

Walgett Shire Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2021

*That the community utilise the opportunities that arise from
our environment, to improve their quality of life, while
embracing its ethnic and social diversity to the benefit of all.*



Walgett Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2021

*That the community utilise the opportunities that arise from
our environment, to improve their quality of life, while
embracing its ethnic and social diversity to the benefit of all.*



Walgett Shire Council

General Purpose Financial Statements

for the year ended 30 June 2021

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Walgett Shire Council

General Purpose Financial Statements

for the year ended 30 June 2021

Understanding Council's Financial Statements

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.

Walgett Shire Council

General Purpose Financial Statements

for the year ended 30 June 2021

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

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

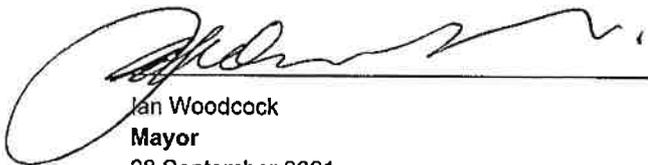
- the *Local Government Act 1993* and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

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

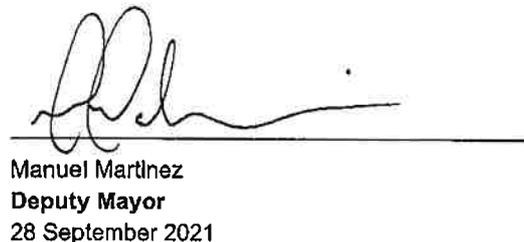
- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

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

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



Ian Woodcock
Mayor
28 September 2021



Manuel Martinez
Deputy Mayor
28 September 2021



Michael Urquhart
General Manager
28 September 2021



Tony Hughes
Responsible Accounting Officer
28 September 2021

Walgett Shire Council

Income Statement

for the year ended 30 June 2021

Original unaudited budget 2021 \$ '000		Notes	Actual 2021 \$ '000	Restated Actual 2020 \$ '000
	Income from continuing operations			
9,513	Rates and annual charges	B2-1	9,418	9,277
5,126	User charges and fees	B2-2	6,903	3,405
1,937	Other revenue	B2-3	1,350	1,156
12,128	Grants and contributions provided for operating purposes	B2-4	17,470	17,769
19,745	Grants and contributions provided for capital purposes	B2-4	5,895	8,338
637	Interest and investment income	B2-5	475	796
–	Other income	B2-6	256	263
–	Net share of interests in joint ventures and associates using the equity method	D2a	41	–
49,086	Total income from continuing operations		41,808	41,004
	Expenses from continuing operations			
8,279	Employee benefits and on-costs	B3-1	8,906	8,068
9,898	Materials and services	B3-2	18,588	15,647
122	Borrowing costs	B3-3	288	150
7,660	Depreciation, amortisation and impairment for non-financial assets	B3-4	6,334	7,163
4,906	Other expenses	B3-5	2,195	1,692
–	Net losses from the disposal of assets	B4-1	51	597
–	Net share of interests in joint ventures and associates using the equity method	D2a	–	3,070
30,865	Total expenses from continuing operations		36,362	36,387
18,221	Operating result from continuing operations		5,446	4,617
18,221	Net operating result for the year attributable to Council		5,446	4,617
(1,524)	Net operating result for the year before grants and contributions provided for capital purposes		(449)	(3,721)

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

Walgett Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2021

	Notes	2021 \$ '000	Restated 2020 \$ '000
Net operating result for the year – from Income Statement		5,446	4,617
Other comprehensive income:			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	<u>437</u>	<u>23,821</u>
Total items which will not be reclassified subsequently to the operating result		437	23,821
Total other comprehensive income for the year		437	23,821
Total comprehensive income for the year attributable to Council		5,883	28,438

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

Walgett Shire Council

Statement of Financial Position

as at 30 June 2021

	Notes	2021 \$ '000	Restated 2020 \$ '000	Restated 1 July 2019 ¹ \$ '000
ASSETS				
Current assets				
Cash and cash equivalents	C1-1	11,040	12,623	8,941
Investments	C1-2	16,500	9,500	11,000
Receivables	C1-4	10,175	8,829	6,014
Inventories	C1-5	1,020	995	957
Other	C1-7	26	169	125
Total current assets		38,761	32,116	27,037
Non-current assets				
Investments	C1-2	6,000	11,500	14,000
Receivables	C1-4	80	121	153
Infrastructure, property, plant and equipment	C1-6	315,936	310,104	281,791
Right of use assets	C2-1	109	66	–
Investments accounted for using the equity method	D2-1	704	663	3,733
Total non-current assets		322,829	322,454	299,677
Total assets		361,590	354,570	326,714
LIABILITIES				
Current liabilities				
Payables	C3-1	2,087	3,991	4,281
Contract liabilities	C3-2	4,151	1,127	–
Lease liabilities	C2-1	78	62	–
Borrowings	C3-3	527	742	707
Employee benefit provisions	C3-4	2,221	2,149	2,018
Total current liabilities		9,064	8,071	7,006
Non-current liabilities				
Lease liabilities	C2-1	33	5	–
Borrowings	C3-3	1,336	1,864	2,606
Employee benefit provisions	C3-4	145	111	152
Provisions	C3-5	5,252	4,642	4,340
Total non-current liabilities		6,766	6,622	7,098
Total liabilities		15,830	14,693	14,104
Net assets		345,760	339,877	312,610
EQUITY				
Accumulated surplus		128,549	123,103	119,657
IPPE revaluation reserve	C4-1	217,211	216,774	192,953
Council equity interest		345,760	339,877	312,610
Total equity		345,760	339,877	312,610

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

Walgett Shire Council

Statement of Changes in Equity

for the year ended 30 June 2021

	Notes	as at 30/06/21			as at 30/06/20		
		Accumulated surplus \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000	Accumulated surplus \$ '000	IPPE revaluation reserve \$ '000	Total equity \$ '000
Opening balance at 1 July		123,103	216,774	339,877	121,279	193,837	315,116
Correction of prior period errors	G3-1	-	-	-	(1,622)	(884)	(2,506)
Changes due to AASB 1058 and AASB 15 adoption		-	-	-	(1,171)	-	(1,171)
Restated opening balance		123,103	216,774	339,877	118,486	192,953	311,439
Net operating result for the year		5,446	-	5,446	4,617	-	4,617
Restated net operating result for the period		5,446	-	5,446	4,617	-	4,617
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	-	437	437	-	23,821	23,821
Other comprehensive income		-	437	437	-	23,821	23,821
Total comprehensive income		5,446	437	5,883	4,617	23,821	28,438
Closing balance at 30 June		128,549	217,211	345,760	123,103	216,774	339,877

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

Walgett Shire Council

Statement of Cash Flows

for the year ended 30 June 2021

Original unaudited budget 2021 \$ '000		Notes	Actual 2021 \$ '000	Actual 2020 \$ '000
Cash flows from operating activities				
<i>Receipts:</i>				
9,485	Rates and annual charges		9,391	9,029
4,730	User charges and fees		7,125	2,123
609	Investment and interest revenue received		551	830
31,274	Grants and contributions		25,070	25,175
–	Bonds, deposits and retention amounts received		6	103
1,905	Other		4,314	3,847
<i>Payments:</i>				
(13,420)	Employee benefits and on-costs		(8,821)	(8,116)
(4,673)	Materials and services		(22,560)	(16,130)
(118)	Borrowing costs		(111)	(147)
–	Bonds, deposits and retention amounts refunded		–	(15)
(4,904)	Other		(1,451)	(4,044)
24,888	Net cash flows from operating activities	G1-1	13,514	12,655
Cash flows from investing activities				
<i>Receipts:</i>				
–	Redemption of term deposits		34,500	27,000
1,596	Sale of infrastructure, property, plant and equipment		91	–
–	Deferred debtors receipts		30	30
<i>Payments:</i>				
(1,000)	Acquisition of term deposits		(36,000)	(23,000)
(28,041)	Purchase of infrastructure, property, plant and equipment		(12,955)	(12,219)
(27,445)	Net cash flows from investing activities		(14,334)	(8,189)
Cash flows from financing activities				
<i>Receipts:</i>				
1,348	Proceeds from borrowings		–	–
<i>Payments:</i>				
(772)	Repayment of borrowings		(743)	(707)
–	Principal component of lease payments		(20)	(77)
576	Net cash flows from financing activities		(763)	(784)
(1,981)	Net change in cash and cash equivalents		(1,583)	3,682
5,300	Cash and cash equivalents at beginning of year		12,623	8,941
3,319	Cash and cash equivalents at end of year	C1-1	11,040	12,623
27,000	plus: Investments on hand at end of year	C1-2	22,500	21,000
30,319	Total cash, cash equivalents and investments		33,540	33,623

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

Walgett 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 September 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 financial statements are set out below.

