b>	97
<b>Total other</b>		<b>736</b>	<b>602</b>
<b>Total other expenses</b>		<b>743</b>	<b>644</b>

**Accounting policy**

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

Impairment expenses are recognised when identified.

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

\$ '000	Notes	2021	2020
<b>Gain (or loss) on disposal of property (excl. investment property)</b>			
Proceeds from disposal – property		85	1,252
Less: carrying amount of property assets sold/written off		(189)	(1,629)
<b>Gain (or loss) on disposal</b>		<b>(104)</b>	<b>(377)</b>
<b>Gain (or loss) on disposal of plant and equipment</b>			
	C1-7		
Proceeds from disposal – plant and equipment		198	510
Less: carrying amount of plant and equipment assets sold/written off		(140)	(463)
<b>Gain (or loss) on disposal</b>		<b>58</b>	<b>47</b>
<b>Gain (or loss) on disposal of infrastructure</b>			
	C1-7		
Less: carrying amount of infrastructure assets sold/written off		(931)	(641)
<b>Gain (or loss) on disposal</b>		<b>(931)</b>	<b>(641)</b>
<b>Gain (or loss) on disposal of investments</b>			
	C1-2		
Proceeds from disposal/redemptions/maturities – investments		88,500	92,000
Less: carrying amount of investments sold/redeemed/matured		(88,500)	(92,000)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>–</b>
<b>Other</b>			
Proceeds from disposal – Other (enter details...)		–	45
Less: carrying amount of Other (enter details...) assets sold/written off		–	(6)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>39</b>
<b>Net gain (or loss) on disposal of assets</b>		<b>(977)</b>	<b>(932)</b>

**Accounting policy**

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

## B5 Performance against budget

### B5-1 Material budget variations

Council's original budget was adopted by the Council on 23/07/2020 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----		
<b>REVENUES</b>					
Rates and annual charges	30,352	30,615	263	1%	<b>F</b>
User charges and fees	11,634	11,628	(6)	0%	<b>U</b>
Other revenues	972	2,238	1,266	130%	<b>F</b>
Council received payments from contractual litigation settlements and insurance claims that were not included in the original budget. Increase to water and sewer income for services provided to third parties.					
Operating grants and contributions	11,284	12,241	957	8%	<b>F</b>
Capital grants and contributions	28,897	10,463	(18,434)	(64)%	<b>U</b>
Several large grant funded projects deferred due to various reasons including flooding, boarder closures, and Covid lock downs. These included two water project - South Moree water expansion \$2.95m, Ashley Pipeline Line \$3.77m, and general fund projects including Fixing Local Roads \$2.7m, MR507 \$2.8m, North South Link \$720k, other infrastructure projects including LRCI \$760 an pool upgrades \$460k.					
Interest and investment revenue	625	235	(390)	(62)%	<b>U</b>
Continued decreases in market interest rates resulted in lower than budgeted returns on investments. Interest rates dropped from an average 1.9% in 2020 to an average of .70%.					
Other income	-	-	-	∞	<b>F</b>
<b>EXPENSES</b>					
Materials and services	17,227	20,940	(3,713)	(22)%	<b>U</b>
Unbudgeted and to be funded flood works completed as a result of the November 2020 and March 2021 flood events.					
Borrowing costs	2,340	2,296	44	2%	<b>F</b>
Depreciation, amortisation and impairment of non-financial assets	14,527	16,039	(1,512)	(10)%	<b>U</b>
Additional depreciation for buildings not accounted for in budget.					
Net losses from disposal of assets	-	977	(977)	∞	<b>U</b>
<b>STATEMENT OF CASH FLOWS</b>					
Cash flows from operating activities	43,590	29,048	(14,542)	(33)%	<b>U</b>
Several large grant funded projects were deferred, these included two water project - South Moree water expansion \$2.95m, Ashley Pipeline Line \$3.77m. Decrease in User Fees and Charges of approximately \$1m being mainly water consumption due to wetter than expected year. Additional flood work complete.					
Cash flows from investing activities	(51,838)	(19,068)	32,770	(63)%	<b>F</b>



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

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
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Capital projects not yet started or delayed due to flooding these included two water project - South Moree water expansion \$2.95m, Ashley Pipeline Line \$3.77m

**Cash flows from financing activities** **6,536**      **1,388**      **(5,148)**      **(79)%**      **U**

Not all loans budgeted were drawdown due to delays in project completion, and a water infrastructure loan of \$875,000 was payout early.

## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

\$ '000	2021	2020
<b>Cash and cash equivalents</b>		
Cash on hand and at bank	11,651	4,783
Cash-equivalent assets		
– Short-term deposits	6,000	1,500
<b>Total cash and cash equivalents</b>	<b>17,651</b>	<b>6,283</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	17,651	6,283
<b>Balance as per the Statement of Cash Flows</b>	<b>17,651</b>	<b>6,283</b>

#### Accounting policy

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

## C1-2 Financial investments

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Debt securities at amortised cost</b>				
Long term deposits	23,000	-	29,500	-
<b>Total</b>	<b>23,000</b>	<b>-</b>	<b>29,500</b>	<b>-</b>
<b>Total financial investments</b>	<b>23,000</b>	<b>-</b>	<b>29,500</b>	<b>-</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>40,651</b>	<b>-</b>	<b>35,783</b>	<b>-</b>

### 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

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	<b>40,651</b>	<b>–</b>	<b>35,783</b>	<b>–</b>
<b>attributable to:</b>				
External restrictions	<b>14,593</b>	<b>–</b>	9,738	–
Internal restrictions	<b>22,924</b>	<b>–</b>	18,331	–
Unrestricted	<b>3,134</b>	<b>–</b>	7,714	–
	<b>40,651</b>	<b>–</b>	<b>35,783</b>	<b>–</b>

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

#### External restrictions – included in liabilities

Specific purpose unexpended loans – water	<b>96</b>	114
Specific purpose unexpended loans – general	<b>1,601</b>	–
Specific purpose unexpended grants – general fund	<b>7,212</b>	2,192
Specific purpose unexpended grants – water fund	<b>42</b>	11
Specific purpose unexpended grants – sewer fund	<b>12</b>	–
<b>External restrictions – included in liabilities</b>	<b>8,963</b>	<b>2,317</b>

#### External restrictions – other

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

Developer contributions – general	<b>627</b>	578
Developer contributions – water fund	<b>403</b>	375
Developer contributions – sewer fund	<b>509</b>	500
Other Contributions	<b>–</b>	25
RMS Charges (State Roads)	<b>–</b>	40
Specific purpose unexpended grants (recognised as revenue) – general fund	<b>304</b>	–
Specific purpose unexpended grants (recognised as revenue) – water fund	<b>88</b>	88
Specific purpose unexpended grants (recognised as revenue) – sewer fund	<b>84</b>	84
Water fund	<b>1,087</b>	3,808
Sewer fund	<b>1,999</b>	1,483
Big Sky Library	<b>529</b>	440
<b>External restrictions – other</b>	<b>5,630</b>	<b>7,421</b>
<b>Total external restrictions</b>	<b>14,593</b>	<b>9,738</b>

#### Internal restrictions

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

Plant and vehicle replacement	<b>1,817</b>	1,717
Employees leave entitlement	<b>1,085</b>	1,085
Aerodromes	<b>457</b>	566
Dhiiyaan unit	<b>73</b>	74
Economic development special rate levy	<b>310</b>	286
Financial Assistance Grant Advance payment	<b>4,317</b>	4,105
GAR reserve	<b>–</b>	100
Industrial Drive Levy	<b>148</b>	148
Jellicoe park	<b>18</b>	18
Onsite effluent	<b>20</b>	20
Property acquisitions	<b>1,650</b>	1,578
RMS contract retention	<b>983</b>	1,178
Road infrastructure	<b>7,311</b>	3,877
Saleyards reserve	<b>128</b>	128
Water Reservoir Maintenance Bank Guarantee	<b>169</b>	169

**C1-3 Restricted cash, cash equivalents and investments (continued)**

<b>\$ '000</b>	<b>2021</b>	<b>2020</b>
New landfill cell construction	<b>1,310</b>	1,110
MAAC refurbishment	<b>2,728</b>	2,172
Demolition of Fire Damages Dwellings	<b>225</b>	–
Ron Harbourne Oval	<b>175</b>	–
<b>Total internal restrictions</b>	<b>22,924</b>	<b>18,331</b>
<b>Total restrictions</b>	<b>37,517</b>	<b>28,069</b>

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
<b>Purpose</b>				
Rates and annual charges	2,290	–	2,567	–
Interest and extra charges	333	–	41	–
User charges and fees	4,938	–	2,148	–
Interest and extra charges (user charges)	133	–	61	–
Accrued revenues				
– Interest on investments	17	–	47	–
– Other income accruals	35	–	475	–
Net GST receivable	547	–	543	–
Other debtors	37	–	158	–
<b>Total</b>	<b>8,330</b>	<b>–</b>	<b>6,040</b>	<b>–</b>
<b>Less: provision of impairment</b>				
Rates and annual charges	(153)	–	(153)	–
User charges and fees	(93)	–	(93)	–
<b>Total provision for impairment – receivables</b>	<b>(246)</b>	<b>–</b>	<b>(246)</b>	<b>–</b>
<b>Total net receivables</b>	<b>8,084</b>	<b>–</b>	<b>5,794</b>	<b>–</b>
<b>Externally restricted receivables</b>				
<b>Water supply</b>				
– Rates and availability charges	179	–	181	–
– Other	2,106	–	1,175	–
<b>Sewerage services</b>				
– Rates and availability charges	488	–	490	–
– Other	343	–	98	–
<b>Total external restrictions</b>	<b>3,116</b>	<b>–</b>	<b>1,944</b>	<b>–</b>
<b>Unrestricted receivables</b>	<b>4,968</b>	<b>–</b>	<b>3,850</b>	<b>–</b>
<b>Total net receivables</b>	<b>8,084</b>	<b>–</b>	<b>5,794</b>	<b>–</b>

\$ '000	2021	2020
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year (calculated in accordance with AASB 139)	246	246
<b>Balance at the end of the year</b>	<b>246</b>	<b>246</b>

### Accounting policy

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

### Impairment

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

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

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

## C1-4 Receivables (continued)

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

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

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

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

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

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

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

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

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

Rates and annual charges outstanding are secured against the property.

## C1-5 Inventories

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>(i) Inventories at cost</b>				
Real estate for resale	7,100	–	7,100	–
Stores and materials	2,099	–	1,651	–
<b>Total inventories at cost</b>	<b>9,199</b>	<b>–</b>	<b>8,751</b>	<b>–</b>
<b>Total inventories</b>	<b>9,199</b>	<b>–</b>	<b>8,751</b>	<b>–</b>

### Externally restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Water</b>				
Stores and materials	123	–	124	–
<b>Total water</b>	<b>123</b>	<b>–</b>	<b>124</b>	<b>–</b>
<b>Sewerage</b>				
Stores and materials	123	–	124	–
<b>Total sewerage</b>	<b>123</b>	<b>–</b>	<b>124</b>	<b>–</b>
<b>Total externally restricted assets</b>	<b>246</b>	<b>–</b>	<b>248</b>	<b>–</b>
<b>Total internally restricted assets</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total unrestricted assets</b>	<b>8,953</b>	<b>–</b>	<b>8,503</b>	<b>–</b>
<b>Total inventories</b>	<b>9,199</b>	<b>–</b>	<b>8,751</b>	<b>–</b>

### (i) Other disclosures

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>(a) Details for real estate development</b>				
Industrial/commercial	7,100	–	7,100	–
<b>Total real estate for resale</b>	<b>7,100</b>	<b>–</b>	<b>7,100</b>	<b>–</b>

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

#### Represented by:

Acquisition costs	6,955	–	6,955	–
Other properties – book value	145	–	145	–
<b>Total costs</b>	<b>7,100</b>	<b>–</b>	<b>7,100</b>	<b>–</b>
<b>Total real estate for resale</b>	<b>7,100</b>	<b>–</b>	<b>7,100</b>	<b>–</b>
<b>Movements:</b>				
Real estate assets at beginning of the year	7,100	–	7,015	–
– Purchases and other costs	–	–	85	–
<b>Total real estate for resale</b>	<b>7,100</b>	<b>–</b>	<b>7,100</b>	<b>–</b>

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

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



## C1-5 Inventories (continued)

12 months;

\$ '000	2021	2020
Real estate for resale	5,900	5,900
	<b>5,900</b>	<b>5,900</b>

### Accounting policy

#### Raw materials and stores, work in progress and finished goods

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

#### Land held for resale

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

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

## C1-6 Contract assets and Contract cost assets

\$ '000	2021	2020
Contract assets	1,906	3,017
<b>Total contract assets and contract cost assets</b>	<b>1,906</b>	<b>3,017</b>

### Contract assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Other	1,906	-	3,017	-
<b>Total contract assets</b>	<b>1,906</b>	<b>-</b>	<b>3,017</b>	<b>-</b>

### (i) Externally restricted assets

Water	82	-	-	-
<b>Total externally restricted assets</b>	<b>82</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total restricted assets</b>	<b>82</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total unrestricted assets</b>	<b>1,824</b>	<b>-</b>	<b>3,017</b>	<b>-</b>
<b>Total contract assets and contract cost asset</b>	<b>1,906</b>	<b>-</b>	<b>3,017</b>	<b>-</b>

### Accounting policy

#### Contract assets

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

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

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

#### Contract cost asset – costs to fulfil a contract

Council recognises assets relating to the costs incurred to fulfil a contract that are directly related to the contract provided they will be recovered through performance of the contract.

#### Costs to fulfill a contract

Where costs are incurred to fulfil a contract, they are accounted for under the relevant accounting standard (if appropriate), otherwise if the costs relate directly to a contract, the costs generate or enhance resources of Council that will be used to satisfy performance obligations in the future and the costs are expected to be recovered then they are capitalised as contract costs assets and released to the income statement on a systematic basis consistent with the transfer to the customer of the goods or services to which the asset relates.