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

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

Council is a not for-profit entity.

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

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-6
- (ii) estimated landfill and gravel pit 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.
- (iii) Determination of the lease term, discount rate (when not implicit in the lease) and whether an arrangement contains a lease - refer to Note C2-1.

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 held in the Council's Trust Fund.

A1-1 Basis of preparation (continued)

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

General purpose operations

Water Supply Fund

- Walgett Water Supply Service
- Lightning Ridge Water Supply Service
- Collarenebri Water Supply Service
- Villages Water Supply Service

Sewerage Fund

- Walgett Sewerage Service
- Lightning Ridge Sewerage Service
- Collarenebri Sewerage Service

Domestic Waste Management Fund

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 Council in trust which must be applied only for the purposes of, or in accordance with, the trusts relating to those monies.

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

The following Trust monies and properties are held by Council and are included in these financial statements:

- Lightning Ridge Bore Baths Committee
- Namoi Village Bingo - V Boney
- Lightning Ridge Cemetery (Bequest)
- Mooribul Day
- Walgett Meals on Wheels
- Burren Junction Hall Committee

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's Lightning Ridge Visitor Information Centre utilises a number of volunteers to assist visitors to the area. Council remits a stipend to these volunteers in recognition of their service to Walgett Shire's tourism industry. Any shortfall between the payment of this stipend and staff wages is considered immaterial to Council's financial statements.

A1-1 Basis of preparation (continued)

New accounting standards and interpretations issued not yet effective

New accounting standards and interpretations issued but not yet effective

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

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

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

New accounting standards adopted during the year

During the year Council adopted 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

There has been no material impact from the adoption of these standards on Walgett Shire Council's financial statements.

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.

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2021 \$ '000	2020 \$ '000	2021 \$ '000	2020 \$ '000	2021 \$ '000	2020 \$ '000	2021 \$ '000	2020 \$ '000	2021 \$ '000	2020 \$ '000
Functions or activities										
Governance	12,995	12,852	1,893	1,369	11,102	11,483	6,883	6,681	6,850	7,885
Administration	331	1,774	4,537	5,024	(4,206)	(3,250)	45	1,484	37,752	49,322
Public Order & Safety	180	87	655	505	(475)	(418)	155	78	–	–
Health	3	653	196	106	(193)	547	–	653	–	–
Environment	1,631	2,283	2,415	2,403	(784)	(120)	191	847	24,186	22,891
Community Services & Education	458	210	953	578	(495)	(368)	596	210	28	30
Housing & Community Amenities	354	283	2,245	348	(1,891)	(65)	154	55	132	132
Water Supplies	5,982	8,136	6,069	7,302	(87)	834	3,772	5,658	32,613	32,563
Sewerage Services	913	982	1,380	1,048	(467)	(66)	–	–	26,217	26,589
Recreation & Culture	2,060	478	2,782	3,983	(722)	(3,505)	1,420	406	18,484	21,603
Mining, manufacturing & construction	194	1,777	500	1,046	(306)	731	60	–	66	455
Transport & Communication	10,179	11,007	12,061	9,276	(1,882)	1,731	9,830	9,883	214,468	192,344
Economic Affairs	6,487	482	676	329	5,811	153	259	152	90	93
Far North West Joint Organisation	41	–	–	3,070	41	(3,070)	–	–	704	663
Total functions and activities	41,808	41,004	36,362	36,387	5,446	4,617	23,365	26,107	361,590	354,570

B1-2 Components of functions or activities

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

Governance

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

Administration

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

Public Order & Safety

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

Health

Includes food control, health centres etc.

Environment

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

Community Services & Education

Includes administration and education; social protection (welfare); migrant, Aboriginal and other community services and administration (excluding accommodation – as it is covered under 'housing and community amenities'); youth services; aged and disabled persons services; childrens' services, including other family and children services.

Housing & Community Amenities

Housing is owned by Council and rented to doctors and council staff who move to the Walgett Shire area. Council also provides and maintains Community Amenities at various locations within the shire to facilitate recreational and tourism functions within the shire.

Water Supplies

Council operates reticulated water supplies in Walgett, Lightning Ridge and Collarenebri. Supplies exist in the localities of Carinda, Rowena, Grawin and Cumborah.

Sewerage Services

Sewerage services are operated by Council in Walgett, Lightning Ridge and Collarenebri.

Recreation & Culture

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

Mining, manufacturing & construction

Includes building control, quarries and pits, and mineral resources.

Transport & Communication

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

Economic Affairs

Includes camping areas; tourism and area promotion; industrial development promotion; sale yards and markets; real estate development; and other business undertakings.

Far North West Joint Organisation (FNWJO)

Council is a member of the Far North West Joint Organisation with Brewarrina and Cobar Shire Councils. The FNWJO's mandate is to promote regional growth and resource sharing within the local government areas it covers.

B2 Sources of income

B2-1 Rates and annual charges

	2021 \$ '000	2020 \$ '000
Ordinary rates		
Residential	1,401	1,361
Farmland	3,950	3,861
Business	356	340
Less: pensioner rebates (mandatory)	(94)	(91)
Rates levied to ratepayers	5,613	5,471
Pensioner rate subsidies received	47	51
Total ordinary rates	5,660	5,522
Annual charges		
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>		
Domestic waste management services	1,387	1,361
Water supply services	1,498	1,497
Sewerage services	914	933
Less: pensioner rebates (mandatory)	(82)	(82)
Annual charges levied	3,717	3,709
Pensioner subsidies received:		
– Water	10	12
– Sewerage	9	10
– Domestic waste management	22	24
Total annual charges	3,758	3,755
Total rates and annual charges	9,418	9,277

Council has used 01/07/2019 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

	Timing	2021 \$ '000	2020 \$ '000
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Water supply services	2	484	491
Sewerage services	2	1	–
Total specific user charges		485	491
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Inspection services	2	26	9
Planning and building regulation	2	74	27
Private works – section 67	2	35	12
Regulatory/ statutory fees	2	34	27
Section 603 certificates	2	13	6
Total fees and charges – statutory/regulatory		182	81
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Aerodrome	2	5	5
Caravan park	2	22	18
Cemeteries	2	71	52
Transport for NSW works (state roads not controlled by Council)	2	5,825	2,544
Saleyards	2	2	1
Sundry sales	2	50	49
Swimming centres	2	4	2
Tourism	2	200	117
Waste disposal tipping fees	2	44	45
Water connection fees	2	13	–
Total fees and charges – other		6,236	2,833
Total user charges and fees		6,903	3,405
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		–	–
User charges and fees recognised at a point in time (2)		6,903	3,405
Total user charges and fees		6,903	3,405

Accounting policy

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

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

Council does not charge upfront fees such as membership fees for a leisure centre and so does not recognise the fee on a straightline 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 the term of the licence.

B2-3 Other revenue

	Timing	2021 \$ '000	2020 \$ '000
Fines	2	3	3
Legal fees recovery – rates and charges (extra charges)	2	–	27
Legal fees recovery – other	2	–	2
Commissions and agency fees	2	159	151
Diesel rebate	2	137	73
Insurance claims recoveries	2	119	228
Sales of gravel stores	2	443	98
Sales – general	2	111	67
Maintain water and sewer aboriginal communities	2	289	442
Other	2	89	65
Total other revenue		1,350	1,156

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)	1,350	1,156
Total other revenue	1,350	1,156

Accounting policy for other revenue

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

		Operating 2021 \$ '000	Operating 2020 \$ '000	Capital 2021 \$ '000	Capital 2020 \$ '000
	Timing				
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	2,327	2,284	–	–
Financial assistance – local roads component	2	997	959	–	–
Payment in advance - future year allocation					
Financial assistance – general component	2	2,511	2,386	–	–
Financial assistance – local roads component	2	1,048	1,052	–	–
Amount recognised as income during current year		6,883	6,681	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Previously specific grants:					
Australian Opal Centre	1	–	1,425	–	–
Pensioners' rates subsidies:					
Economic development	2	220	150	39	–
Bushfire and emergency services	2	155	74	–	–
Child care	2	33	33	–	–
Community care	2	129	113	–	–
Environmental programs	2	124	165	4	12
Floodplain management	2	63	–	–	–
Levee rehabilitation	2	–	–	–	671
Library	2	60	60	–	–
Heritage and cultural	2	10	12	–	–
Library – special projects	2	20	20	–	–
LIRS subsidy	2	45	59	–	–
Recreation and culture	2	–	13	1,809	294
Regional and local infrastructure	1	–	–	–	653
Storm/flood damage	2	1,243	382	–	–
Street lighting	2	32	32	–	–
Traffic route subsidy	2	62	62	–	–
Transport (roads to recovery)	2	1,853	1,853	–	–
Transport (other roads and bridges funding)	1	–	–	3,767	5,041
Water supplies	1	3,655	4,130	117	1,527
Youth services	2	323	64	–	–
Other specific grants	2	76	4	115	110
Previously contributions:					
Business development	2	1	2	–	–
Recreation and culture	2	–	3	18	20
Roads and bridges	2	51	–	26	10
Transport for NSW contributions (regional roads, block grant)	2	2,432	2,432	–	–
Total special purpose grants and non-developer contributions – cash		10,587	11,088	5,895	8,338
Total special purpose grants and non-developer contributions (tied)		10,587	11,088	5,895	8,338
Total grants and non-developer contributions		17,470	17,769	5,895	8,338