## C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period									At 30 June 2021		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss recognised in equity	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															
Plant and equipment	28,548	(15,804)	12,744	–	1,282	(209)	(1,775)	–	–	–	–	–	29,228	(17,186)	12,042
Plant and equipment (wip)	30	–	30	–	146	–	–	–	–	–	–	–	176	–	176
Office equipment	5,961	(4,609)	1,352	–	377	–	(349)	–	–	–	–	–	6,337	(4,957)	1,380
Furniture and fittings	2,018	(1,391)	627	–	87	–	(104)	–	–	–	–	–	2,105	(1,495)	610
Furniture and fittings (wip)	685	–	685	–	1	–	–	–	–	–	–	–	686	–	686
<b>Land:</b>															
– Operational land	8,245	–	8,245	–	40	–	–	–	14	(8)	–	–	8,291	–	8,291
– Operational land (wip)	34	–	34	–	–	–	–	–	(14)	–	–	–	20	–	20
– Community land	9,085	–	9,085	–	42	(120)	–	–	–	8	–	–	9,017	(2)	9,015
<b>Infrastructure:</b>															
– Buildings – non-specialised	39,847	(15,737)	24,110	41	–	–	(1,264)	–	17	–	(750)	–	38,897	(16,743)	22,154
– Buildings – non-specialised (wip)	16	–	16	514	–	–	–	–	(17)	–	–	–	513	–	513
– Buildings – specialised	37,326	(14,426)	22,900	19	180	–	(1,122)	–	565	–	–	–	38,090	(15,548)	22,542
– Buildings – specialised (wip)	1,159	–	1,159	250	2,366	–	–	–	(565)	–	–	–	3,210	–	3,210
– Other structures	39,250	(8,005)	31,245	15	371	(8)	(1,040)	–	919	–	–	–	40,537	(9,035)	31,502
– Other structures (wip)	2,821	–	2,821	129	3,166	–	–	–	(919)	–	(277)	–	4,920	–	4,920
– Roads	268,411	(91,959)	176,452	4,978	2,133	(920)	(5,660)	(25,558)	–	(5,892)	–	–	266,224	(120,691)	145,533
– Roads (wip)	128	–	128	3,988	1,709	–	–	–	–	–	–	–	5,825	–	5,825
– Bridges	59,359	(19,565)	39,794	–	–	–	(646)	–	–	2,031	–	144	62,941	(21,618)	41,323
– Footpaths	11,908	(4,136)	7,772	77	271	–	(205)	–	–	–	–	–	12,256	(4,341)	7,915
– Footpaths (wip)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
– Stormwater drainage	22,142	(8,832)	13,310	585	–	–	(223)	–	–	–	–	9,648	43,293	(19,973)	23,320
– Water supply network	84,495	(36,910)	47,585	418	1,826	(3)	(1,421)	–	5,054	–	–	492	92,635	(38,684)	53,951
– Water supply network (wip)	5,595	–	5,595	89	384	–	–	–	(5,054)	–	–	–	1,014	–	1,014
– Sewerage network	78,981	(27,697)	51,284	262	63	–	(1,339)	–	356	–	–	464	80,393	(29,303)	51,090
– Sewerage network (wip)	370	–	370	30	7	–	–	–	(356)	–	–	–	51	–	51
– Other infrastructure	1,470	(641)	829	–	–	–	(24)	–	–	3,861	–	–	5,699	(1,033)	4,666
– Other Infrastructure (wip)	105	–	105	–	2	–	–	–	–	–	–	–	107	–	107
<b>Other assets:</b>															
– Other	365	(2)	363	–	3	–	–	–	–	–	–	–	368	(2)	366
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>															
– Tip assets	5,890	(1,038)	4,852	–	–	–	(796)	–	–	(590)	–	–	5,299	(1,833)	3,466
– Quarry assets	51	(20)	31	–	–	–	(1)	–	–	(9)	–	–	42	(21)	21
<b>Total infrastructure, property, plant and equipment</b>	<b>714,295</b>	<b>(250,772)</b>	<b>463,523</b>	<b>11,395</b>	<b>14,456</b>	<b>(1,260)</b>	<b>(15,969)</b>	<b>(25,558)</b>	<b>–</b>	<b>(599)</b>	<b>(1,027)</b>	<b>10,748</b>	<b>758,174</b>	<b>(302,465)</b>	<b>455,709</b>

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

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

By aggregated asset class	At 1 July 2019			Asset movements during the reporting period								At 30 June 2020		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>														
Plant and equipment	27,455	(14,755)	12,700	–	2,165	(469)	(1,867)	215	–	–	–	28,548	(15,804)	12,744
Office equipment	5,531	(4,367)	1,164	–	432	(1)	(301)	58	–	–	–	5,961	(4,609)	1,352
Furniture and fittings	1,961	(1,294)	667	–	67	(5)	(102)	–	–	–	–	2,018	(1,391)	627
Plant and equipment (wip)	223	–	223	–	22	–	–	(215)	–	–	–	30	–	30
Office equipment (wip)	58	–	58	–	–	–	–	(58)	–	–	–	–	–	–
Furniture and fittings (wip)	630	–	630	–	55	–	–	–	–	–	–	685	–	685
<b>Land:</b>														
– Operational land	8,903	–	8,903	–	–	(691)	–	33	–	–	–	8,245	–	8,245
– Community land	5,339	–	5,339	–	3,788	(42)	–	–	–	–	–	9,085	–	9,085
– Operational land (wip)	65	–	65	–	2	–	–	(33)	–	–	–	34	–	34
<b>Infrastructure:</b>														
– Buildings – non-specialised	41,057	(15,798)	25,259	–	–	(839)	(759)	–	449	–	–	39,847	(15,737)	24,110
– Buildings – specialised	37,177	(13,600)	23,577	197	32	(56)	(885)	35	–	–	–	37,326	(14,426)	22,900
– Other structures	37,129	(7,009)	30,120	–	1,116	(34)	(1,005)	1,048	–	–	–	39,250	(8,005)	31,245
– Roads	308,569	(70,603)	237,966	12,793	–	(166)	(6,222)	3,758	–	(71,677)	–	268,411	(91,959)	176,452
– Bridges	49,644	(6,709)	42,935	–	–	–	(320)	–	–	(2,821)	–	59,359	(19,565)	39,794
– Footpaths	12,033	(3,339)	8,694	309	–	–	(212)	232	–	(1,251)	–	11,908	(4,136)	7,772
– Stormwater drainage	21,331	(8,610)	12,721	798	14	–	(223)	–	–	–	–	22,142	(8,832)	13,310
– Water supply network	82,608	(35,661)	46,947	1,825	20	(475)	(1,301)	121	–	–	448	84,495	(36,910)	47,585
– Sewerage network	77,870	(26,134)	51,736	349	–	–	(1,302)	18	–	–	483	78,981	(27,697)	51,284
– Buildings – non-specialised (wip)	–	–	–	–	16	–	–	–	–	–	–	16	–	16
– Buildings – specialised (wip)	308	–	308	–	886	–	–	(35)	–	–	–	1,159	–	1,159
– Other structures (wip)	2,961	–	2,961	–	908	–	–	(1,048)	–	–	–	2,821	–	2,821
– Roads (wip)	3,814	–	3,814	–	72	–	–	(3,758)	–	–	–	128	–	128
– Water supply network (wip)	3,154	–	3,154	–	2,562	–	–	(121)	–	–	–	5,595	–	5,595
– Sewerage network (wip)	293	–	293	–	95	–	–	(18)	–	–	–	370	–	370
– Footpaths (wip)	232	–	232	–	–	–	–	(232)	–	–	–	–	–	–
– Other Infrastructure (wip)	21	–	21	–	84	–	–	–	–	–	–	105	–	105
– Other infrastructure	1,470	(601)	869	–	–	–	(40)	–	–	–	–	1,470	(641)	829
<b>Other assets:</b>														
– Other	365	(2)	363	–	–	–	–	–	–	–	–	365	(2)	363
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>														
– Tip assets	4,525	(198)	4,327	–	1,365	–	(840)	–	–	–	–	5,890	(1,038)	4,852
– Quarry assets	49	(18)	31	–	2	–	(2)	–	–	–	–	51	(20)	31
<b>Total infrastructure, property, plant and equipment</b>	<b>734,775</b>	<b>(208,698)</b>	<b>526,077</b>	<b>16,271</b>	<b>13,703</b>	<b>(2,778)</b>	<b>(15,381)</b>	<b>–</b>	<b>449</b>	<b>(75,749)</b>	<b>931</b>	<b>714,295</b>	<b>(250,772)</b>	<b>463,523</b>

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

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

### Accounting policy

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

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

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

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

#### Useful lives of IPPE

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

<b>Plant and equipment</b>	Years	<b>Other equipment</b>	Years
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	5 to 8		
Vehicles	5 to 8	<b>Buildings</b>	
Heavy plant/road making equipment	5 to 8	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 40
<b>Water and sewer assets</b>		<b>Stormwater assets</b>	
Dams and reservoirs	100	Drains	100
Bores	30	Culverts	60
Reticulation pipes: PVC	70	Flood control structures	100
Reticulation pipes: other	25 to 75		
Pumps and telemetry	5 to 15		
<b>Road assets</b>		<b>Other Transport assets</b>	
Sealed roads: surface	12-15	Bridge: concrete	100
Sealed roads: structure	48-60	Bridge: other	50
Unsealed roads: surface	8	Kerb, gutter and footpaths	40
Unsealed roads: structure	48-60		
Roads: Bulk earthworks	Infinite		

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

#### Revaluation model

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

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

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

#### Land under roads

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

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

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

### Crown reserves

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

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

### Rural Fire Service assets

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

Until such time as discussion on this matter has concluded and the legislation changed, Council will not recognise Rural Fire Service assets including plant and vehicles. Land and Buildings are recognised.

## Infrastructure, property, plant and equipment – current year impairments

\$ '000	2021	2020
(iii) Impairment losses recognised direct to equity (ARR):		
– Impairment of Council's road network due to flooding events	(25,558)	–
<b>Total impairment losses</b>	<b>(25,558)</b>	<b>–</b>
<b>Impairment of assets – direct to equity (ARR)</b>	<b>(25,558)</b>	<b>–</b>

## C2 Leasing activities

### C2-1 Council as a lessee

Council has leases over a range of IT equipment. Information relating to the leases in place and associated balances and transactions is provided below.

#### Office and IT Equipment

Leases for office and IT equipment are for multi-function devices. The lease term is for 5 years, the payments are fixed with no renewal options available at the expiry of the lease term, however the agreement may continue month to month if all other terms are maintained.

#### Office and IT equipment

Leases for office and IT equipment are generally for low value assets, except for significant items such as photocopiers. The leases are for between 3 and 5 years with no renewal option, the payments are fixed, however some of the leases include variable payments based on usage.

#### (a) Right of use assets

\$ '000	Plant & Equipment	Total
<b>2021</b>		
Opening balance at 1 July	264	264
Adjustments to right-of-use assets due to re-measurement of lease liability	5	5
Depreciation charge	(70)	(70)
<b>Balance at 30 June</b>	<b>199</b>	<b>199</b>
<b>2020</b>		
Adoption of AASB 16 at 1 July 2019 – first time lease recognition	12	12
Additions to right-of-use assets	284	284
Depreciation charge	(32)	(32)
<b>Balance at 30 June</b>	<b>264</b>	<b>264</b>

#### (b) Lease liabilities

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Lease liabilities	70	132	67	199
<b>Total lease liabilities</b>	<b>70</b>	<b>132</b>	<b>67</b>	<b>199</b>

#### (c) (i) The maturity analysis

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
<b>2021</b>					
Cash flows	70	132	–	202	202
<b>2020</b>					
Cash flows	67	199	–	266	266

## C2-1 Council as a lessee (continued)

### (ii) Lease liabilities relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Total lease liabilities relating to unrestricted assets</b>	<b>70</b>	<b>132</b>	67	199
<b>Total lease liabilities</b>	<b>70</b>	<b>132</b>	67	199

### (d) Income Statement

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

\$ '000	2021	2020
Interest on lease liabilities	5	4
Depreciation of right of use assets	70	32
Expenses relating to short-term leases	7	43
	<b>82</b>	<b>79</b>

### (e) Statement of Cash Flows

Total cash outflow for leases	74	77
	<b>74</b>	<b>77</b>

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

Council has a number of leases at significantly below market for land and buildings which are used for:

- visitor centre
- child care centres
- community halls

The leases are generally between 3 and 20 years and require payments of a minimum amount of \$100 per year plus outgoings as required. 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.



## C2-1 Council as a lessee (continued)

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

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

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

### **Exceptions to lease accounting**

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

### **Leases at significantly below market value / Concessionary leases**

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

## C2-2 Council as a lessor

### Operating leases

Council leases out a number of properties to community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included as IPP&E (refer to Note 10) 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
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#### (i) Assets held as investment property

Assets held as Investment Property is NIL.

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

#### Operating lease expenses

##### Repairs and maintenance: investment property

#### (ii) Assets held as property, plant and equipment

Council provides operating leases on Council buildings, the table below relates to operating leases on assets disclosed in C1-7.

Lease income (excluding variable lease payments not dependent on an index or rate)	-	1
<b>Total income relating to operating leases for Council assets</b>	<b>-</b>	<b>1</b>

#### Other leased assets expenses

Other	42	208
<b>Total expenses relating to other leases assets</b>	<b>42</b>	<b>208</b>

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

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

< 1 year	189	320
1–2 years	130	213
2–3 years	97	6
3–4 years	69	21
4–5 years	29	1
> 5 years	138	31
<b>Total undiscounted lease payments to be received</b>	<b>652</b>	<b>592</b>

## C3 Liabilities of Council

### C3-1 Payables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Payables</b>				
Goods and services – operating expenditure	4,085	–	4,228	–
Accrued expenses:				
– Borrowings	266	–	296	–
– Other expenditure accruals	495	–	373	–
Security bonds, deposits and retentions	369	–	358	–
Big Sky Library	527	–	440	–
Other	13	–	–	–
Prepaid rates	1,228	–	899	–
<b>Total payables</b>	<b>6,983</b>	<b>–</b>	<b>6,594</b>	<b>–</b>
<b>Total payables</b>	<b>6,983</b>	<b>–</b>	<b>6,594</b>	<b>–</b>

#### Payables relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Externally restricted assets</b>				
Water	350	–	294	–
Sewer	40	–	72	–
Payables relating to externally restricted assets	390	–	366	–
<b>Total payables relating to restricted assets</b>	<b>390</b>	<b>–</b>	<b>366</b>	<b>–</b>
<b>Total payables relating to unrestricted assets</b>	<b>6,593</b>	<b>–</b>	<b>6,228</b>	<b>–</b>
<b>Total payables</b>	<b>6,983</b>	<b>–</b>	<b>6,594</b>	<b>–</b>

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

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

<b>Total payables</b>	<b>–</b>	<b>–</b>
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#### Accounting policy

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

#### Payables

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

## C3-2 Contract Liabilities

\$ '000	Notes	2021 Current	2021 Non-current	2020 Current	2020 Non-current
<b>Grants and contributions received in advance:</b>					
Unexpended capital grants (to construct Council controlled assets)	(i)	5,568	-	465	-
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	821	-	732	-
Unexpended capital contributions (to construct Council controlled assets)	(i)	340	-	12	-
Unexpended operating contributions (received prior to performance obligation being satisfied)	(ii)	482	-	25	-
<b>Total grants received in advance</b>		<b>7,211</b>	<b>-</b>	<b>1,234</b>	<b>-</b>
<b>User fees and charges received in advance:</b>					
Other		184	-	16	-
<b>Total user fees and charges received in advance</b>		<b>184</b>	<b>-</b>	<b>16</b>	<b>-</b>
<b>Total contract liabilities</b>		<b>7,395</b>	<b>-</b>	<b>1,250</b>	<b>-</b>

### Notes

(i) Council has received funding to construct assets including sporting facilities, roads, library 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
<b>Externally restricted assets</b>				
Water	147	-	11	-
Sewer	56	-	-	-
Unspent grants held as contract liabilities (excl. Water & Sewer)	7,063	-	2,192	-
<b>Contract liabilities relating to externally restricted assets</b>	<b>7,266</b>	<b>-</b>	<b>2,203</b>	<b>-</b>
<b>Total contract liabilities relating to restricted assets</b>	<b>7,266</b>	<b>-</b>	<b>2,203</b>	<b>-</b>
<b>Total contract liabilities relating to unrestricted assets</b>	<b>129</b>	<b>-</b>	<b>(953)</b>	<b>-</b>
<b>Total contract liabilities</b>	<b>7,395</b>	<b>-</b>	<b>1,250</b>	<b>-</b>

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

\$ '000	2021	2020
<b>Grants and contributions received in advance:</b>		
Capital grants (to construct Council controlled assets)	213	850

**C3-2 Contract Liabilities (continued)**

<b>\$ '000</b>	<b>2021</b>	<b>2020</b>
Operating grants (received prior to performance obligation being satisfied)	<b>546</b>	434
Capital contributions (to construct Council controlled assets)	<b>–</b>	28
Operating contributions (received prior to performance obligation being satisfied)	<b>65</b>	25
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>824</b>	<b>1,337</b>

**Accounting policy**

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

### C3-3 Borrowings

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Loans – secured	1,606	42,402	14,385	28,166
<b>Total borrowings</b>	<b>1,606</b>	<b>42,402</b>	<b>14,385</b>	<b>28,166</b>

#### Borrowings relating to restricted assets

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
<b>Externally restricted assets</b>				
Water	253	5,941	236	6,194
Sewer	212	2,146	198	2,358
Borrowings relating to externally restricted assets	465	8,087	434	8,552
<b>Total borrowings relating to restricted assets</b>	<b>465</b>	<b>8,087</b>	<b>434</b>	<b>8,552</b>
<b>Total borrowings relating to unrestricted assets</b>	<b>1,141</b>	<b>34,315</b>	<b>13,951</b>	<b>19,614</b>
<b>Total borrowings</b>	<b>1,606</b>	<b>42,402</b>	<b>14,385</b>	<b>28,166</b>

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

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

<b>Total borrowings</b>	–	–
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#### (a) Changes in liabilities arising from financing activities

\$ '000	2020		Non-cash movements				2021
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	42,551	1,457	–	–	–	–	44,008
Lease liability (Note C2-1b)	266	(68)	–	–	4	–	202
<b>Total liabilities from financing activities</b>	<b>42,817</b>	<b>1,389</b>	<b>–</b>	<b>–</b>	<b>4</b>	<b>–</b>	<b>44,210</b>

\$ '000	2019		Non-cash movements				2020
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	46,776	(4,225)	–	–	–	–	42,551
Lease liability (Note C2-1b)	–	–	–	–	266	–	266
<b>Total liabilities from financing activities</b>	<b>46,776</b>	<b>(4,225)</b>	<b>–</b>	<b>–</b>	<b>266</b>	<b>–</b>	<b>42,817</b>

#### (b) Financing arrangements

\$ '000	2021	2020
<b>Total facilities</b>		
Bank overdraft facilities <sup>1</sup>	100	10
Credit cards/purchase cards	75	75

continued on next page ...

**C3-3 Borrowings (continued)**

\$ '000	2021	2020
<b>Total financing arrangements</b>	<b>175</b>	<b>85</b>
<b>Undrawn facilities</b>		
– Bank overdraft facilities	100	10
– Credit cards/purchase cards	75	75
<b>Total undrawn financing arrangements</b>	<b>175</b>	<b>85</b>

(1) The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

**Accounting policy**

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

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

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

**Breaches and defaults**

During the current and prior year, there were no defaults or breaches on any of the loans.

**Security over loans**

Loans are secured over the general rating income of Council.

**Bank overdraft**

Council's bank overdraft is secured over the general rating income of Council.

### C3-4 Employee benefit provisions

\$ '000	2021	2021	2020	2020
	Current	Non-current	Current	Non-current
Annual leave	1,757	–	1,911	–
Sick leave	293	–	363	–
Long service leave	2,513	262	2,646	297
Other leave	230	–	241	–
<b>Total employee benefit provisions</b>	<b>4,793</b>	<b>262</b>	<b>5,161</b>	<b>297</b>

#### Employee benefit provisions relating to restricted assets

##### Externally restricted assets

Water	392	24	426	–
Sewer	220	13	242	–
Employee benefit provisions relating to externally restricted assets	612	37	668	–
<b>Total employee benefit provisions relating to restricted assets</b>	<b>612</b>	<b>37</b>	<b>668</b>	<b>–</b>
<b>Total employee benefit provisions relating to unrestricted assets</b>	<b>4,181</b>	<b>225</b>	<b>4,493</b>	<b>297</b>
<b>Total employee benefit provisions</b>	<b>4,793</b>	<b>262</b>	<b>5,161</b>	<b>297</b>

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

\$ '000	2021	2020
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	3,229	3,329
	<b>3,229</b>	<b>3,329</b>

#### Description of and movements in provisions

\$ '000	ELE provisions				Total
	Annual leave	Sick leave	Long service leave	Other employee benefits	
<b>2021</b>					
At beginning of year	1,911	363	2,943	241	5,458
Additional provisions	821	–	339	203	1,363
Amounts used (payments)	(976)	(50)	(328)	(214)	(1,568)
Remeasurement effects	1	(20)	(179)	–	(198)
Total ELE provisions at end of year	1,757	293	2,775	230	5,055
<b>2020</b>					
At beginning of year	1,820	393	2,976	233	5,422
Additional provisions	822	(57)	(224)	(1)	540
Amounts used (payments)	(1,006)	–	(227)	–	(1,233)
Remeasurement effects	275	27	418	9	729
Total ELE provisions at end of year	1,911	363	2,943	241	5,458

#### 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



## C3-4 Employee benefit provisions (continued)

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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
<b>Other provisions</b>				
Other	498	-	-	-
<b>Sub-total – other provisions</b>	<b>498</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	353	5,669	-	6,461
<b>Sub-total – asset remediation/restoration</b>	<b>353</b>	<b>5,669</b>	<b>-</b>	<b>6,461</b>
<b>Total provisions</b>	<b>851</b>	<b>5,669</b>	<b>-</b>	<b>6,461</b>
<b>Provisions relating to restricted assets</b>				
<b>Total provisions relating to restricted assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total provisions relating to unrestricted assets</b>	<b>851</b>	<b>5,669</b>	<b>-</b>	<b>6,461</b>
<b>Total provisions</b>	<b>851</b>	<b>5,669</b>	<b>-</b>	<b>6,461</b>

### Description of and movements in provisions

\$ '000	Other provisions		Net carrying amount
	Asset remediation	MAAC Liquidation	
<b>2021</b>			
At beginning of year	6,461	-	6,461
Unwinding of discount	160	-	160
Additional provisions	-	498	498
Remeasurement effects	(599)	-	(599)
Total other provisions at end of year	<b>6,022</b>	<b>498</b>	<b>6,520</b>
<b>2020</b>			
At beginning of year	5,048	-	5,048
Unwinding of discount	46	-	46
Additional provisions	1,243	-	1,243
Remeasurement effects	321	-	321
Unused amounts reversed	(197)	-	(197)
Total other provisions at end of year	<b>6,461</b>	<b>-</b>	<b>6,461</b>

### Nature and purpose of provisions

#### Asset remediation

The asset remediation provision represents the present value estimate of future costs Council will incur to restore, rehabilitate and reinstate the tip and quarry as a result of past operations.

#### MAAC liquidation

The MAAC liquidation provision represents the estimated cost for the liquidation of the MAAC, including any additional employee costs as well as liquidators costs.

#### 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.

## C3-5 Provisions (continued)

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

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

### **Asset remediation – tips and quarries**

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

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

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

## C4 Reserves

### C4-1 Nature and purpose of reserves

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#### **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

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

## D1-1 Income Statement by fund

\$ '000	General 2021	Water 2021	Sewer 2021
<b>Income from continuing operations</b>			
Rates and annual charges	25,961	1,531	3,123
User charges and fees	7,947	3,277	404
Interest and investment revenue	176	33	26
Other revenues	1,857	272	109
Grants and contributions provided for operating purposes	12,134	78	29
Grants and contributions provided for capital purposes	10,310	153	–
<b>Total income from continuing operations</b>	<b>58,385</b>	<b>5,344</b>	<b>3,691</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	17,197	1,614	800
Materials and services	17,444	2,105	1,391
Borrowing costs	1,677	450	169
Depreciation, amortisation and impairment of non-financial assets	13,215	1,448	1,376
Other expenses	743	–	–
Net losses from the disposal of assets	974	3	–
<b>Total expenses from continuing operations</b>	<b>51,250</b>	<b>5,620</b>	<b>3,736</b>
<b>Operating result from continuing operations</b>	<b>7,135</b>	<b>(276)</b>	<b>(45)</b>
<b>Net operating result for the year</b>	<b>7,135</b>	<b>(276)</b>	<b>(45)</b>
<b>Net operating result attributable to each council fund</b>	<b>7,135</b>	<b>(276)</b>	<b>(45)</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(3,175)</b>	<b>(429)</b>	<b>(45)</b>

## D1-2 Statement of Financial Position by fund

\$ '000	General 2021	Water 2021	Sewer 2021
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	15,774	746	1,131
Investments	20,557	970	1,473
Receivables	4,968	2,285	831
Inventories	8,953	123	123
Contract assets and contract cost assets	1,824	82	–
Other	181	–	–
<b>Total current assets</b>	<b>52,257</b>	<b>4,206</b>	<b>3,558</b>
<b>Non-current assets</b>			
Infrastructure, property, plant and equipment	347,049	56,540	52,120
Right of use assets	199	–	–
<b>Total non-current assets</b>	<b>347,248</b>	<b>56,540</b>	<b>52,120</b>
<b>TOTAL ASSETS</b>	<b>399,505</b>	<b>60,746</b>	<b>55,678</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	6,593	350	40
Contract liabilities	7,192	147	56
Lease liabilities	70	–	–
Borrowings	1,141	253	212
Employee benefit provision	4,181	392	220
Provisions	851	–	–
<b>Total current liabilities</b>	<b>20,028</b>	<b>1,142</b>	<b>528</b>
<b>Non-current liabilities</b>			
Lease liabilities	132	–	–
Borrowings	34,315	5,941	2,146
Employee benefit provision	225	24	13
Provisions	5,669	–	–
<b>Total non-current liabilities</b>	<b>40,341</b>	<b>5,965</b>	<b>2,159</b>
<b>TOTAL LIABILITIES</b>	<b>60,369</b>	<b>7,107</b>	<b>2,687</b>
<b>Net assets</b>	<b>339,136</b>	<b>53,639</b>	<b>52,991</b>
<b>EQUITY</b>			
Accumulated surplus	145,291	22,675	21,104
Revaluation reserves	193,845	30,964	31,887
<b>Council equity interest</b>	<b>339,136</b>	<b>53,639</b>	<b>52,991</b>
<b>Total equity</b>	<b>339,136</b>	<b>53,639</b>	<b>52,991</b>

## D2 Interests in other entities

### D2-1 Subsidiaries

Council's consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with AASB 10 and the accounting policy described below.

Council's consolidated financial statements also include controlled entities with ownership interest of 50% or less.

As Council is considered to control the Moree Artesian Aquatic Centre it has been treated as a subsidiary of Council. This means the income, expenses, assets and liabilities of Moree Artesian Aquatic Centre have been included in Council's current year financial statements net of any Community Service Obligations or Loans.

The operations of the Moree Artesian Aquatic Centre transferred to a company limited by guarantee structure on 21 March 2013 forming the Company. The business of the Company is managed by, or under the direction of, the Board subject to the requirements of the *Corporations Act 2001 (Cth)*, its Constitution and its member in general meeting. Under the Constitution, the Council have the sole discretion as to whom it appoints to the Board.

The Moree Artesian Aquatic Centre prepares and lodges independently audited Financial Statements and Tax Returns, in accordance with Australian Accounting Standards and the *Corporations Act 2001*.

The Moree Artesian Aquatic Centre operating result for the year ending 30 June 2020 and 30 June 2021 was as follows:

	2021	2020
Total Revenue:	\$1,842,435	\$2,011,565
Total Expenses:	\$1,918,131	\$2,048,536
Net Loss:	\$ 75,696	\$ 36,971

#### Accounting policy for subsidiaries

Subsidiaries are all entities (including structured entities) over which the Council has control. Control is established when the Council is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

These consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost. Intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements. Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

### D2-2 Interests in joint arrangements

#### Material joint ventures

Moree Plains Shire Council is a member of the New England Joint Organisation and contributes \$17,280 annually in membership fees.