B2-4 Grants and contributions (continued)

	Operating 2021 \$ '000	Operating 2020 \$ '000	Capital 2021 \$ '000	Capital 2020 \$ '000
Timing				
Comprising:				
– Commonwealth funding	2,398	2,004	867	1,253
– State funding	15,019	15,765	4,984	7,085
– Other funding	53	–	44	–
	17,470	17,769	5,895	8,338
Total grants and contributions	17,470	17,769	5,895	8,338

Timing of revenue recognition for grants and contributions

Grants and contributions recognised over time (1)	–	5,720	1,956	7,904
Grants and contributions recognised at a point in time (2)	17,470	12,049	3,939	434
Total grants and contributions	17,470	17,769	5,895	8,338

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:

	Operating 2021 \$ '000	Operating 2020 \$ '000	Capital 2021 \$ '000	Capital 2020 \$ '000
Unspent grants and contributions				
Unspent funds at 1 July	1,381	393	1,127	1,273
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	75	–	3,869	–
Add: Funds received and not recognised as revenue in the current year	241	988	–	677
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(748)	–	–	(102)
Less: Funds received in prior year but revenue recognised and funds spent in current year	–	–	(845)	(721)
Unspent funds at 30 June	949	1,381	4,151	1,127

Unexpended capital grants held relate to major projects in progress at the end of the financial year.

Contributions

Unspent funds at 1 July	2	2	–	–
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	2	–	–
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	(2)	(2)	–	–
Unspent contributions at 30 June	–	2	–	–

B2-4 Grants and contributions (continued)

Accounting policy

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

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

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

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

Capital grants

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

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

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

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

	2021 \$ '000	2020 \$ '000
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	42	70
– Cash and investments	433	726
Total interest and investment income (losses)	475	796
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	17	29
General Council cash and investments	429	620
Restricted investments/funds – external:		
Water fund operations	15	55
Sewerage fund operations	7	56
Domestic waste management operations	7	36
Total interest and investment income	475	796

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

	2021 \$ '000	2020 \$ '000
Rental income		
Other lease income		
Room/Facility Hire	88	78
Leaseback fees - council vehicles	31	35
Other	137	150
Total Other lease income	256	263
Total rental income	256	263
	C2-2	
Total other income	256	263

B3 Costs of providing services

B3-1 Employee benefits and on-costs

	2021 \$ '000	2020 \$ '000
Salaries and wages	6,875	6,249
Employee leave entitlements (ELE)	1,428	1,361
Superannuation	703	679
Workers' compensation insurance	210	172
Fringe benefit tax (FBT)	93	103
Training costs (other than salaries and wages)	18	–
Other	2	–
Total employee costs	9,329	8,564
Less: capitalised costs	(423)	(496)
Total employee costs expensed	8,906	8,068
Number of 'full-time equivalent' employees (FTE) at year end	114	105
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)	125	119

Accounting policy

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

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

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

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

B3-2 Materials and services

	Notes	2021 \$ '000	2020 \$ '000
Raw materials and consumables		7,502	4,608
Contractor and consultancy costs		19,182	19,474
Audit Fees	F2-1	87	98
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	156	196
Advertising		92	87
Bank charges		22	20
Electricity and heating		362	391
Insurance		784	663
Office expenses (including computer expenses)		57	56
Printing and stationery		66	66
Street lighting		178	171
Subscriptions and publications		78	42
Telephone and communications		162	132
Tourism expenses (excluding employee costs)		201	105
Valuation fees		40	57
Travel expenses		24	27
Swimming pools		322	208
Training costs (other than salaries and wages)		84	77
Legal expenses:			
– Legal expenses: debt recovery		1	27
– Legal expenses: other		64	98
Expenses from short-term leases		78	25
Total materials and services		29,542	26,628
Less: capitalised costs		(10,954)	(10,981)
Total materials and services		18,588	15,647

Accounting policy

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

B3-3 Borrowing costs

	Notes	2021 \$ '000	2020 \$ '000
(i) Interest bearing liability costs			
Interest on leases		–	1
Interest on loans		107	142
Total interest bearing liability costs		107	143
Total interest bearing liability costs expensed		107	143
(ii) Other borrowing costs			
– Remediation liabilities	C3-5	181	7
Total other borrowing costs		181	7
Total borrowing costs expensed		288	150

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

	Notes	2021 \$ '000	2020 \$ '000
Depreciation and amortisation	C1-6		
Plant and equipment		597	654
Office equipment		30	90
Infrastructure:			
– Roads		2,666	3,490
– Other structures		764	798
– Water supply network		743	736
– Sewerage network		442	190
– Buildings – specialised		270	269
– Stormwater drainage		115	195
– Buildings – non-specialised		108	108
Right of use assets		21	78
Other assets		487	408
Reinstatement, rehabilitation and restoration assets:			
– Tip assets		85	141
– Quarry assets		6	6
Total gross depreciation and amortisation costs		6,334	7,163
Total depreciation and amortisation costs		6,334	7,163
Total depreciation, amortisation and impairment for non-financial assets		6,334	7,163

Accounting policy

Depreciation and amortisation

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

Impairment of non-financial assets

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

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

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

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

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

B3-5 Other expenses

	Notes	2021 \$ '000	2020 \$ '000
Impairment of receivables			
Rates and annual charges		92	–
User charges and fees		68	–
Other		18	(73)
Total impairment of receivables	C1-4	178	(73)
Other			
Contributions/levies to other levels of government			
– CMCC noxious weeds		111	108
– Emergency services levy (includes FRNSW, SES, and RFS levies)		430	310
– Regional library		150	146
– Other contributions/levies		12	12
– Community and tourism programs (Section 356)		317	420
– Donations, contributions and assistance (Section 356)		481	80
– Opal & Fossil (Section 356)		475	625
– Far North West Joint Organisation (Section 356)		41	12
– Water NSW		–	52
Total other		2,017	1,765
Total other expenses		2,195	1,692

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**

	Notes	2021 \$ '000	2020 \$ '000
Gain (or loss) on disposal of plant and equipment	C1-6		
Proceeds from disposal – plant and equipment		91	–
Less: carrying amount of plant and equipment assets sold/written off		(79)	–
Gain (or loss) on disposal		12	–
Gain (or loss) on disposal of term deposits	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		34,500	27,000
Less: carrying amount of term deposits sold/redeemed/matured		(34,500)	(27,000)
Gain (or loss) on disposal		–	–
Other Structures assets			
Less: carrying amount of Other structures assets sold/written off	C1-6	(63)	(421)
Gain (or loss) on disposal		(63)	(421)
Roads, bridges and footpath assets			
Less: carrying amount of Roads, bridges and footpaths assets written off		–	(176)
Gain (or loss) on disposal		–	(176)
Net gain (or loss) on disposal of assets		(51)	(597)

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

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

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

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

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
REVENUES				
Rates and annual charges	9,513	9,418	(95)	(1)% U
User charges and fees	5,126	6,903	1,777	35% F
Income from Council's roads contract (RMCC) with Transport for NSW exceeded budgeting expectations.				
Other revenues	1,937	1,350	(587)	(30)% U
Changes to the accounting code moved some income to Other income. The change was not predicted in the budgeting process. This combined with the current economic climate reduced actual income compared to budgeted income.				
Operating grants and contributions	12,128	17,470	5,342	44% F
Completion of major grant funded infrastructure project Walgett Weir not allowed for in original budget as it was an on-going project combined with new grant funding received exceeded budgeting expectations.				
Capital grants and contributions	19,745	5,895	(13,850)	(70)% U
Budgeted capital grants applied for but not approved reduced predicted income.				
Interest and investment revenue	637	475	(162)	(25)% U
Term deposit interest rates dropped well below budgeted interest rates in the current financial year.				
Other income	-	256	256	∞ F
Changes to the accounting code moved some income from Other revenues. The change was not predicted in the budgeting process.				
Joint ventures and associates – net profits	-	41	41	∞ F
Joint Organisation effect on Council's Income Statement not factored into the 2021 budget.				

B5-1 Material budget variations (continued)

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
EXPENSES				
Employee benefits and on-costs	8,279	8,906	(627)	(8)% U
Materials and services	9,898	18,588	(8,690)	(88)% U
An increased focus on infrastructure repair and maintenance and grant driven capital works projects exceeded budgeting expectations.				
Borrowing costs	122	288	(166)	(136)% U
Borrowing costs relating to remediation liabilities were greater than budget due to a reassessment of the liability assumptions.				
Depreciation, amortisation and impairment of non-financial assets	7,660	6,334	1,326	17% F
Roads, Bridges and Footpaths revaluation in 2020 and review of useful lives carried out after completion of budgeting process was not factored into the budget.				
Other expenses	4,906	2,195	2,711	55% F
Changes in the Accounting Codes not predicted in the budgeting process				
Net losses from disposal of assets	-	51	(51)	∞ U
Demolition of assets not predicted at time of budgeting.				
STATEMENT OF CASH FLOWS				
Cash flows from operating activities	24,888	13,514	(11,374)	(46)% U
Grants applied for at time of budgeting were not approved.				
Cash flows from investing activities	(27,445)	(14,334)	13,111	(48)% F
IPP&E projects budgeted for dependent on grant funding were cancelled or delayed when the funding was not approved.				
Cash flows from financing activities	576	(763)	(1,339)	(232)% U
Loans expected to be sourced and budgeted for in 2021 financial year not borrowed reducing expected income from this source.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

	2021 \$ '000	2020 \$ '000
Cash and cash equivalents		
Cash on hand and at bank	4,511	1,111
Cash-equivalent assets		
– Deposits at call	6,529	8,512
– Short-term deposits	–	3,000
Total cash and cash equivalents	11,040	12,623

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	11,040	12,623
Balance as per the Statement of Cash Flows	11,040	12,623

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

	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
Debt securities at amortised cost				
Long term deposits	16,500	6,000	9,500	11,500
Total	16,500	6,000	9,500	11,500
Total financial investments	16,500	6,000	9,500	11,500
Total cash assets, cash equivalents and investments	27,540	6,000	22,123	11,500

Accounting policy

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

C1-2 Financial investments (continued)

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.

Classification

Council classifies its financial assets in the following categories: loans and receivables and financial assets at amortised cost. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as financial assets held at amortised cost, re-evaluates this designation at each reporting date.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are held at fair value with changes in value taken through profit or loss at each reporting period.

(b) Financial assets at 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.

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.

Recognition and de-recognition

Council does not hold any financial assets as available for sale. All financial assets are recognised at cost on the date of investment and Council has the positive intention and ability to hold all financial assets/investments until maturity. Council recognises any such assets at face value at the maturity date.

C1-3 Restricted cash, cash equivalents and investments

	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
Total cash, cash equivalents and investments	27,540	6,000	22,123	11,500
attributable to:				
External restrictions	11,468	6,000	4,756	11,500
Internal restrictions	14,325	–	14,299	–
Unrestricted	1,747	–	3,068	–
	27,540	6,000	22,123	11,500

	2021 \$ '000	2020 \$ '000

Details of restrictions

External restrictions – included in liabilities

Specific purpose unexpended grants – general fund	4,151	1,127
Specific purpose unexpended loans – general	1,301	1,308
External restrictions – included in liabilities	5,452	2,435

External restrictions – other

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

Specific purpose unexpended grants (recognised as revenue) – general fund	899	1,339
Specific purpose unexpended grants (recognised as revenue) – water fund	12	42
Specific purpose unexpended grants (recognised as revenue) – domestic waste management	38	–
Water fund	1,941	2,966
Sewer fund	6,792	7,014
Other	2	2
Domestic waste management	2,332	2,458
External restrictions – other	12,016	13,821
Total external restrictions	17,468	16,256

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

	2021	2020
	\$ '000	\$ '000
Internal restrictions		
Council has internally restricted cash, cash equivalents and investments as follows:		
Plant and vehicle replacement	3,777	3,755
Infrastructure replacement	749	1,292
Employees leave entitlement	815	685
Carry over works	132	274
Rehabilitation	320	250
General manager contract provisions	–	18
FAG advance	3,559	3,438
Shire Signage	176	176
Local Environmental Plan Update	88	88
Lightning Ridge Urban Expansion Plan	17	17
Regional Infrastructure Program	27	27
Council Elections	70	58
RMCC Contract Warranty	350	350
Tourism, Marketing & Promotion	504	460
Arts Projects	120	50
Economic Development	1,139	1,051
Corporate Restructure	11	11
Matching Government Grants	96	96
Property Maintenance	191	155
Postponed Major Projects	931	931
Lightning Ridge VIC Disability Facilities	–	146
Council Administration Centre Facilities Upgrade	233	221
Walgett Animal Pound	240	219
Other	780	531
Total internal restrictions	14,325	14,299
Total restrictions	31,793	30,555

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

C1-4 Receivables

	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
Purpose				
Rates and annual charges	1,498	–	1,297	13
Interest and extra charges	68	–	82	–
User charges and fees	2,638	–	2,595	–
Accrued revenues				
– Interest on investments	183	–	245	–
Deferred debtors	28	80	30	108
Government grants and subsidies	5,888	–	4,569	–
Net GST receivable	252	–	307	–
Other debtors	1	–	95	–
Total	10,556	80	9,220	121
Less: provision of impairment				
Rates and annual charges	(362)	–	(285)	–
User charges and fees	(19)	–	(106)	–
Total provision for impairment – receivables	(381)	–	(391)	–
Total net receivables	10,175	80	8,829	121
Externally restricted receivables				
Water supply				
– Specific purpose grants	12	–	–	–
– Rates and availability charges	319	–	473	–
– Other	269	–	31	–
Sewerage services				
– Rates and availability charges	176	–	136	–
Domestic waste management	229	–	172	–
Total external restrictions	1,005	–	812	–
Unrestricted receivables	9,170	80	8,017	121
Total net receivables	10,175	80	8,829	121

	2021 \$ '000	2020 \$ '000
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	391	467
+ new provisions recognised during the year	95	–
– amounts already provided for and written off this year	(105)	–
– previous impairment losses reversed	–	(76)
Balance at the end of the year	381	391

C1-4 Receivables (continued)

Accounting policy

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

Impairment

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

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

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

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

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

Council writes off a receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over 2 years past due, whichever occurs first.

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

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

C1-5 Inventories

	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
(i) Inventories at cost				
Real estate for resale	132	-	132	-
Stores and materials	888	-	863	-
Total inventories at cost	1,020	-	995	-
Total inventories	1,020	-	995	-

	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
Total unrestricted assets	1,020	-	995	-
Total inventories	1,020	-	995	-

(ii) Other disclosures

	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
(a) Details for real estate development				
Residential	132	-	132	-
Total real estate for resale	132	-	132	-

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

Represented by:

Acquisition costs	132	-	132	-
Total costs	132	-	132	-
Total real estate for resale	132	-	132	-
Movements:				
Real estate assets at beginning of the year	132	-	132	-
Total real estate for resale	132	-	132	-

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

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

	2021 \$ '000	2020 \$ '000
Real estate for resale	132	132
	132	132

C1-5 Inventories (continued)

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.

C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period						At 30 June 2021		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
	Restated \$ '000	Restated \$ '000	Restated \$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress	9,413	–	9,413	274	3,885	–	–	(8,580)	–	4,992	–	4,992
Plant and equipment	12,646	(7,345)	5,301	–	426	(79)	(597)	77	–	12,969	(7,841)	5,128
Office equipment	1,467	(1,349)	118	–	–	–	(30)	–	–	1,467	(1,379)	88
Land:												
– Operational and Community Land	5,829	–	5,829	–	46	–	–	2	–	5,877	–	5,877
Infrastructure:												
– Buildings – non-specialised	5,167	(1,043)	4,124	–	212	–	(108)	–	–	5,379	(1,151)	4,228
– Buildings – specialised	19,985	(9,546)	10,439	198	68	–	(270)	17	–	20,268	(9,816)	10,452
– Other structures	28,938	(16,147)	12,791	–	289	(63)	(764)	–	–	29,074	(16,821)	12,253
– Roads inc Bulk earthworks	259,297	(72,254)	187,043	822	4,258	–	(2,666)	5,602	–	269,979	(74,920)	195,059
– Stormwater drainage	18,725	(3,748)	14,977	–	13	–	(115)	373	–	19,111	(3,863)	15,248
– Water supply network	45,839	(18,782)	27,057	79	427	–	(743)	2,509	262	49,296	(19,705)	29,591
– Sewerage network	30,372	(10,940)	19,432	–	28	–	(442)	–	175	30,680	(11,487)	19,193
Other assets:												
– Other	13,419	(3,900)	9,519	14	382	–	(487)	–	–	13,815	(4,387)	9,428
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):												
– Quarry assets	265	(42)	223	1	–	–	(6)	–	–	266	(48)	218
– Tip assets	4,253	(415)	3,838	428	–	–	(85)	–	–	4,681	(500)	4,181
Total infrastructure, property, plant and equipment	455,615	(145,511)	310,104	1,816	10,034	(142)	(6,313)	–	437	467,854	(151,918)	315,936