## E Risks and accounting uncertainties

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

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

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

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

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

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

\$ '000	Carrying value 2021	Carrying value 2020	Fair value 2021	Fair value 2020
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Cash and cash equivalents	17,651	6,283	17,651	6,283
Receivables	8,084	5,251	8,083	5,251
Investments				
– Debt securities at amortised cost	23,000	29,500	23,000	29,500
<b>Total financial assets</b>	<b>48,735</b>	<b>41,034</b>	<b>48,734</b>	<b>41,034</b>
<b>Financial liabilities</b>				
Payables	6,983	5,695	6,982	5,695
Loans/advances	44,008	42,551	44,008	42,551
<b>Total financial liabilities</b>	<b>50,991</b>	<b>48,246</b>	<b>50,990</b>	<b>48,246</b>

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and measure at amortised cost investments** – are based upon estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified (i) **at fair value through profit and loss** or (ii) **at fair value through other comprehensive income** – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

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

Council's finance area manages the cash and Investments portfolio.

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

The risks associated with the financial instruments held are:

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

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

- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

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

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

\$ '000	2021	2020
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	333	324
Impact of a 10% movement in price of investments		
– Equity / Income Statement	–	–

### (b) Credit risk

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

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

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

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

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

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

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

### Credit risk profile

#### Receivables – rates and annual charges

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

\$ '000	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
<b>2021</b>						
Gross carrying amount	–	2,290	–	–	–	2,290
2020						
Gross carrying amount	–	2,567	–	–	–	2,567

#### 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.

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

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

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
<b>2021</b>						
Gross carrying amount	2,386	991	2,258	27	378	6,040
Expected loss rate (%)	0.00%	1.00%	2.75%	2.75%	5.00%	1.52%
<b>ECL provision</b>	<b>–</b>	<b>10</b>	<b>62</b>	<b>1</b>	<b>19</b>	<b>92</b>
<b>2020</b>						
Gross carrying amount	2,796	26	6	3	642	3,473
Expected loss rate (%)	2.10%	2.75%	2.75%	2.50%	5.00%	2.64%
<b>ECL provision</b>	<b>59</b>	<b>1</b>	<b>–</b>	<b>–</b>	<b>32</b>	<b>92</b>

### (c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
<b>2021</b>							
Trade/other payables	0.00%	369	369	–	–	738	5,755
Loans and advances	6.58%	–	3,684	30,977	29,772	64,433	44,008
Lease liabilities	0.00%	–	73	209	–	282	–
<b>Total financial liabilities</b>		<b>369</b>	<b>4,126</b>	<b>31,186</b>	<b>29,772</b>	<b>65,453</b>	<b>49,763</b>
<b>2020</b>							
Trade/other payables	0.00%	358	5,337	–	–	5,695	5,695
Loans and advances	6.90%	–	16,468	13,596	34,412	64,476	42,551
Lease liabilities	0.00%	–	74	237	–	311	–
<b>Total financial liabilities</b>		<b>358</b>	<b>21,879</b>	<b>13,833</b>	<b>34,412</b>	<b>70,482</b>	<b>48,246</b>

## E2-1 Fair value measurement

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

– Infrastructure, property, plant and equipment

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

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

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

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

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

\$ '000	Notes	Fair value measurement hierarchy							
		Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2021	2020	2021	2020	2021	2020	2021	2020
<b>Infrastructure, property, plant and equipment</b>	C1-7								
Plant and equipment		30/06/21	30/06/20	–	–	12,042	12,744	12,042	12,744
Office equipment		30/06/21	30/06/20	–	–	1,380	1,352	1,380	1,352
Furniture and fittings		30/06/21	30/06/20	–	–	610	627	610	627
Land operational		30/06/18	30/06/18	–	–	8,291	8,245	8,291	8,245
Land community		30/06/18	30/06/18	–	–	9,015	9,085	9,015	9,085
Building non specialised		30/06/18	30/06/18	–	–	22,154	23,706	22,154	23,706
Building specialised		30/06/18	30/06/18	–	–	22,542	22,900	22,542	22,900
Other structures		30/06/18	30/06/18	–	–	31,502	31,245	31,502	31,245
Roads		30/06/20	30/06/20	–	–	145,533	176,452	145,533	176,452
Bridges		30/06/20	30/06/20	–	–	41,323	39,794	41,323	39,794
Footpaths		30/06/20	30/06/20	–	–	7,915	7,772	7,915	7,772
Stormwater drainage		30/06/21	30/06/15	–	–	23,320	13,310	23,320	13,310
Water supply network		30/06/21	30/06/20	–	–	53,951	47,585	53,951	47,585
Sewerage network		30/06/21	30/06/20	–	–	51,090	51,284	51,090	51,284
Other infrastructure		30/06/21	30/06/20	–	–	4,666	829	4,666	829
Other assets		30/06/21	30/06/20	–	–	366	363	366	363
RR & R assets – tip		30/06/21	30/06/20	–	–	3,466	4,852	3,466	4,852
RR & R assets – quarry		30/06/21	30/06/20	–	–	21	31	21	31
<b>Total infrastructure, property, plant and equipment</b>				<b>–</b>	<b>–</b>	<b>439,187</b>	<b>452,176</b>	<b>439,187</b>	<b>452,176</b>

### 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)

#### Transfers between Level 1 & Level 2 Fair Value Hierarchies

## E2-1 Fair value measurement (continued)

Council identifies any transfers between the levels of hierarchies, if any, at the year-end reporting period. During the current year there were no transfers between Level 1 and Level 2 Fair Value Hierarchies.

### Valuation techniques used to determine Level 2 and Level 3 Fair Values

Where Council is unable to obtain fair valuations using quoted market prices of identical assets (level 1 inputs), Council has employed 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:

As at 30 June 2018 a comprehensive revaluation was undertaken by AssetVal Pty Ltd of specified land, buildings and other structure assets.

### Land

Level 3 valuation inputs were used to value land held in freehold title (investment and non-investment) as well as land used for special purposes which is restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

There were also some parks and reserves for which there was no observable market evidence of sales prices for comparable sites in close proximity. These were subsequently valued at the level 3 valuation input hierarchy by using the professional judgment of a registered valuer who adjusted the price per square metre of sales from sites not in close proximity which provided only a low level of comparability.

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

### Buildings

Level 3 valuation inputs were used to value specialised buildings were valued using the cost approach using professionally qualified registered valuers. The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres could be supported from market evidence (level 2) other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

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

### Roads, Bridges, Footpaths and Kerb & Gutter

As at 30 June 2020 a comprehensive revaluation was undertaken by AssetVal only for all roads, bridges, footpaths and kerb & gutter assets.

The main level 3 inputs used are derived and evaluated as follows –

Asset Condition – AssetVal inspected 100% sample of each asset type of this comprehensive valuation.

Relationship between asset consumption rating scale and the level of consumed service potential – Under the cost approach the estimated cost to replace the asset is calculated and then adjusted to take account of an accumulated depreciation. In order to achieve this valuer determines an asset consumption rating scale for each asset type based on the inter-relationship between a range of factors. These factors and their relationship to the fair value require professional judgment and include asset condition, legal and commercial obsolescence and the determination of key depreciation related assumptions such as residual value, useful life and pattern of consumption of the future economic benefit.

The consumption rating scales were based initially on the past experience of the valuation firm and industry guides and were then updated to take into account the experience and understanding of council's own engineers, asset management and finance staff. The results of the valuation were further evaluated by confirmation against council's own understanding of the assets and the level of remaining service potential.

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

### Water and Sewer

As at 30 June 2017 a comprehensive revaluation was undertaken by APV for all water and sewer infrastructure. Water and Sewer assets have been assessed utilising valuation techniques that maximise the use of observable data where possible. Typically, the methodology applied will be determined based on the AASB13 Input Decision tree. Standard valuation principles dictate that a cost approach method (general incremental Greenfield) is a suitable primary methodology when assessing infrastructure that has no active market nor has directly applicable income. The major steps in using the cost approach for Water and Sewer assets include:

## E2-1 Fair value measurement (continued)

### \* Characterisation of assets

- Asset Types
- Identification of Systems and Sub-systems
- Componentisation and
- Additional global factors.

### \* Inputs

- Economic Useful Life (EUL) Assessment
- Remaining Service Potential (RSP Assessment
- Optimised Replacement Cost (ORC) analysis
- Output fair value measurement.

### Stormwater Drainage

As at 30 June 2021 a comprehensive revaluation was undertaken by AssetVal for all stormwater drainage assets. Stormwater drainage assets have been assessed utilising valuation techniques that maximise the use of observable data where possible. Under AASB 116 the value of property, plant and equipment is to be recorded at Fair Value, the measurement of which is defined in AASB 13. Under AASB 13, the valuations have been undertaken on a Cost Approach which is deemed a Level 3 input.

- Where there is no market, the net current value of an asset is the gross current value less accumulated depreciation to reflect the consumed or expired service potential of the asset. Published/ available market data for recent projects, and/or published cost guides are utilized to determine the estimated replacement cost (gross value) of the asset, including allowances for preliminaries and professional fees. This is considered a Level 2 input.
- A condition assessment is applied, which is based on factors such as the age of the asset, overall condition as noted by the Valuer during inspection, economic and/or functional obsolescence. The condition assessment directly translates to the level of depreciation applied.
- In determining the level of accumulated depreciation for major assets, we have disaggregated into significant components which exhibit different patterns of consumption (useful lives). The condition assessment is applied on the component basis.
- While the replacement cost of the assets could be supported by market supplied evidence (level 2), the other unobservable inputs (such as estimates of useful life, and asset condition) were also required (level 3).

A sample of the assets was inspected in order to get an understanding of the construction methods and local conditions. Condition assessments for Stormwater Nodes was supplied by MPSC to assist in determining fair value for Stormwater Nodes. Detailed information was supplied by MPSC where possible to assist in assessing the fair value of the specified asset.

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

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

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

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

\$ '000	Fair value (30/6/21) 2021	Valuation technique/s	Unobservable inputs
<b>Infrastructure, property, plant and equipment</b>			
Roads	145,533	Depreciated Replacement Cost	Unit Rates Asset Condition Useful Life
Bridges	41,323	Depreciated Replacement Cost	Unit Rates Asset Condition Useful Life
Footpaths	7,915	Depreciated Replacement Cost	Unit Rates Asset Condition Useful Life
Stormwater Drainage	23,320	Depreciated Replacement Cost	Unit Rates Asset Condition Useful Life
Water Supply Network	53,951	Depreciated Replacement Cost	Unit Rates Asset Condition Useful Life
Sewerage Network	51,090	Depreciated Replacement Cost	Unit Rates Asset Condition Useful Life

## E2-1 Fair value measurement (continued)

\$ '000	Fair value (30/6/21) 2021	Valuation technique/s	Unobservable inputs
Other Infrastructure	4,666	Cost approach	Unit Rates Asset Condition Useful Life
Plant & Equipment	12,042	Cost approach	Unit Rates Asset Condition Useful Life
Office Equipment	1,380	Cost approach	Unit Rates Asset Condition Useful Life
Furniture & Fittings	610	Cost approach	Unit Rates Asset Condition Useful Life
Land Operational	8,291	External Valuation	Unit Rates Asset Condition Useful Life
Land Community	9,015	External Valuation	Unit Rates Asset Condition Useful Life
Building Non-Specialised	22,154	Depreciated Replacement Cost	Unit Rates Asset Condition Useful Life
Building Specialised	22,542	Depreciated Replacement Cost	Unit Rates Asset Condition Useful Life
Other Structures	31,502	Depreciated Replacement Cost	Unit Rates Asset Condition Useful Life
Tip	3,466	Cost approach	Discount future cashflows
Quarry	21	Cost approach	Discount future cashflows

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

\$ '000	Roads		Bridges		Footpaths		Stormwater drainage	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Opening balance</b>	<b>176,452</b>	237,967	<b>39,794</b>	42,935	<b>7,772</b>	8,694	<b>13,310</b>	12,722
<b>Total gains or losses for the period</b>								
Recognised in other comprehensive income – revaluation surplus	–	(71,677)	144	(2,821)	–	(1,251)	9,648	–
<b>Other movements</b>								
Transfers from/(to) another asset class	(5,892)	–	2,031	–	–	–	–	–
Purchases (GBV)	7,111	16,550	–	–	348	541	585	811
Disposals (WDV)	(920)	(166)	–	–	–	–	–	–
Depreciation and impairment	(31,218)	(6,222)	(646)	(320)	(205)	(212)	(223)	(223)
Other Movements	–	–	–	–	–	–	–	–
<b>Closing balance</b>	<b>145,533</b>	176,452	<b>41,323</b>	39,794	<b>7,915</b>	7,772	<b>23,320</b>	13,310

\$ '000	Water supply network		Sewerage network		Other infrastructure		Plant and equipment	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Opening balance</b>	<b>47,585</b>	46,948	<b>51,284</b>	51,736	<b>829</b>	869	<b>12,744</b>	12,700
<b>Total gains or losses for the period</b>								
Recognised in other comprehensive income – revaluation surplus	492	448	464	483	–	–	–	–

continued on next page ...

## E2-1 Fair value measurement (continued)

\$ '000	Water supply network		Sewerage network		Other infrastructure		Plant and equipment	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Other movements</b>								
Transfers from/(to) another asset class	-	-	-	-	3,861	-	-	-
Purchases (GBV)	7,298	1,965	681	367	-	-	1,282	2,380
Disposals (WDV)	(3)	(475)	-	-	-	-	(209)	(469)
Depreciation and impairment	(1,421)	(1,301)	(1,339)	(1,302)	(24)	(40)	(1,775)	(1,867)
Other Movements	-	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>53,951</b>	<b>47,585</b>	<b>51,090</b>	<b>51,284</b>	<b>4,666</b>	<b>829</b>	<b>12,042</b>	<b>12,744</b>

\$ '000	Office equipment		Furniture and fittings		Land operational		Land community	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Opening balance</b>	<b>1,352</b>	<b>1,163</b>	<b>627</b>	<b>667</b>	<b>8,245</b>	<b>8,903</b>	<b>9,085</b>	<b>5,338</b>
<b>Total gains or losses for the period</b>								
<b>Other movements</b>								
Purchases (GBV)	377	491	87	67	46	33	50	3,788
Disposals (WDV)	-	(1)	-	(5)	-	(691)	(120)	(41)
Depreciation and impairment	(349)	(301)	(104)	(102)	-	-	-	-
Other Movements	-	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>1,380</b>	<b>1,352</b>	<b>610</b>	<b>627</b>	<b>8,291</b>	<b>8,245</b>	<b>9,015</b>	<b>9,085</b>

\$ '000	Building non-specialised		Building specialised		Other structures		Tip assets	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Opening balance</b>	<b>24,110</b>	<b>25,259</b>	<b>22,900</b>	<b>23,577</b>	<b>31,245</b>	<b>30,120</b>	<b>4,852</b>	<b>4,327</b>
<b>Total gains or losses for the period</b>								
Recognised in other comprehensive income – revaluation surplus	(750)	-	-	-	(277)	-	-	-
<b>Other movements</b>								
Purchases (GBV)	58	-	764	264	1,582	2,164	-	1,365
Disposals (WDV)	-	(839)	-	(56)	(8)	(34)	(590)	-
Depreciation and impairment	(1,264)	(759)	(1,122)	(885)	(1,040)	(1,005)	(796)	(840)
Other Movements	-	449	-	-	-	-	-	-
<b>Closing balance</b>	<b>22,154</b>	<b>24,110</b>	<b>22,542</b>	<b>22,900</b>	<b>31,502</b>	<b>31,245</b>	<b>3,466</b>	<b>4,852</b>

\$ '000	Quarry		Total	
	2021	2020	2021	2020
<b>Opening balance</b>	<b>31</b>	<b>31</b>	<b>452,217</b>	<b>513,956</b>
Recognised in other comprehensive income – revaluation surplus	-	-	9,721	(74,818)
Purchases (GBV)	-	2	20,269	30,788
Disposals (WDV)	(9)	-	(1,859)	(2,777)
Depreciation and impairment	(1)	(2)	(41,527)	(15,381)
Other Movements	-	-	-	449
<b>Closing balance</b>	<b>21</b>	<b>31</b>	<b>438,821</b>	<b>452,217</b>

### 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 additional lump sum contributions to the Fund.

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

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

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

The past service contribution for each Pooled Employer is a share of the total additional contributions of \$40 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 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.