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

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

By aggregated asset class	At 1 July 2019			Asset movements during the reporting period						At 30 June 2020		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
	Restated \$ '000	Restated \$ '000	Restated \$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	Restated \$ '000	Restated \$ '000	Restated \$ '000
Capital work in progress	3,597	–	3,597	434	7,842	(421)	–	(2,039)	–	9,413	–	9,413
Plant and equipment	12,359	(6,691)	5,668	–	287	–	(654)	–	–	12,646	(7,345)	5,301
Office equipment	1,448	(1,259)	189	–	19	–	(90)	–	–	1,467	(1,349)	118
Land:												
– Operational land	5,766	–	5,766	–	63	–	–	–	–	5,829	–	5,829
Infrastructure:												
– Buildings – non-specialised	5,167	(935)	4,232	–	–	–	(108)	–	–	5,167	(1,043)	4,124
– Buildings – specialised	19,862	(9,277)	10,585	39	84	–	(269)	–	–	19,985	(9,546)	10,439
– Other structures	28,702	(15,349)	13,353	–	55	–	(798)	181	–	28,938	(16,147)	12,791
– Roads inc Bulk Earthworks	240,236	(72,512)	167,724	1,939	277	(176)	(3,490)	1,073	19,696	259,297	(72,254)	187,043
– Stormwater drainage	16,730	(5,404)	11,326	–	95	–	(195)	64	3,687	18,725	(3,748)	14,977
– Water supply network	45,026	(17,869)	27,157	–	284	–	(736)	97	255	45,839	(18,782)	27,057
– Sewerage network	30,070	(10,648)	19,422	–	–	–	(190)	17	183	30,372	(10,940)	19,432
Other assets:												
– Other	12,352	(3,493)	8,859	48	413	–	(408)	607	–	13,419	(3,900)	9,519
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):												
– Tip assets	4,020	(274)	3,746	233	–	–	(141)	–	–	4,253	(415)	3,838
– Quarry assets	203	(36)	167	62	–	–	(6)	–	–	265	(42)	223
Total infrastructure, property, plant and equipment	425,538	(143,747)	281,791	2,755	9,419	(597)	(7,085)	–	23,821	455,615	(145,511)	310,104

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

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

Accounting policy

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

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

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

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

Useful lives of IPPE

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

	Useful lives
Equipment, furniture and fittings	3 to 20
Land	Infinite
Infrastructure:	
– Buildings and other structures	20 to 100
– Roads, bridges and footpaths	8 to 100
– Bulk earthworks	Infinite
– Stormwater drainage	80 to 100
– Water supply network	15 to 100
– Sewerage network	15 to 100
– Open space / recreational assets	20
– Other infrastructure	20
Other assets	2 to 15
Tip and quarry assets	20

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

Revaluation model

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

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

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

Land under roads

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

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

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

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".

The Rural Fire Services land and buildings within the Walgett Local Government Area are accounted for in these statements under the signed agreement with Council's Zone RFS.

Walgett Shire Council does not account for the "red" fleet assets under this agreement.

Externally restricted infrastructure, property, plant and equipment

	as at 30/06/21			as at 30/06/20		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount Restated	Accumulated depn. and impairment	Net carrying amount Restated
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Water supply						
WIP	614	–	614	1,994	–	1,994
Infrastructure	49,296	19,705	29,591	45,839	18,782	27,057
Total water supply	49,910	19,705	30,205	47,833	18,782	29,051
Sewerage services						
WIP	56	–	56	7	–	7
Infrastructure	30,680	11,487	19,193	30,372	10,940	19,432
Total sewerage services	30,736	11,487	19,249	30,379	10,940	19,439
Domestic waste management						
Buildings	48	–	48	48	–	48
Other assets	635	242	393	773	447	326
Other structures	308	30	278	293	54	239
Remediation Assets	3,687	343	3,344	3,463	347	3,116
WIP	35	–	35	18	–	18
Total domestic waste management	4,713	615	4,098	4,595	848	3,747
Total restricted infrastructure, property, plant and equipment	85,359	31,807	53,552	82,807	30,570	52,237

C1-7 Other

Other assets

	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
Prepayments	26	–	169	–
Total other assets	26	–	169	–

C2 Leasing activities

C2-1 Council as a lessee

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

Terms and conditions of leases

Leases are on a short-term basis with the building lease and the lease over IT equipment (photocopiers) expiring in the 2022/23 financial year.

Buildings

Council has leased land and a buildings for their Lightning Ridge Centrelink Agency. The lease is for 3 years with the option to renew for a further 3 years.

The building lease contains an annual pricing mechanism based on either fixed increases or CPI movements at each anniversary of the lease inception.

Office and IT equipment

Leases for office and IT equipment are generally for low value assets, except for significant items such as photocopiers. The lease is for 3 years with no renewal option, the payments are fixed with an annual CPI increase. Usage costs are additional to the lease contract under a maintenance agreement.

Extension options

Council includes options in building leases to provide flexibility and certainty to Council operations and reduce costs of moving premises; and the extension options are at Council's discretion.

At the commencement date and each subsequent reporting date, Council assesses where it is reasonably certain that the extension options will be exercised.

There are \$64,950 in potential future lease payments which are not included in lease liabilities as Council has assessed that the exercise of the option is not reasonably certain.

(a) Right of use assets

	Plant & Equipment \$ '000	Ready to use \$ '000	Total \$ '000
2021			
Opening balance at 1 July	59	7	66
Additions to right-of-use assets	–	64	64
Depreciation charge	–	(21)	(21)
Balance at 30 June	59	50	109
2020			
Adoption of AASB 16 at 1 July 2019 – first time lease recognition	116	28	144
Depreciation charge	(57)	(21)	(78)
Balance at 30 June	59	7	66

(b) Lease liabilities

	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
Lease liabilities	78	33	62	5
Total lease liabilities	78	33	62	5

C2-1 Council as a lessee (continued)

(c) The maturity analysis

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

	< 1 year \$ '000	1 – 5 years \$ '000	> 5 years \$ '000	Total \$ '000	Total per Statement of Financial Position \$ '000
2021					
Cash flows	78	26	7	111	111
2020					
Cash flows	62	5	–	67	67

(d) Income Statement

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

	2021 \$ '000	2020 \$ '000
Interest on lease liabilities	–	1
Depreciation of right of use assets	21	78
Expenses relating to short-term leases	132	25
	153	104

(e) Statement of Cash Flows

Total cash outflow for leases	(194)	(180)
	(194)	(180)

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

All Council leases at market value which are for:

- Residential housing
- Commercial premises

C2-1 Council as a lessee (continued)

Accounting policy

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

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

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

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

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / Concessionary leases

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

C2-2 Council as a lessor

Operating leases

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

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

	2021	2020
	\$ '000	\$ '000

(ii) Assets held as property, plant and equipment

Lease income (excluding variable lease payments not dependent on an index or rate)	256	263
Total income relating to operating leases for Council assets	256	263

C3 Liabilities of Council

C3-1 Payables

	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
Payables				
Goods and services – operating expenditure	787	–	1,890	–
Goods and services – capital expenditure	263	–	1,368	–
Accrued expenses:				
– Borrowings	5	–	9	–
– Salaries and wages	98	–	96	–
– Other expenditure accruals	221	–	2	–
Advances	91	–	87	–
Security bonds, deposits and retentions	195	–	189	–
Other	–	–	8	–
Government departments and agencies	1	–	–	–
Prepaid rates	426	–	342	–
Total payables	2,087	–	3,991	–
Total payables	2,087	–	3,991	–

Payables relating to restricted assets

	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
Externally restricted assets				
Water	145	–	125	–
Payables relating to externally restricted assets	145	–	125	–
Total payables relating to restricted assets	145	–	125	–
Total payables relating to unrestricted assets	1,942	–	3,866	–
Total payables	2,087	–	3,991	–

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

Notes	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
Grants and contributions received in advance:				
Unexpended capital grants (to construct Council controlled assets)	(i) 4,151	-	1,127	-
Total grants received in advance	4,151	-	1,127	-
Total contract liabilities	4,151	-	1,127	-

Notes

Council has received funding to construct assets. 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.

Contract liabilities relating to restricted assets

	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
Externally restricted assets				
Unspent grants held as contract liabilities (excl. Water & Sewer)	4,151	-	1,127	-
Contract liabilities relating to externally restricted assets	4,151	-	1,127	-
Total contract liabilities relating to restricted assets	4,151	-	1,127	-
Total contract liabilities	4,151	-	1,127	-

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

	2021 \$ '000	2020 \$ '000
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	1,127	721
Total revenue recognised that was included in the contract liability balance at the beginning of the period	1,127	721

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

	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
Loans – secured ¹	527	1,336	742	1,864
Total borrowings	527	1,336	742	1,864

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

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

Borrowings relating to restricted assets

	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
Total borrowings relating to unrestricted assets	527	1,336	742	1,864
Total borrowings	527	1,336	742	1,864

(a) Changes in liabilities arising from financing activities

	2020		Non-cash movements				2021
	Opening Balance \$ '000	Cash flows \$ '000	New loans \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	2,606	(743)	–	–	–	–	1,863
Lease liability (Note C2-1b)	67	(20)	64	–	–	–	111
Total liabilities from financing activities	2,673	(763)	64	–	–	–	1,974

	2019		Non-cash movements				2020
	Opening Balance \$ '000	Cash flows \$ '000	New loans \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	3,313	(707)	–	–	–	–	2,606
Lease liability (Note C2-1b)	–	(77)	–	–	144	–	67
Total liabilities from financing activities	3,313	(784)	–	–	144	–	2,673

(b) Financing arrangements

	2021 \$ '000	2020 \$ '000
Total facilities		
Credit cards/purchase cards	23	23
Total financing arrangements	23	23

C3-3 Borrowings (continued)

	2021 \$ '000	2020 \$ '000
Drawn facilities		
– Credit cards/purchase cards	7	4
Total drawn financing arrangements	7	4
Undrawn facilities		
– Credit cards/purchase cards	16	19
Total undrawn financing arrangements	16	19

Additional financing arrangements information

Breaches and defaults

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

Security over loans

Loans held by Walgett Shire Council with banks are secured by future cash flows.

Bank overdraft

Walgett Shire Council does not have a bank overdraft arrangement.

Accounting policy

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

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

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

C3-4 Employee benefit provisions

	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
Annual leave	1,027	–	1,021	–
Sick leave	101	–	105	–
Long service leave	1,066	145	1,003	111
Other leave (time in lieu.)	27	–	20	–
Total employee benefit provisions	2,221	145	2,149	111

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

	2021 \$ '000	2020 \$ '000
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	1,110	904
	1,110	904

Description of and movements in provisions

	ELE provisions				Total \$ '000
	Annual leave \$ '000	Sick leave \$ '000	Long service leave \$ '000	Other (Time in Lieu) \$ '000	
2021					
At beginning of year	1,021	105	1,114	20	2,260
Additional provisions	625	–	197	7	829
Amounts used (payments)	(598)	(2)	(85)	–	(685)
Remeasurement effects	(21)	(2)	(15)	–	(38)
Total ELE provisions at end of year	1,027	101	1,211	27	2,366
2020					
At beginning of year	950	120	1,086	14	2,170
Additional provisions	71	–	28	6	105
Amounts used (payments)	(569)	(15)	(186)	–	(770)
Remeasurement effects	569	–	186	–	755
Total ELE provisions at end of year	1,021	105	1,114	20	2,260

C3-4 Employee benefit provisions (continued)

Accounting policy

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

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

C3-5 Provisions

	2021 Current \$ '000	2021 Non-Current \$ '000	2020 Current \$ '000	2020 Non-Current \$ '000
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	5,252	–	4,642
Sub-total – asset remediation/restoration	–	5,252	–	4,642
Total provisions	–	5,252	–	4,642
Provisions relating to restricted assets				
Externally restricted assets				
Domestic waste management	–	3,977	–	3,497
Provisions relating to externally restricted assets	–	3,977	–	3,497
Total provisions relating to restricted assets	–	3,977	–	3,497
Total provisions relating to unrestricted assets	–	1,275	–	1,145
Total provisions	–	5,252	–	4,642

Description of and movements in provisions

	Other provisions	
	Asset remediation \$ '000	Net carrying amount \$ '000
2021		
At beginning of year	4,642	4,642
Unwinding of discount	181	181
Remeasurement effects	429	429
Total other provisions at end of year	5,252	5,252
2020		
At beginning of year	4,340	4,340
Unwinding of discount	7	7
Remeasurement effects	233	233
Other	61	61
Total other provisions at end of year	4,641	4,641

Nature and purpose of provisions

Asset remediation

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

C3-5 Provisions (continued)

Accounting policy

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

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

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

Asset remediation – tips and quarries

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

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

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

C4 Reserves

C4-1 Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

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

D Council structure

D1 Results by fund

General fund refers to all Council activities other than 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

	General 2021 \$ '000	Water 2021 \$ '000	Sewer 2021 \$ '000
Income from continuing operations			
Rates and annual charges	7,126	1,396	896
User charges and fees	6,115	787	1
Interest and investment revenue	453	15	7
Other revenues	1,348	2	–
Grants and contributions provided for operating purposes	13,796	3,665	9
Grants and contributions provided for capital purposes	5,778	117	–
Other income	256	–	–
Share of interests in joint ventures and associates using the equity method	41	–	–
Total income from continuing operations	34,913	5,982	913
Expenses from continuing operations			
Employee benefits and on-costs	8,275	472	159
Materials and services	13,091	4,655	842
Borrowing costs	288	–	–
Depreciation, amortisation and impairment of non-financial assets	5,141	751	442
Other expenses	1,988	191	16
Net losses from the disposal of assets	51	–	–
Total expenses from continuing operations	28,834	6,069	1,459
Operating result from continuing operations	6,079	(87)	(546)
Net operating result for the year	6,079	(87)	(546)
Net operating result attributable to each council fund	6,079	(87)	(546)
Net operating result for the year before grants and contributions provided for capital purposes	301	(204)	(546)

D1-2 Statement of Financial Position by fund

	General 2021 \$ '000	Water 2021 \$ '000	Sewer 2021 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	2,295	1,953	6,792
Investments	16,500	–	–
Receivables	9,399	600	176
Inventories	1,020	–	–
Other	26	–	–
Total current assets	29,240	2,553	6,968
Non-current assets			
Investments	6,000	–	–
Receivables	80	–	–
Infrastructure, property, plant and equipment	266,482	30,205	19,249
Investments accounted for using the equity method	704	–	–
Right of use assets	109	–	–
Total non-current assets	273,375	30,205	19,249
TOTAL ASSETS	302,615	32,758	26,217
LIABILITIES			
Current liabilities			
Payables	1,942	145	–
Contract liabilities	4,151	–	–
Lease liabilities	78	–	–
Borrowings	527	–	–
Employee benefit provision	2,221	–	–
Total current liabilities	8,919	145	–
Non-current liabilities			
Lease liabilities	33	–	–
Borrowings	1,336	–	–
Employee benefit provision	145	–	–
Provisions	5,252	–	–
Total non-current liabilities	6,766	–	–
TOTAL LIABILITIES	15,685	145	–
Net assets	286,930	32,613	26,217
EQUITY			
Accumulated surplus	104,250	12,130	12,169
Revaluation reserves	182,680	20,483	14,048
Council equity interest	286,930	32,613	26,217
Total equity	286,930	32,613	26,217

D2 Interests in other entities

	Council's share of net assets	
	2021 \$ '000	2020 \$ '000
Council's share of net income		
Net share of interests in joint ventures and associates using the equity method – income		
Joint ventures	41	–
Total net share of interests in joint ventures and associates using the equity method – income	41	–
Net share of interests in joint ventures and associates using the equity method – expenses		
Joint ventures	–	3,070
Total net share of interests in joint ventures and associates using the equity method – expenses	–	3,070
Total Council's share of net income	41	(3,070)
Council's share of net assets		
Net share of interests in joint ventures and associates using the equity method – assets		
Joint arrangements	704	663
Total net share of interests in joint ventures and associates using the equity method – assets	704	663
Total Council's share of net assets	704	663

D2-1 Interests in joint arrangements

Net carrying amounts – Council's share

	Nature of relationship	Place of business	Interest in ownership		2021	2020
			2021	2020	2021 \$ '000	2020 \$ '000
Far North Northwest Joint Organisation	Joint Organisation of 3 councils	Cobar Shire Council	33.3%	33.3%	704	663
Total carrying amounts – material joint ventures					704	663

D2-1 Interests in joint arrangements (continued)

Far North West Joint Organisation

Council is a member of the Far North West Joint Organisation (which is a body incorporated under the Local Government Act 1993) along with Cobar Shire Council and Bourke Shire Council.