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 \$196,732.16. The last valuation of the Scheme was performed by Mr Richard Boyfield, FIAA on 30 June 2020.

## E3-1 Contingencies (continued)

The amount of additional contributions included in the total employer contribution advised above is \$135,300 Council's expected contribution to the plan for the next annual reporting period is \$176,203.08.

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

<b>Employer reserves only *</b>	<b>\$millions</b>	<b>Asset Coverage</b>
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 this deficit that is broadly attributed to Council is estimated to be in the order of 0.32% as at 30 June 2021.

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.

### (iv) Other guarantees

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

## 2. Other liabilities

## E3-1 Contingencies (continued)

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### (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
<b>Compensation:</b>		
Short-term benefits	1,546	1,522
Other long-term benefits	115	124
<b>Total</b>	<b>1,661</b>	<b>1,646</b>

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

\$ '000	2021	2020
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	27	29
Councillors' fees	104	119
Other Councillors' expenses (including Mayor)	48	85
<b>Total</b>	<b>179</b>	<b>233</b>

## F2 Other relationships

### F2-1 Audit fees

\$ '000	2021	2020
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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

70	72
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#### Remuneration for audit and other assurance services

70	72
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#### Total Auditor-General remuneration

70	72
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#### Non NSW Auditor-General audit firms

##### (i) Audit and other assurance services

Audit and review of financial statements

21	17
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#### Remuneration for audit and other assurance services

21	17
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#### Total remuneration of non NSW Auditor-General audit firms

21	17
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#### Total audit fees

91	89
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## G Other matters

### G1-1 Statement of Cash Flows information

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

\$ '000	2021	2020
<b>Net operating result from Income Statement</b>	<b>6,814</b>	17,012
<b>Adjust for non-cash items:</b>		
Depreciation and amortisation	16,039	15,413
Net losses/(gains) on disposal of assets	977	932
Non-cash capital grants and contributions	–	(3,788)
Adoption of AASB 15/1058	–	(2,180)
Unwinding of discount rates on reinstatement provisions	160	46
<b>+/- Movement in operating assets and liabilities and other cash items:</b>		
Decrease/(increase) in receivables	(2,290)	1,720
Increase/(decrease) in provision for impairment of receivables	–	23
Decrease/(increase) in inventories	(448)	87
Decrease/(increase) in other current assets	56	(112)
Decrease/(increase) in contract assets	1,111	(3,017)
Increase/(decrease) in payables	(143)	853
Increase/(decrease) in accrued interest payable	(30)	(43)
Increase/(decrease) in other accrued expenses payable	122	150
Increase/(decrease) in other liabilities	440	(264)
Increase/(decrease) in contract liabilities	6,145	1,250
Increase/(decrease) in provision for employee benefits	(403)	36
Increase/(decrease) in other provisions	498	1,367
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>	<b>29,048</b>	<b>29,485</b>

## G2-1 Commitments

### Capital commitments (exclusive of GST)

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

#### Property, plant and equipment

Other Structures	151	3,537
Water Infrastructure	918	1,285
Sewer Infrastructure	-	-
Other Infrastructure	784	-
<b>Total commitments</b>	<b>1,853</b>	<b>4,822</b>

#### These expenditures are payable as follows:

Within the next year	-	4,822
Later than one year and not later than 5 years	1,853	-
<b>Total payable</b>	<b>1,853</b>	<b>4,822</b>

#### Sources for funding of capital commitments:

Future grants and contributions	151	3,522
Externally restricted reserves	918	-
Unexpended loans	784	-
New loans (to be raised)	-	1,300
<b>Total sources of funding</b>	<b>1,853</b>	<b>4,822</b>

#### Details of capital commitments

Commitments relate to projects underway as at the reporting date or to be commenced in the subsequent financial year with a signed contract for expected expenditure.



## G3-1 Events occurring after the reporting date

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Moree Artesian Aquatic Centre Limited (MAAC) was placed into voluntary administration on 29 July 2021. Clout Advisory was appointed as the liquidator and is working with Council to arrange payments for trade creditors and the assessment and payout of MAAC staff entitlements.

The liquidator has been operating the gym on limited and temporary basis to minimise disruption to gym users until a more permanent arrangement can be made. Council will continue to liaise with the liquidator and continues to fund all proven liabilities.

Council has included provisions of \$498,285 in its statements for winding up the company and payment of entitlements.

Council is focusing on the construction phase of the redevelopment of the 50mt pool and the on going maintenance and beautification of the complex as a whole.

Other than the above no other matters have arisen subsequent to balance date that would require these Financial Statements to be amended.

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

### G4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
<b>S7.12 levies – under a plan</b>	578	123	–	4	(78)	–	627	–
<b>Total S7.11 and S7.12 revenue under plans</b>	578	123	–	4	(78)	–	627	–
S64 contributions	875	30	–	7	–	–	912	–
<b>Total contributions</b>	<b>1,453</b>	<b>153</b>	<b>–</b>	<b>11</b>	<b>(78)</b>	<b>–</b>	<b>1,539</b>	<b>–</b>

Under the Environmental Planning and Assessment Act 1979, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas. It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

### S7.12 Levies – under a plan

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
<b>CONTRIBUTION PLAN</b>								
Public amenities	578	123	–	4	(78)	–	627	–
<b>Total</b>	<b>578</b>	<b>123</b>	<b>–</b>	<b>4</b>	<b>(78)</b>	<b>–</b>	<b>627</b>	<b>–</b>

## G5 Statement of performance measures

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

\$ '000	Amounts 2021	Indicator 2021	Indicators 2020      2019		Benchmark
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>(2,665)</b>	<b>(4.68)%</b>	0.05%	5.81%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>56,957</b>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>44,716</b>	<b>66.32%</b>	61.91%	68.71%	> 60.00%
Total continuing operating revenue <sup>1</sup>	<b>67,420</b>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	<b>36,084</b>	<b>3.71x</b>	1.75x	3.49x	> 1.50x
Current liabilities less specific purpose liabilities	<b>9,736</b>				
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>15,670</b>	<b>3.40x</b>	2.39x	5.09x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>4,608</b>				
<b>5. Rates and annual charges outstanding percentage</b>					
Rates and annual charges outstanding	<b>2,470</b>	<b>7.44%</b>	7.69%	5.81%	< 10.00%
Rates and annual charges collectable	<b>33,221</b>				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<b>40,651</b>	<b>10.15</b>	8.61	9.14	> 3.00
Monthly payments from cash flow of operating and financing activities	<b>4,005</b>	<b>mths</b>	mths	mths	mths

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

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

## G5-2 Statement of performance measures by fund

\$ '000	General Indicators <sup>3</sup>		Water Indicators		Sewer Indicators		Benchmark
	2021	2020	2021	2020	2021	2020	
<b>1. Operating performance ratio</b>							
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>(4.56)%</b>	1.17%	<b>(8.26)%</b>	(9.46)%	<b>(1.22)%</b>	0.62%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>							
<b>2. Own source operating revenue ratio</b>							
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>61.56%</b>	57.73%	<b>95.68%</b>	81.25%	<b>99.21%</b>	98.06%	> 60.00%
Total continuing operating revenue <sup>1</sup>							
<b>3. Unrestricted current ratio</b>							
Current assets less all external restrictions	<b>3.71x</b>	1.71x	<b>3.68x</b>	8.62x	<b>6.74x</b>	7.81x	> 1.50x
Current liabilities less specific purpose liabilities							
<b>4. Debt service cover ratio</b>							
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<b>3.18x</b>	4.78x	<b>3.26x</b>	0.54x	<b>8.88x</b>	4.14x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
<b>5. Rates and annual charges outstanding percentage</b>							
Rates and annual charges outstanding	<b>8.65%</b>	6.74%	<b>0.00%</b>	10.59%	<b>0.00%</b>	13.60%	< 10.00%
Rates and annual charges collectable							
<b>6. Cash expense cover ratio</b>							
Current year's cash and cash equivalents plus all term deposits	<b>9.68</b>	7.02	<b>∞</b>	(42.00)	<b>∞</b>	24.46	> 3.00
Monthly payments from cash flow of operating and financing activities	<b>mths</b>	mths		mths		mths	mths

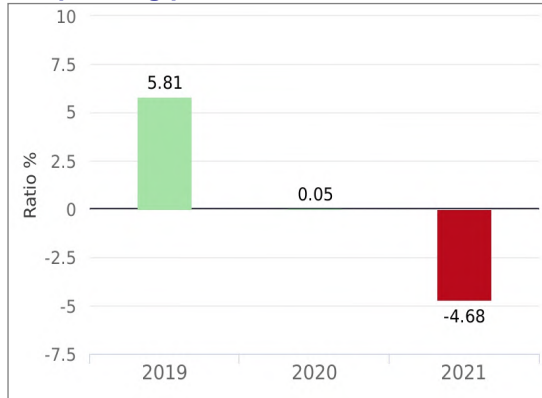
(1) - (2) Refer to Notes at Note 21a above.

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

## H Additional Council disclosures (unaudited)

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

#### 1. Operating performance ratio



#### Purpose of operating performance ratio

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

#### Commentary on 2020/21 result

2020/21 ratio (4.68)%

Council has seen a significant decrease in this ratio for the 2021 financial year. This is due primarily to the approximately \$3 million dollars in flood damage repairs Council has yet to receive funding for.

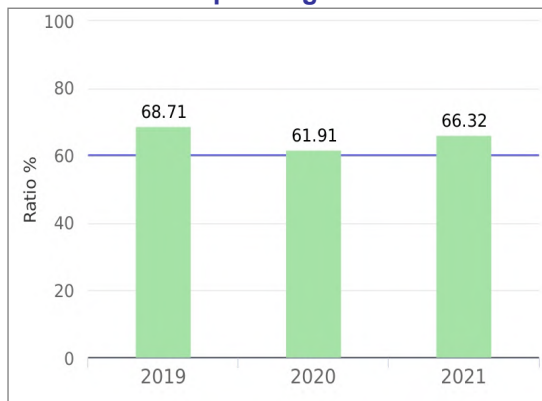
Benchmark: — > 0.00%

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 66.32%

Council continues to maintain a strong Own Source Operating ratio. It is estimated that this will decrease significantly over the next several years as large "one off" grants are received.

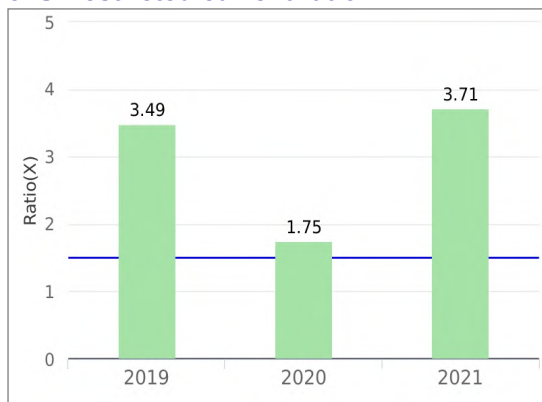
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

#### 3. Unrestricted current ratio



#### Purpose of unrestricted current ratio

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

#### Commentary on 2020/21 result

2020/21 ratio 3.71x

Council continues to maintain a strong Unrestricted Current Ratio above the benchmark. This ratio fluctuates in line with Council's line of credit for the Gateway project.

Benchmark: — > 1.50x

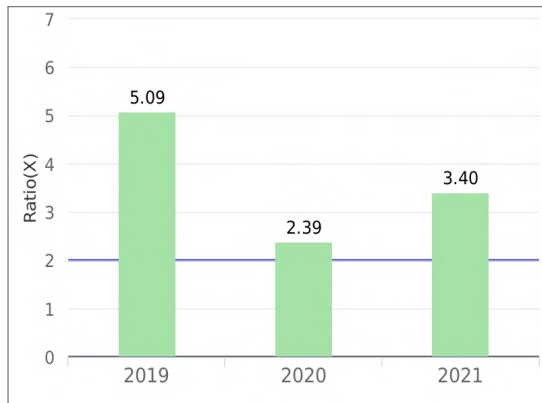
Source of benchmark: Code of Accounting Practice and Financial Reporting

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 3.40x

Council continues to maintain this ratio above the benchmark meaning that Council can service all its debt requirements within its current cashflow.

Benchmark: — > 2.00x

■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ Ratio is outside benchmark

### 5. Rates and annual charges outstanding percentage



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

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

#### Commentary on 2020/21 result

2020/21 ratio 7.44%

Council has maintained achieving this benchmark for the 2021 financial year. This is a good result considering Council suspended all external legal recoveries for outstanding rates during the year.

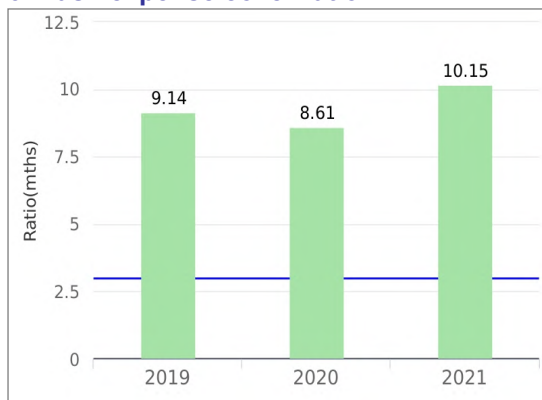
Benchmark: — < 10.00%

■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ 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 10.15 mths

Council continues to maintain a strong cash position and as a result performance against this ratio is strong.

Benchmark: — > 3.00mths

■ Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

■ Ratio is outside benchmark

## H1-2 Financial review

### Key financial figures of Council over the past 5 years

\$ '000	2021	2020	2019	2018	2017
<b>Inflows:</b>					
Rates and annual charges revenue	<b>30,615</b>	29,963	29,434	28,782	27,636
User charges revenue	<b>11,628</b>	12,492	14,630	13,212	12,511
Interest and investment revenue (losses)	<b>235</b>	627	944	742	969
Grants income – operating and capital	<b>22,551</b>	29,219	18,954	21,063	9,571
Total income from continuing operations	<b>67,420</b>	77,102	67,055	68,900	62,068
Sale proceeds from IPPE	<b>283</b>	1,807	704	1,103	2,720
New loan borrowings and advances	<b>3,700</b>	–	–	–	–
<b>Outflows:</b>					
Employee benefits and on-cost expenses	<b>19,611</b>	19,264	19,443	17,417	17,295
Borrowing costs	<b>2,296</b>	3,802	2,801	2,962	3,311
Materials and contracts expenses	<b>20,940</b>	20,035	14,416	16,463	16,459
Total expenses from continuing operations	<b>60,606</b>	60,090	56,285	54,125	52,089
Total cash purchases of IPPE	<b>25,851</b>	26,596	24,399	22,561	13,447
Total loan repayments (incl. finance leases)	<b>2,313</b>	4,255	1,237	1,321	3,159
Operating surplus/(deficit) (excl. capital income)	<b>(3,649)</b>	(944)	1,225	2,283	4,912
<b>Financial position figures</b>					
Current assets	<b>60,021</b>	53,582	51,842	50,359	41,833
Current liabilities	<b>21,698</b>	27,457	12,443	25,111	12,723
Net current assets	<b>38,323</b>	26,125	39,399	25,248	29,110
Available working capital (Unrestricted net current assets)	<b>6,664</b>	13,248	9,447	8,812	3,593
Cash and investments – unrestricted	<b>3,134</b>	7,714	6,142	6,373	2,793
Cash and investments – internal restrictions	<b>22,924</b>	18,331	13,239	10,385	7,861
Cash and investments – total	<b>40,651</b>	35,783	35,427	34,592	27,108
Total borrowings outstanding (loans, advances and finance leases)	<b>44,008</b>	42,551	46,776	48,013	50,502
Total value of IPPE (excl. land and earthworks)	<b>740,866</b>	696,965	720,533	697,617	710,587
Total accumulated depreciation	<b>302,465</b>	250,772	208,698	197,748	215,858
Indicative remaining useful life (as a % of GBV)	<b>59%</b>	64%	71%	72%	70%

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

## H1-3 Council information and contact details

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**Principal place of business:**

Level 2, 30 Heber Street  
Moree NSW 2400

**Mailing Address:**

PO Box 420  
Moree NSW 2400

**Telephone:** 02 6757 3222

**Facsimile:** 02 6752 3934

**Opening hours:**

9:00am - 5:00pm  
Monday to Friday

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

**Email:** [council@mpsc.nsw.gov.au](mailto:council@mpsc.nsw.gov.au)

**Officers**

**General Manager**

Lester Rodgers

**Responsible Accounting Officer**

Andrew Probert

**Auditors**

NSW Audit Office

**Elected members**

**Mayor**

Katrina Humphries

**Other information**

**ABN:** 46 566 790 582





## INDEPENDENT AUDITOR'S REPORT

### Report on the general purpose financial statements

#### Moree Plains Shire Council

To the Councillors of Moree Plains Shire Council

### Opinion

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

In my opinion:

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

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

### Basis for Opinion

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

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

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

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

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

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

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

### **Other Information**

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

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

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

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

I have nothing to report in this regard.

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

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

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

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

My objectives are to:

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

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

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

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

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



Chris Harper  
Director, Financial Audit

Delegate of the Auditor General for New South Wales

30 November 2021  
SYDNEY



Cr Katrina Humphries  
Mayor  
Moree Plains Shire Council  
PO Box 420  
MOREE NSW 2400

Contact: Chris Harper  
Phone no: 02 9275 7374  
Our ref: D2125387/1761

30 November 2021

Dear Mayor

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

I have audited the general purpose financial statements (GPFS) of Moree Plains 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 NSW Rural Fire Service (RFS).

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

## INCOME STATEMENT

### Operating result

	2021	2020	Variance
	\$m	\$m	%
Rates and annual charges revenue	30.6	30.0	 2.0
Grants and contributions revenue	22.7	29.4	 22.8
Operating result from continuing operations	6.8	17.0	 60.0
Net operating result before capital grants and contributions	(3.6)	(0.9)	 300

The Council's operating result from continuing operations (\$6.8 million including depreciation and amortisation expense of \$16.0 million) was \$10.2 million lower than the 2019–20 result. This is mainly due to:

- \$7.5 million decrease in grants and contributions for capital purposes including lower road work grants, a one-off water treatment plant grant in 2019-20 and recognition of crown land assets in 2019-20
- \$2.4 million decrease in other revenue mainly relating to the settlement of contractual litigations in 2020-21 of \$733,000 compared to \$3.3 million in 2019-20.

The net operating loss result before capital grants and contributions of \$3.6 million was \$2.7 million lower than the 2019-20 result. This is due to the decline in other revenue as explained above.

Rates and annual charges revenue (\$30.6 million) increased by \$652,000 (2.0 per cent) in 2020–21 due to the normal rate peg allowance increases in the year.

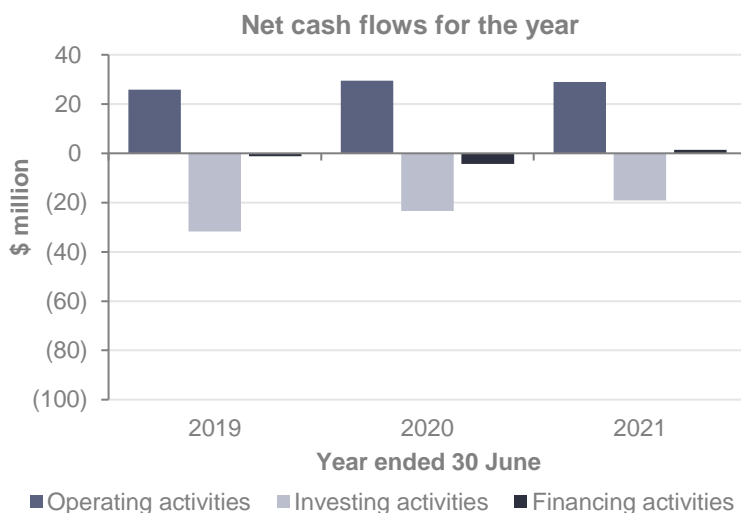
Grants and contributions revenue (\$22.7 million) decreased by \$6.7 million (22.8 per cent) in 2020–21 due to the decline in grant revenue explained above.

## STATEMENT OF CASH FLOWS

Cash flows from operating activities decreased by \$437,000 mainly due to the decrease in cash inflows from other revenues, higher material and service costs, lower user charges and fee revenue, partially offset by an increase in grants and contributions.

Cash outflows from investing activities decreased by \$4.3 million mainly due to proceeds from term deposits.

Cash flows from financing activities increased by \$5.6 million mainly due to new borrowings of \$3.7 million for the refurbishment of the Memorial Hall and construction of the waste management facility.



## FINANCIAL POSITION

### Cash and investments

Cash and investments	2021	2020	Commentary
	\$m	\$m	
<b>Total cash, cash equivalents and investments</b>	<b>40.7</b>	<b>35.8</b>	<ul style="list-style-type: none"> <li>Major external restrictions include water, sewer and developer contributions as well as grants for specific purposes. The main increase related to grants funding and unexpended loans received for the general fund (relating to the waste management facility and the refurbishment of the Memorial Hall projects).</li> <li>Major internal restrictions include the financial assistance grant instalment received in advance, employee provisions, asset renewal and plant replacement reserves.</li> </ul>
Restricted cash and investments:			
• External restrictions	14.6	9.7	
• Internal and unrestricted	26.1	26.1	

# PERFORMANCE

## Performance measures

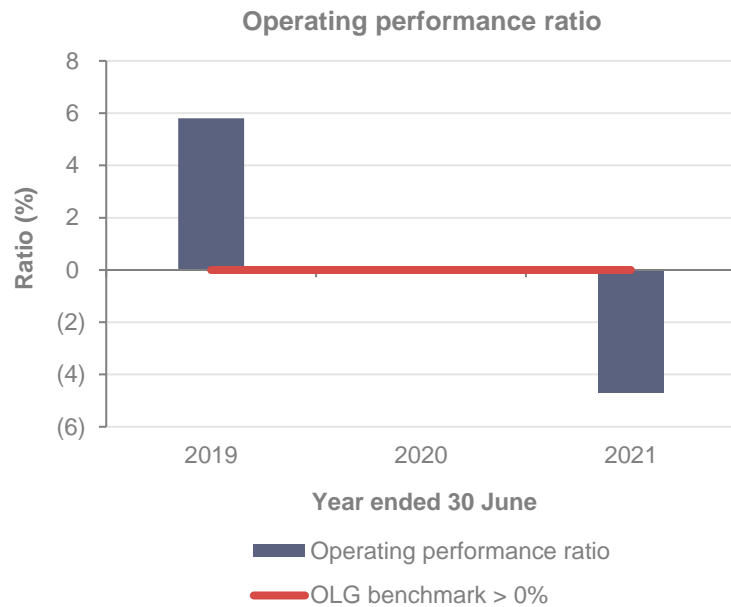
The following section provides an overview of the Council's performance against the performance measures and performance benchmarks set by the Office of Local Government (OLG) within the Department of Planning, Industry and Environment.

### Operating performance ratio

The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.

The Council did not meet the OLG benchmark for the current reporting period.

The ratio decreased compared to 2019-20 mainly due to a decrease in other revenue and user charges and fees.

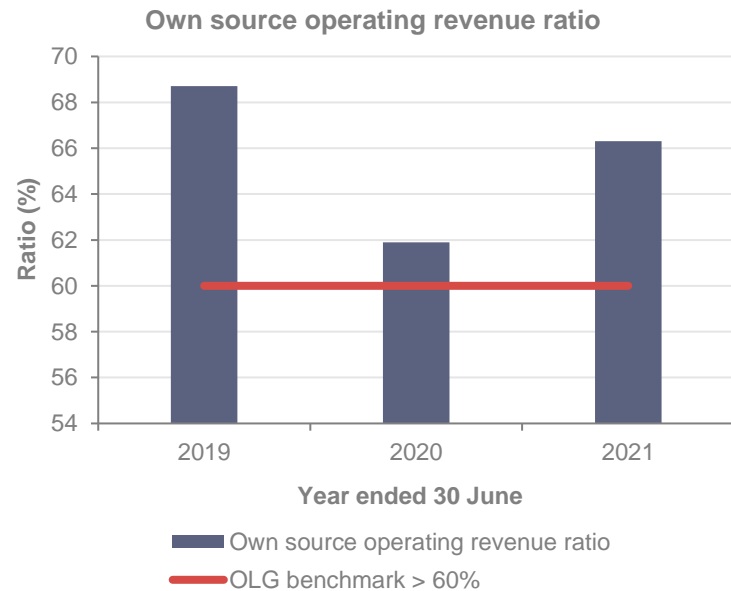


### Own source operating revenue ratio

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 met the OLG benchmark for the current reporting period.

The ratio increased compared to 2019-20 due to a significant decrease in grants and contributions for capital purposes in 2020-2021.

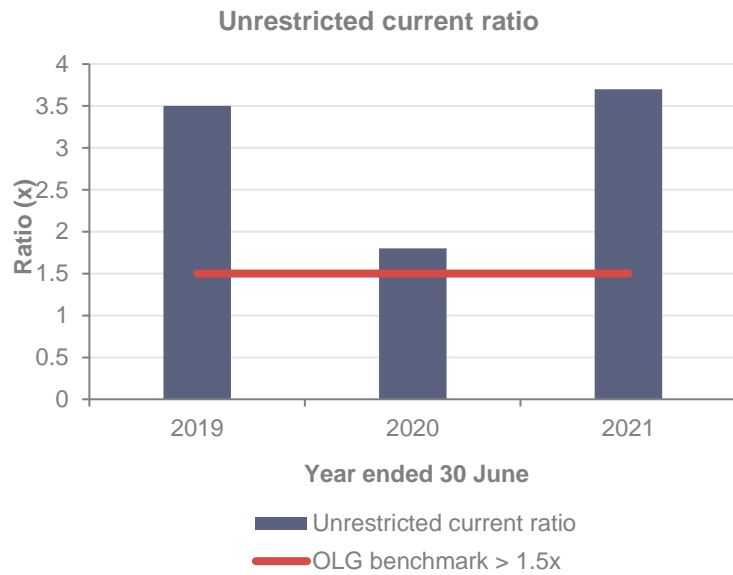


### Unrestricted current ratio

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 met the OLG benchmark for the current reporting period.

The ratio improved compared to 2019-20 mainly due to a reduction in current borrowings.

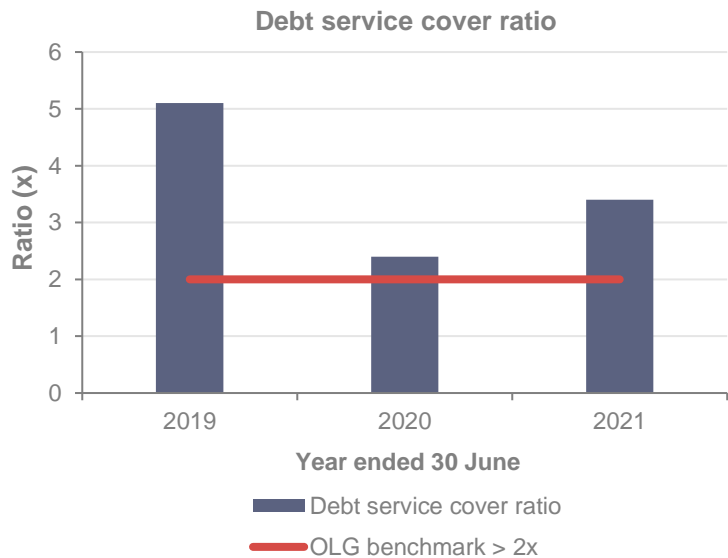


### Debt service cover ratio

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 met the OLG benchmark for the current reporting period.