	Far North Northwest Joint Organisation	
	2021	2020
	\$ '000	\$ '000
Summarised Statement of financial position		
Current assets		
Cash and cash equivalents	7,032	8,333
Other current assets	–	313
Current liabilities		
Current financial liabilities (excluding trade and other payables and provisions)	1,725	6,657
Non-current liabilities		
Non-current financial liabilities (excluding trade and other payables and provisions)	3,143	–
Net assets	2,110	1,989
Income	1,809	8,282
Interest income	45	–
Other expenses	(1,730)	(6,296)
Profit/(loss) from continuing operations	124	1,986
Profit/(loss) for the period	124	1,986
Total comprehensive income	124	1,986
Summarised Statement of cash flows		
Cash flows from operating activities	(1,302)	8,188
Cash flows from investing activities	2,000	146
Cash flows from financing activities	–	(6,000)
Net increase (decrease) in cash and cash equivalents	698	2,334
Reconciliation of the carrying amount		
Opening net assets (1 July)	663	3,733
Walgett Shire Council's share of 33.33% fo Net Assets for 2020/2021	41	(3,070)
Dividends paid	–	–
Dividends received	–	–
Other adjustments to equity	–	–
Carrying amount	704	663
Council's share of net assets (%)	33.3%	33.3%
Council's share of net assets (\$)	704	633

County Councils

Council is a member of the following county councils (which are bodies incorporated under the Local Government Act 1993):

- Castlereagh Macquarie County Council

Council is of the opinion that it does not control the above county council/s and accordingly these entities have not been consolidated or otherwise included within these financial statements.

D2-1 Interests in joint arrangements (continued)

Accounting policy

Council has determined that it has both joint operations and joint ventures.

Joint operations

In relation to its joint operations, where the Council has the rights to the individual assets and obligations arising from the arrangement, the Council has recognised:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its share of the revenue from the sale of the output by the joint operation
- its expenses, including its share of any expenses incurred jointly.

These figures are incorporated into the relevant line item in the primary statements.

Joint ventures

Interests in joint ventures are accounted for using the equity method where the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise Council's share of the profit or loss and other comprehensive income of the joint venture after the date of acquisition.

If Council's share of losses of a joint venture equals or exceeds its interest in the joint venture, Council discontinues recognising its share of further losses.

Council's share in the joint venture's gains or losses arising from transactions between itself and its joint venture are eliminated.

Adjustments are made to the joint venture's accounting policies where they are different from those of the Council for the purposes of the consolidated financial statements.

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

Council's activities expose it to a variety of financial risks including (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.

	Carrying value 2021 \$ '000	Carrying value 2020 \$ '000	Fair value 2021 \$ '000	Fair value 2020 \$ '000
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	11,040	12,623	11,040	12,623
Receivables	10,255	8,950	10,255	8,950
Investments				
– Debt securities at amortised cost	22,500	21,000	22,500	21,000
Total financial assets	43,795	42,573	43,795	42,573
Financial liabilities				
Payables	2,087	3,991	2,087	3,991
Loans/advances	1,863	2,606	1,863	2,606
Total financial liabilities	3,950	6,597	3,950	6,597

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings** – 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 '**at fair value through profit and loss**' 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 with the assistance of independent advisors.

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

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

The risks associated with the instruments held are:

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

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

Council also seeks advice from independent advisers before placing any funds in cash equivalents and investments.

(a) Market risk – interest rate and price risk

	2021 \$ '000	2020 \$ '000
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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	313	325
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Impact of a 10% movement in price of investments

– Equity / Income Statement	–	–
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(b) Credit risk

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

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

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

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

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

Council makes suitable provision for doubtful receivables as required 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.

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

Credit risk profile

Receivables – rates and annual charges

Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land relating to the debts – 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 the payment of debt.

	Not yet overdue \$ '000	< 1 year overdue \$ '000	1 - 2 years overdue \$ '000	2 - 5 years overdue \$ '000	> 5 years overdue \$ '000	Total \$ '000
2021						
Gross carrying amount	–	646	281	403	168	1,498
2020						
Gross carrying amount	–	663	257	340	50	1,310

Receivables - non-rates and annual charges and contract assets

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

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

	Not yet overdue \$ '000	0 - 30 days overdue \$ '000	31 - 60 days overdue \$ '000	61 - 90 days overdue \$ '000	> 91 days overdue \$ '000	Total \$ '000
2021						
Gross carrying amount	6,515	169	9	217	2,228	9,138
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.85%	0.21%
ECL provision	–	–	–	–	19	19
2020						
Gross carrying amount	6,837	134	22	35	1,003	8,031
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	10.60%	1.32%
ECL provision	–	–	–	–	106	106

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

(c) Liquidity risk

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

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

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

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

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

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

	Weighted average interest rate %	Subject to no maturity \$ '000	payable in: ≤ 1 Year \$ '000	1 - 5 Years \$ '000	> 5 Years \$ '000	Total cash outflows \$ '000	Actual carrying values \$ '000
2021							
Trade/other payables	0.00%	195	1,466	–	–	1,661	1,661
Loans and advances	4.90%	–	605	1,060	477	2,142	1,863
Lease liabilities	1.42%	–	78	26	7	111	111
Total financial liabilities		195	2,149	1,086	484	3,914	3,635
2020							
Trade/other payables	0.00%	189	3,460	–	–	3,649	3,649
Loans and advances	3.45%	–	742	1,356	508	2,606	2,606
Lease liabilities	1.42%	–	62	5	–	67	67
Total financial liabilities		189	4,264	1,361	508	6,322	6,322

Loan agreement breaches

There have been no breaches to loan agreements which have occurred during the reporting year.

E2-1 Fair value measurement

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

– Infrastructure, property, plant and equipment

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

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

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

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

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

\$ '000	Notes	Fair value measurement hierarchy							
		Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2021	2020	2021	2020	2021	2020	2021	2020
Recurring fair value measurements									
Infrastructure, property, plant and equipment C1-6									
Plant and equipment		30/06/18	30/06/18	5,128	5,301	–	–	5,128	5,301
Office equipment		30/06/18	30/06/18	88	118	–	–	88	118
Operational and community land		30/06/18	30/06/18	5,877	5,829	–	–	5,877	5,829
Buildings – non-specialised		30/06/18	30/06/18	4,228	4,124	–	–	4,228	4,124
Buildings specialised		30/06/18	30/06/18	–	–	10,452	10,439	10,452	10,439
Other structures		30/06/18	30/06/18	–	–	12,253	12,791	12,253	12,791
Roads bridges and footpaths inc Bulk Earthworks		30/06/20	30/06/20	–	–	195,059	187,043	195,059	187,043
Stormwater drainage		30/06/20	30/06/20	–	–	15,248	14,977	15,248	14,977
Water supply network		30/06/17	30/06/17	–	–	29,591	27,057	29,591	27,057
Sewerage network		30/06/17	30/06/17	–	–	19,193	19,432	19,193	19,432
Other assets		30/06/16	30/06/16	–	–	9,428	9,519	9,428	9,519
Tip Assets		30/06/21	30/06/20	–	–	4,181	3,838	4,181	3,838
Quarry Assets		30/06/21	30/06/20	–	–	218	223	218	223
Total infrastructure, property, plant and equipment				15,321	15,372	295,623	285,319	310,944	300,691

Non-recurring fair value measurements

E2-1 Fair value measurement (continued)

Valuation techniques

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

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

Infrastructure, property, plant and equipment (IPPE)

Plant and equipment

Plant and Equipment are valued at cost but are disclosed at fair value in the notes excepting major items of plant which were revalued based on observable market values as at 30 June 2018 by Australis Asset Advisory Group. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.

Examples of assets within these classes are as follows: Graders, trucks, rollers, tractors and motor vehicles.

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

Operational, crown and community land

Operational and Community Land are were revalued as at 30 June 2018 to observable market values by Australis Asset Advisory Group. Crown land is based on the Valuer-General's land value as these are representative of actual market values within the Walgett LGA or an average unit rate based on the Land Value for Crown Land.

As these rates are considered to be observable market evidence they have been classified as a Level 2.

Buildings – specialised

Specialised buildings were valued by Australis Asset Advisory Group as at 30th June 2018, at Fair or Market Value.

This approach estimated the fair value for each building by either componentising the building into significant parts where there was not a comparable building within the Walgett LGA or by using observable market prices for comparable properties within the Walgett LGA..

All buildings were physically inspected and elements such as useful life reassessed.

An independent valuation is conducted every five years and is scheduled for revaluation in 2023. These assets have been classified as Level 2 valuation inputs.

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

Buildings - non-specialised

Non Specialised buildings were valued by Australis Asset Advisory Group as at 30th June 2018, at Fair Value.

This approach estimated the fair value for each building by componentising the building into significant parts.

All buildings were physically inspected and elements such as useful life reassessed.

An independent valuation is conducted every five years and is scheduled for revaluation in 2023. These assets have been classified as Level 3 valuation inputs.

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

E2-1 Fair value measurement (continued)

Other structures

The majority of this class of assets was valued by SFV as at 30th June 2016, at Fair Value.

The remaining portion is valued utilising the cost approach. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.

While some elements of value may be supported from market evidence (Level 2 inputs) other inputs such as, estimates of pattern of consumption, residual value, asset condition and useful life, will impact significantly on the final determination of fair value.

These assets have been classified as Level 3 valuation inputs.