The ratio increased compared to 2019-20 mainly due to a decrease in borrowings and related loan principal and interest repayments.



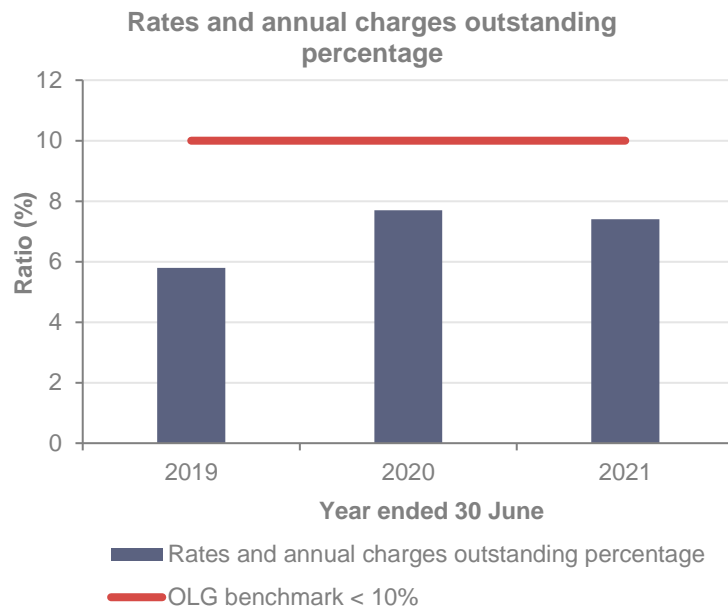


## Rates and annual charges outstanding percentage

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

The Council met the OLG benchmark for the current reporting period.

The ratio is slightly lower compared to 2019-20 mainly due to improved debt collection.

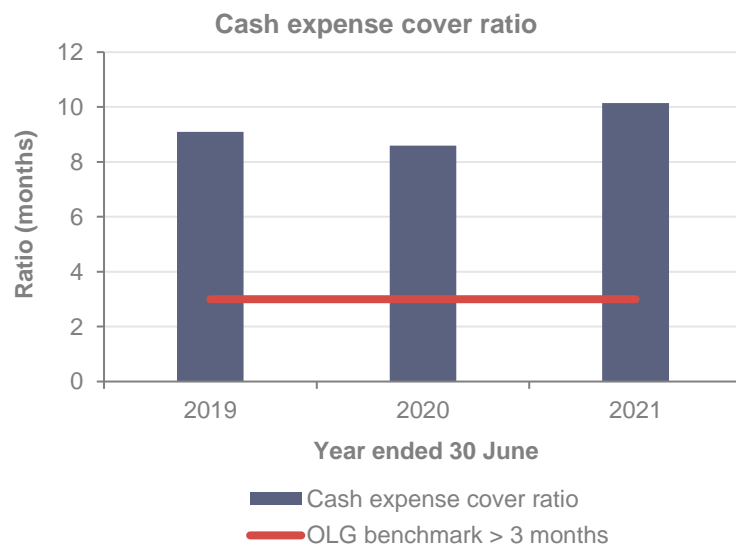


## Cash expense cover ratio

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 met the OLG benchmark for the current reporting period.

The cash expense ratio increased compared to 2019-20 due to an increase in cash and cash equivalent balances.



## Infrastructure, property, plant and equipment renewals

Infrastructure, Property, Plant and Equipment (IPPE) renewal expenditure was \$11.4 million. This decreased by \$4.9 million compared to 2019-20 due to a reduction in its renewal works on road assets. Renewal expenditure was below depreciation for the year by \$4.6 million. The depreciation expense includes \$3.0 million related to plant and equipment, office equipment and tip remediation that would not be related to asset renewals.

## OTHER MATTERS

### Impact of new accounting standards

#### AASB 1059 'Service Concession Arrangements: Grantors'

The Council did not identify any service concession arrangements as part of adopting this standard.

The Council's disclosure of the impact of adopting AASB 1059 is disclosed in Note A1-1.

### 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.



Chris Harper  
Director Financial Audit

Delegate of the Auditor-General for New South Wales

cc: Mr Lester Rodgers, General Manager  
Mr Andrew Probert, Acting Director of Corporate Services  
Mr Paul Cornall, Principal, Forsyths  
Ms Kiersten Fishburn, Secretary of the Department of Planning, Industry and Environment

# Moree Plains Shire Council

## SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2021

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***“To lead the way in fostering a healthy, positive and well-resourced community.”***



# Moree Plains Shire Council

## Special Purpose Financial Statements

for the year ended 30 June 2021

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## Moree Plains 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:

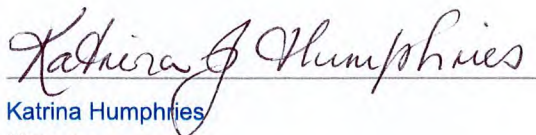
- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,
- 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 28 October 2021.



Katrina Humphries

Mayor

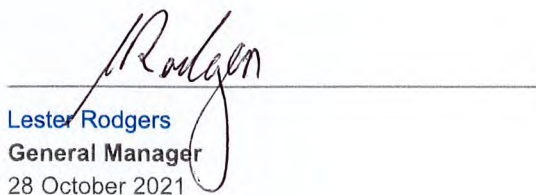
28 October 2021



Greg Smith

Councillor

28 October 2021



Lester Rodgers

General Manager

28 October 2021



Andrew Probert

Responsible Accounting Officer

28 October 2021

## Moree Plains Shire Council

### Income Statement of water supply business activity

for the year ended 30 June 2021

\$ '000	2021	2020
<b>Income from continuing operations</b>		
Access charges	1,531	1,481
User charges	3,277	4,244
Interest	33	160
Grants and contributions provided for non-capital purposes	78	54
Other income	272	86
<b>Total income from continuing operations</b>	<b>5,191</b>	<b>6,025</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	1,614	1,714
Borrowing costs	450	1,680
Materials and services	2,105	1,881
Depreciation, amortisation and impairment	1,448	1,320
Loss on sale of assets	3	475
<b>Total expenses from continuing operations</b>	<b>5,620</b>	<b>7,070</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(429)</b>	<b>(1,045)</b>
Grants and contributions provided for capital purposes	153	1,324
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(276)</b>	<b>279</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(276)</b>	<b>279</b>
<b>Surplus (deficit) after tax</b>	<b>(276)</b>	<b>279</b>
<b>Plus accumulated surplus</b>	<b>22,951</b>	22,948
<b>Less: other adjustments - contract liabilities</b>	<b>-</b>	(276)
<b>Plus adjustments for amounts unpaid:</b>		
<b>Closing accumulated surplus</b>	<b>22,675</b>	22,951
<b>Return on capital %</b>	<b>0.0%</b>	1.2%
<b>Subsidy from Council</b>	<b>821</b>	-
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	(276)	279
Less: capital grants and contributions (excluding developer contributions)	(153)	(1,324)
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>-</b>
<b>Potential dividend calculated from surplus</b>	<b>-</b>	<b>-</b>

## Moree Plains Shire Council

### Income Statement of sewerage business activity

for the year ended 30 June 2021

\$ '000	2021	2020
<b>Income from continuing operations</b>		
Access charges	3,123	3,081
User charges	404	393
Fees	–	8
Interest	26	49
Grants and contributions provided for non-capital purposes	29	68
Other income	109	101
<b>Total income from continuing operations</b>	<b>3,691</b>	<b>3,700</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	800	836
Borrowing costs	169	181
Materials and services	1,391	1,343
Depreciation, amortisation and impairment	1,376	1,317
<b>Total expenses from continuing operations</b>	<b>3,736</b>	<b>3,677</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(45)</b>	<b>23</b>
Grants and contributions provided for capital purposes	–	4
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(45)</b>	<b>27</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(45)</b>	<b>27</b>
Less: corporate taxation equivalent [based on result before capital]	–	(6)
<b>Surplus (deficit) after tax</b>	<b>(45)</b>	<b>21</b>
<b>Plus accumulated surplus</b>	<b>21,149</b>	<b>21,122</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	–	6
<b>Closing accumulated surplus</b>	<b>21,104</b>	<b>21,149</b>
<b>Return on capital %</b>	<b>0.2%</b>	<b>0.4%</b>
<b>Subsidy from Council</b>	<b>653</b>	<b>260</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	(45)	21
Less: capital grants and contributions (excluding developer contributions)	–	(4)
<b>Surplus for dividend calculation purposes</b>	<b>–</b>	<b>17</b>
<b>Potential dividend calculated from surplus</b>	<b>–</b>	<b>9</b>

## Moree Plains Shire Council

### Income Statement of Gwydir Day Care

for the year ended 30 June 2021

\$ '000	2021 Category 2	2020 Category 2
<b>Income from continuing operations</b>		
Fees	417	378
Interest	1	1
Grants and contributions provided for non-capital purposes	736	948
<b>Total income from continuing operations</b>	<b>1,154</b>	<b>1,327</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	957	1,029
Borrowing costs	27	29
Materials and services	150	131
Depreciation, amortisation and impairment	73	37
Loss on sale of assets	8	–
Other expenses	–	28
<b>Total expenses from continuing operations</b>	<b>1,215</b>	<b>1,254</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(61)</b>	<b>73</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(61)</b>	<b>73</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(61)</b>	<b>73</b>
Less: corporate taxation equivalent [based on result before capital]	–	(20)
<b>Surplus (deficit) after tax</b>	<b>(61)</b>	<b>53</b>
<b>Plus accumulated surplus</b>	<b>831</b>	<b>758</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Corporate taxation equivalent	–	20
<b>Closing accumulated surplus</b>	<b>770</b>	<b>831</b>
<b>Return on capital %</b>	<b>(2.1)%</b>	<b>6.3%</b>
<b>Subsidy from Council</b>	<b>58</b>	<b>–</b>



## Moree Plains Shire Council

### Statement of Financial Position of water supply business activity

as at 30 June 2021

\$ '000	2021	2020
<b>ASSETS</b>		
<b>Current assets</b>		
Contract assets and contract cost assets	82	–
Cash and cash equivalents	746	833
Investments	970	3,563
Receivables	2,285	1,356
Inventories	123	124
<b>Total current assets</b>	<b>4,206</b>	<b>5,876</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	56,540	54,709
<b>Total non-current assets</b>	<b>56,540</b>	<b>54,709</b>
<b>Total assets</b>	<b>60,746</b>	<b>60,585</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Contract liabilities	147	11
Payables	350	294
Borrowings	253	236
Employee benefit provisions	392	426
<b>Total current liabilities</b>	<b>1,142</b>	<b>967</b>
<b>Non-current liabilities</b>		
Borrowings	5,941	6,194
Employee benefit provisions	24	–
<b>Total non-current liabilities</b>	<b>5,965</b>	<b>6,194</b>
<b>Total liabilities</b>	<b>7,107</b>	<b>7,161</b>
<b>Net assets</b>	<b>53,639</b>	<b>53,424</b>
<b>EQUITY</b>		
Accumulated surplus	22,675	22,952
Revaluation reserves	30,964	30,472
<b>Total equity</b>	<b>53,639</b>	<b>53,424</b>

## Moree Plains Shire Council

### Statement of Financial Position of sewerage business activity

as at 30 June 2021

\$ '000	2021	2020
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,131	392
Investments	1,473	1,675
Receivables	831	588
Inventories	123	124
<b>Total current assets</b>	<b>3,558</b>	<b>2,779</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	52,120	52,662
<b>Total non-current assets</b>	<b>52,120</b>	<b>52,662</b>
<b>Total assets</b>	<b>55,678</b>	<b>55,441</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Contract liabilities	56	–
Payables	40	72
Borrowings	212	198
Employee benefit provisions	220	242
<b>Total current liabilities</b>	<b>528</b>	<b>512</b>
<b>Non-current liabilities</b>		
Borrowings	2,146	2,358
Employee benefit provisions	13	–
<b>Total non-current liabilities</b>	<b>2,159</b>	<b>2,358</b>
<b>Total liabilities</b>	<b>2,687</b>	<b>2,870</b>
<b>Net assets</b>	<b>52,991</b>	<b>52,571</b>
<b>EQUITY</b>		
Accumulated surplus	21,104	21,148
Revaluation reserves	31,887	31,423
<b>Total equity</b>	<b>52,991</b>	<b>52,571</b>

## Moree Plains Shire Council

### Statement of Financial Position of Gwydir Day Care

as at 30 June 2021

\$ '000	2021 Category 2	2020 Category 2
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	–	139
<b>Total current assets</b>	<b>–</b>	<b>139</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	1,601	1,629
<b>Total non-current assets</b>	<b>1,601</b>	<b>1,629</b>
<b>Total assets</b>	<b>1,601</b>	<b>1,768</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	5	–
Borrowings	31	–
Employee benefit provisions	207	–
<b>Total current liabilities</b>	<b>243</b>	<b>–</b>
<b>Non-current liabilities</b>		
Borrowings	392	454
Employee benefit provisions	9	296
<b>Total non-current liabilities</b>	<b>401</b>	<b>750</b>
<b>Total liabilities</b>	<b>644</b>	<b>750</b>
<b>Net assets</b>	<b>957</b>	<b>1,018</b>
<b>EQUITY</b>		
Accumulated surplus	770	831
Revaluation reserves	187	187
<b>Total equity</b>	<b>957</b>	<b>1,018</b>

## Note – Significant Accounting Policies

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

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

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

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

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

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

### National Competition Policy

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

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

### Declared business activities

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

#### Category 1

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

##### a. Water Supplies

Comprising the net assets & operations of the water supply systems servicing the towns of Moree, Mungindi, Boggabilla, Pallamallawa and surrounding villages of Moree Plains Shire, each of which is established as a separate Special Rate Fund.

##### b. Sewerage Service

Comprising the net assets & operations of the sewerage reticulation and treatment system servicing the towns of Moree, Mungindi, and surrounding villages of Moree Plains Shire, which is established as a separate Special Rate Fund.

#### Category 2

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

##### a. Gwydir Day Care Centre

Comprising the net assets & operations of Gwydir Day Care which provides low cost day care services to the town of Moree.

##### b. Max Centre

Comprising the net assets & operations of the Max Centre which is a large commercial building containing retail outlets, service providers and restaurants that provides rental income to the Council. From 2021 Council has removed the Max Centre as a Category 2 business activity and it is now consolidated as part of Council's General Fund.

### 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

## Note – Significant Accounting Policies (continued)

private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

### Notional rate applied (%)

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

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

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

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

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

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

### Income tax

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

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

Accordingly, there is no need for disclosure of internal charges in the SPFS. The rate applied of 27.5% is the equivalent company tax rate prevalent at reporting date.

### 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.

#### (i) Subsidies

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

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

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

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

The rate of return is calculated as follows:

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

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

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

## Note – Significant Accounting Policies (continued)

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### (iii) Dividends

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

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

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

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2019 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Best Practice Management of Water Supply and Sewer 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**  
**Moree Plains Shire Council**

To the Councillors of Moree Plains Shire Council

## Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Moree Plains 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:

- Water Supply
- Sewerage
- Gwydir Day Care 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](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.



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

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

A handwritten signature in black ink, appearing to read 'CHarper', with a long horizontal stroke extending to the right.

Chris Harper  
Director, Financial Audit

Delegate of the Auditor General for New South Wales

30 November 2021  
SYDNEY

# Moree Plains Shire Council

SPECIAL SCHEDULES  
for the year ended 30 June 2021

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*"To lead the way in fostering a healthy, positive and  
well-resourced community."*



# Moree Plains Shire Council

## Special Schedules

for the year ended 30 June 2021

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## Moree Plains Shire Council

### Permissible income for general rates

\$ '000	Notes	Calculation 2020/21	Calculation 2021/22
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	23,507	<b>24,121</b>
Plus or minus adjustments <sup>2</sup>	b	(8)	<b>20</b>
<b>Notional general income</b>	c = a + b	<b>23,499</b>	<b>24,141</b>
<b>Permissible income calculation</b>			
Or rate peg percentage	e	2.60%	<b>2.00%</b>
Or plus rate peg amount	i = e x (c + g)	611	<b>483</b>
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>24,110</b>	<b>24,624</b>
Plus (or minus) last year's carry forward total	l	(29)	–
<b>Sub-total</b>	n = (l + m)	<b>(29)</b>	<b>–</b>
<b>Total permissible income</b>	o = k + n	<b>24,081</b>	<b>24,624</b>
Less notional general income yield	p	24,121	<b>24,686</b>
<b>Catch-up or (excess) result</b>	q = o – p	<b>(40)</b>	<b>(62)</b>
Plus income lost due to valuation objections claimed <sup>4</sup>	r	–	<b>2</b>
<b>Carry forward to next year <sup>6</sup></b>	t = q + r + s	<b>(40)</b>	<b>(60)</b>

#### Notes

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



## INDEPENDENT AUDITOR'S REPORT

### Special Schedule – Permissible income for general rates

#### Moree Plains Shire Council

To the Councillors of Moree Plains Shire Council

### Opinion

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

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

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

### Basis for Opinion

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

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

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

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

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

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

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

### Emphasis of Matter - Basis of Accounting

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

## Other Information

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

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

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

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

I have nothing to report in this regard.

## The Councillors' Responsibilities for the Schedule

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

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

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

My objectives are to:

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'CHarper', with a long horizontal stroke extending to the right.

Chris Harper  
Director, Financial Audit

Delegate of the Auditor General for New South Wales

30 November 2021  
SYDNEY

## Moree Plains Shire Council

## Report on infrastructure assets as at 30 June 2021

Asset Class	Asset Category	Estimated cost		2020/21 Required maintenance <sup>a</sup>	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					
<b>Buildings</b>	Council Offices	–	–	202	392	7,817	13,678	0.0%	100.0%	0.0%	0.0%	0.0%
	Council Houses	–	–	21	12	693	1,519	0.0%	100.0%	0.0%	0.0%	0.0%
	Libraries	–	–	63	19	2,673	4,190	0.0%	100.0%	0.0%	0.0%	0.0%
	Child care centre	–	–	29	14	1,374	1,965	29.6%	70.4%	0.0%	0.0%	0.0%
	Art gallery	–	–	59	41	2,273	4,110	0.0%	100.0%	0.0%	0.0%	0.0%
	Other	35	35	818	857	29,866	51,525	2.3%	97.1%	0.4%	0.0%	0.2%
	<b>Sub-total</b>	<b>35</b>	<b>35</b>	<b>1,192</b>	<b>1,335</b>	<b>44,696</b>	<b>76,987</b>	<b>2.3%</b>	<b>97.3%</b>	<b>0.3%</b>	<b>0.0%</b>	<b>0.1%</b>
<b>Other structures</b>	Other structures	–	–	780	124	31,502	40,537	49.7%	50.4%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>780</b>	<b>124</b>	<b>31,502</b>	<b>40,537</b>	<b>49.7%</b>	<b>50.4%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Roads</b>	Roads	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sealed roads surface	138	138	1,785	1,785	18,642	37,870	28.2%	8.1%	62.0%	1.6%	0.1%
	Sealed roads structure	101	101	1,190	1,190	106,118	174,350	26.7%	0.1%	73.0%	0.0%	0.1%
	Unsealed roads	3,099	3,099	1,336	1,336	9,028	33,307	24.9%	13.9%	24.2%	27.6%	9.5%
	Bridges	716	716	33	33	41,323	62,941	41.7%	38.1%	16.3%	2.2%	1.7%
	Footpaths	121	121	293	293	7,915	12,256	34.1%	35.9%	25.3%	4.6%	0.2%
	Kerb and gutter	644	644	131	131	11,745	20,697	17.9%	34.3%	34.7%	10.6%	2.5%
	Other road assets (incl. bulk earth works)	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Sub-total</b>	<b>4,819</b>	<b>4,819</b>	<b>4,768</b>	<b>4,768</b>	<b>194,771</b>	<b>341,421</b>	<b>29.2%</b>	<b>12.7%</b>	<b>52.5%</b>	<b>4.1%</b>	<b>1.5%</b>	
<b>Water supply network</b>	Dams and Bores	–	–	131	56	5,396	9,140	13.1%	10.7%	74.2%	2.0%	0.0%
	Reservoirs	–	–	422	14	18,037	34,150	3.8%	3.1%	92.4%	0.7%	0.0%
	Mains	–	–	320	858	24,235	39,437	16.5%	0.4%	83.1%	0.0%	0.0%
	Treatment works	–	–	194	665	6,283	9,908	29.4%	0.4%	70.2%	0.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>1,067</b>	<b>1,593</b>	<b>53,951</b>	<b>92,635</b>	<b>12.9%</b>	<b>2.4%</b>	<b>84.3%</b>	<b>0.4%</b>	<b>0.0%</b>
<b>Sewerage network</b>	Pump Stations	–	–	210	343	5,927	9,034	24.5%	39.4%	36.1%	0.0%	0.0%
	Mains	–	–	475	403	33,428	51,250	2.5%	0.0%	97.5%	0.0%	0.0%
	Treatment works	–	–	319	586	11,735	20,110	1.7%	27.4%	67.8%	3.2%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>1,004</b>	<b>1,332</b>	<b>51,090</b>	<b>80,394</b>	<b>4.8%</b>	<b>11.3%</b>	<b>83.1%</b>	<b>0.8%</b>	<b>0.0%</b>



## Moree Plains Shire Council

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

Asset Class	Asset Category	Estimated cost		2020/21 Required maintenance <sup>a</sup>	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	to bring to the agreed level of service set by Council					1	2	3	4	5	
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000						
<b>Stormwater drainage</b>	Stormwater drainage	285	285	224	391	23,320	43,293	51.9%	5.8%	39.0%	3.3%	0.0%	
	<b>Sub-total</b>	<b>285</b>	<b>285</b>	<b>224</b>	<b>391</b>	<b>23,320</b>	<b>43,293</b>	<b>51.9%</b>	<b>5.8%</b>	<b>39.0%</b>	<b>3.3%</b>	<b>0.0%</b>	
<b>Other infrastructure assets</b>	Other	–	–	23	167	4,666	5,699	78.4%	21.6%	0.0%	0.0%	0.0%	
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>23</b>	<b>167</b>	<b>4,666</b>	<b>5,699</b>	<b>78.4%</b>	<b>21.6%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	
	<b>Total – all assets</b>	<b>5,139</b>	<b>5,139</b>	<b>9,058</b>	<b>9,710</b>	<b>403,996</b>	<b>680,966</b>	<b>24.1%</b>	<b>22.6%</b>	<b>50.1%</b>	<b>2.4%</b>	<b>0.8%</b>	

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

#### Infrastructure asset condition assessment 'key'

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

## Moree Plains Shire Council

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

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

\$ '000	Amounts 2021	Indicator 2021	Indicators		Benchmark
			2020	2019	
<b>Buildings and infrastructure renewals ratio</b>					
Asset renewals <sup>1</sup>	<b>11,395</b>	<b>88.03%</b>	132.62%	118.87%	>= 100.00%
Depreciation, amortisation and impairment	<b>12,944</b>				
<b>Infrastructure backlog ratio</b>					
Estimated cost to bring assets to a satisfactory standard	<b>5,139</b>	<b>1.27%</b>	0.95%	0.66%	< 2.00%
Net carrying amount of infrastructure assets	<b>403,996</b>				
<b>Asset maintenance ratio</b>					
Actual asset maintenance	<b>9,710</b>	<b>107.20%</b>	97.55%	77.63%	> 100.00%
Required asset maintenance	<b>9,058</b>				
<b>Cost to bring assets to agreed service level</b>					
Estimated cost to bring assets to an agreed service level set by Council	<b>5,139</b>	<b>0.75%</b>	0.61%	0.48%	
Gross replacement cost	<b>680,966</b>				

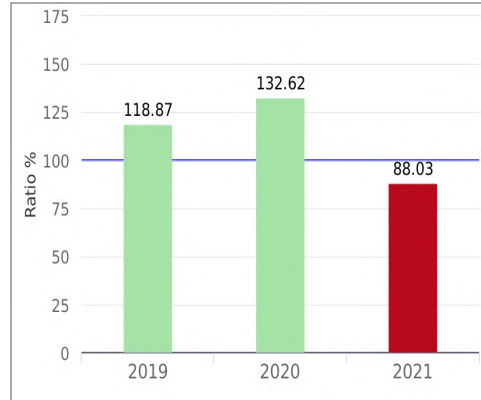
(\*) All asset performance indicators are calculated using classes identified in the previous table.

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

## Moree Plains Shire Council

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

#### Buildings and infrastructure renewals ratio



**Buildings and infrastructure renewals ratio**

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

**Commentary on result**

20/21 ratio 88.03%

Council continues to maintain significant amounts of Capital expenditure. However during the 2021 financial year there was a shift between capital expenditure on renewing assets to capital expenditure on new assets. This is expected to increase in the 2022 financial year.

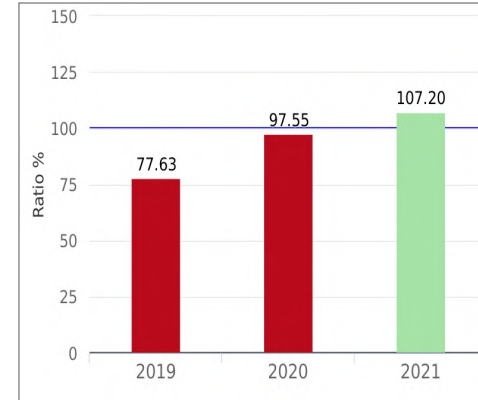
Benchmark: —  $\geq 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

#### Asset maintenance ratio



**Asset maintenance ratio**

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

**Commentary on result**

20/21 ratio 107.20%

This ratio has met the benchmark for the 2021 financial year, indicating that Council is spending enough on their infrastructure assets to maintain them at their current service levels.

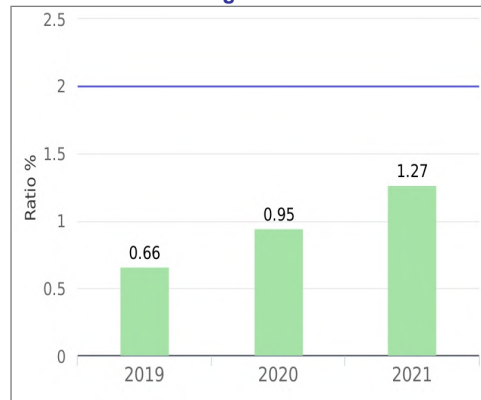
Benchmark: —  $> 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

#### Infrastructure backlog ratio



**Infrastructure backlog ratio**

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

**Commentary on result**

20/21 ratio 1.27%

Council continues to maintain this ratio below the benchmark of 2%. For Council this equates to approximately \$5.1m worth of backlog works.

Benchmark: —  $< 2.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

#### Cost to bring assets to agreed service level



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

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

**Commentary on result**

20/21 ratio 0.75%

This ratio continues to demonstrate the majority of Council assets are maintained at their currently agreed to service levels. This ratio represents approximately \$5.1M worth of required works to bring Council assets up to the agreed service levels.

## Moree Plains Shire Council

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

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

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2021	2020	2021	2020	2021	2020	
<b>Buildings and infrastructure renewals ratio</b>							
Asset renewals <sup>1</sup>							
Depreciation, amortisation and impairment	<b>104.05%</b>	145.84%	<b>35.68%</b>	140.28%	<b>21.81%</b>	26.80%	>= 100.00%
<b>Infrastructure backlog ratio</b>							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	<b>1.72%</b>	1.25%	<b>0.00%</b>	0.00%	<b>0.00%</b>	0.00%	< 2.00%
<b>Asset maintenance ratio</b>							
Actual asset maintenance							
Required asset maintenance	<b>97.11%</b>	95.86%	<b>149.30%</b>	110.55%	<b>132.67%</b>	96.83%	> 100.00%
<b>Cost to bring assets to agreed service level</b>							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	<b>1.01%</b>	0.82%	<b>0.00%</b>	0.00%	<b>0.00%</b>	0.00%	

(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.