Examples of assets within these classes are as follows:

Waste Depot, Structures other than Buildings and Sale Yards

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

Roads

Roads comprise of road carriageway, roadside shoulders, islands, kerb and guttering. They include sections that are sealed and unsealed. Road assets were independently valued as at 30th June 2020 by AssetVal, at Current Replacement Cost. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. While some elements of value may be supported from market evidence (Level 2 inputs) other inputs such as, estimates of pattern of consumption, traffic load and frequency, residual value, asset condition and useful life, will impact significantly on the final determination of fair value.

These assets have been classified as Level 3 valuation inputs.

Bridges

Bridge assets were independently valued as at 30th June 2020, at Current Replacement Cost. This category consists of all bridges and causeways greater than 6 metres. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. While some elements of value may be supported from market based evidence (Level 2 inputs) other inputs such as, pattern of consumption, traffic load and frequency, residual value, asset condition and useful life will impact significantly on the final determination of the fair value.

These assets have been classified as Level 3 valuation inputs.

Footpaths

Footpath assets were independently valued as at 30th June 2020, at Current Replacement Cost.

The carrying amount of these assets is assumed to approximate fair value due to the nature of the items. While some elements of value may be supported from market evidence (Level 2 inputs) other inputs such as, estimates of pattern of consumption, traffic load and frequency, residual value, asset condition and useful life, will impact significantly on the final determination of fair value.

These assets have been classified as at Level 3 valuation inputs. Footpaths are inspected annually and condition assessed.

Drainage infrastructure

Stormwater Drainage assets were independently valued as at 30th June 2020, at Current Replacement Cost. Assets within this class comprise pit, traps, pipes and channels. The Cost Approach is utilised with each asset being componentised into significant parts, with different useful lives and taking into account a range of factors in determination of fair value.

While unit rates based on elements, such as linear metres and pipe diameter, may be supported by market evidence (Level 2) other inputs such as estimates of consumption, residual value, asset condition and useful life, require extensive professional judgement and impact significantly on the final determination of fair value.

These assets have been classified as Level 3 valuation inputs.

Water supply network

E2-1 Fair value measurement (continued)

Water Supply assets were valued by Australis Asset Advisory Group as at 30th June 2017 at Current Replacement Cost and utilising Fair Value measurement. Assets within this class comprise reservoirs, pumping stations, treatment plant and pipelines. The Cost Approach is utilised with each asset being componentised into significant parts, with different useful lives and taking into account a range of factors.

While unit rates based on elements, such as linear metres and pipe diameter, may be supported by market evidence (Level 2) other inputs such as estimates of consumption, residual value, asset condition and useful life, require extensive professional judgement and impact significantly on the final determination of fair value.

These assets have been classified as Level 3 valuation inputs.

These assets are indexed each year in line with the NSW Reference Rates manual as published by the Office of Water.

Water assets are independently valued every five years and are scheduled for revaluation in 2022.

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

Sewerage network

Sewerage Network assets were valued by Australis Asset Advisory Group as at 30th June 2017 at Current Replacement Cost and utilising Fair Value measurement. Assets within this class comprise pumping stations, treatment plant and pipelines. The Cost Approach is utilised with each asset being componentised into significant parts, with different useful lives and taking into account a range of factors.

While unit rates based on elements, such as linear metres and pipe diameter, may be supported by market evidence (Level 2) other inputs such as estimates of consumption, residual value, asset condition and useful life, require extensive professional judgement and impact significantly on the final determination of fair value.

These assets have been classified as Level 3 valuation inputs.

These assets are indexed each year in line with the NSW Reference Rates manual as published by the Office of Water.

Sewerage assets are independently valued every five years and are scheduled for revaluation in 2022.

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

Other Assets

Assets within this class comprise Council's swimming pools and bore baths, other open space/recreational assets and assets that do not fit in any other category.

The Cost Approach was utilised for the revaluation of major asset items within this category as at 30 June 2019. Assets not included in the 30 June 2019 valuation are valued at cost, with different useful lives and taking into account a range of factors.

Valuations for this asset class were undertaken by Australis Asset Advisory Group as at 30 June 2018.

These assets have been classified as Level 3 valuation inputs.

While some elements of value may be supported from market evidence (Level 2 inputs) other inputs such as, estimates of pattern of consumption, residual value, asset condition and useful life, required extensive professional judgement and impact significantly on the final determination of fair value.

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

E2-1 Fair value measurement (continued)

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.

	Fair value (30/6/21) 2021 \$ '000	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment			
Buildings specialised	10,452	Cost approach	Unit price
Other structures	12,253	Cost approach	Unit price
Roads, bridges and footpaths	195,059	Cost approach	Unit price
Stormwater drainage	15,248	Cost approach	Asset condition, remaining lives
Water supply network	29,591	Cost approach	Asset condition, remaining lives
Sewer network	19,193	Cost approach	Asset condition, remaining lives
Other assets	9,428	Cost approach	Unit price
Tip assets	4,181	Cost approach	Unit price
Quarry assets	218	Cost approach	Unit price

E2-1 Fair value measurement (continued)

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

	Buildings specialised		Other structures		Roads, bridges and footpaths		Stormwater drainage	
	2021 \$ '000	2020 \$ '000	2021 \$ '000	2020 \$ '000	2021 \$ '000	2020 \$ '000	2021 \$ '000	2020 \$ '000
Opening balance	10,439	10,585	12,791	13,353	187,043	167,724	14,977	11,326
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	17	–	–	181	5,602	1,073	373	64
Purchases (GBV)	266	123	289	55	5,080	2,216	13	95
Disposals (WDV)	–	–	(63)	–	–	(176)	–	(195)
Depreciation and impairment	(270)	(269)	(764)	(798)	(2,666)	(3,490)	(115)	–
Revaluation increment to equity (ARR)	–	–	–	–	–	19,696	–	3,687
Closing balance	10,452	10,439	12,253	12,791	195,059	187,043	15,248	14,977

	Water supply network		Sewer network		Other assets		Tip assets	
	2021 \$ '000	2020 \$ '000	2021 \$ '000	2020 \$ '000	2021 \$ '000	2020 \$ '000	2021 \$ '000	2020 \$ '000
Opening balance	27,057	27,157	19,432	19,422	9,519	8,859	3,838	3,746
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	2,509	98	–	17	–	607	–	–
Purchases (GBV)	506	283	28	–	396	461	428	233
Depreciation and impairment	(743)	(736)	(442)	(190)	(487)	(408)	(85)	(141)
Revaluation increment to equity (ARR)	262	255	175	183	–	–	–	–
Closing balance	29,591	27,057	19,193	19,432	9,428	9,519	4,181	3,838

E2-1 Fair value measurement (continued)

	Quarry assets		Total	
	2021 \$ '000	2020 \$ '000	2021 \$ '000	2020 \$ '000
Opening balance	223	167	285,319	262,339
Transfers from/(to) another asset class	–	–	8,501	2,040
Purchases (GBV)	1	62	7,007	3,528
Disposals (WDV)	–	–	(63)	(371)
Depreciation and impairment	(6)	(6)	(5,578)	(6,038)
Revaluation increment to equity (ARR)	–	–	437	23,821
Closing balance	218	223	295,623	285,319

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

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

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

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

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

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

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

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

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

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

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

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

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

E3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2021 was \$45,115.88. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2020.

The amount of additional contributions included in the total employer contribution advised above is \$46,667.16. Council's expected contribution to the plan for the next annual reporting period is \$52,420.80.

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

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

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

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

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

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

* Plus promotional increases

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

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review, which will be a triennial actuarial investigation will be completed by December 2021.

(ii) Statewide Limited

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

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

The future realisation and finalisation of claims incurred but not reported to 30 June 2021 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 liabilities

Council has pending legal matters that do not qualify for inclusion in the 2020/2021 Annual Financial Statements although they are significant enough to mention in order to inform statement users of their potential impact.

E3-1 Contingencies (continued)

Council's potential cost in respect to these matters may be approximately \$835,000.

ASSETS NOT RECOGNISED

(i) Land under roads

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

(ii) Infringement notices/fines

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

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

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

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

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:

	2021	2020
	\$ '000	\$ '000
Compensation:		
Short-term benefits	1,091	818
Post-employment benefits	50	50
Termination benefits	70	7
Total	1,211	875

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

Other transactions with KMP and their related parties

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

Nature of the transaction	Ref	Transactions during the year \$ '000	Outstanding balances including commitments \$ '000	Terms and conditions	Impairment provision on outstanding balances \$ '000	Impairment expense \$ '000
2021						
Water cart hire	1	617	–	Annual contracted rate for adhoc work Negotiated lease for 2 years with 2 x 3	–	–
Property Lease	2	23	51	year options	–	–
Plant and equipment hire	3	353	–	Annual contracted rate for adhoc work NSW Local Government State Award	–	–
Employee expenses relating to close family members of KMP	4	124	–	2017	–	–
2020						
Water cart hire	1	241	–	Annual contracted rate for adhoc work Negotiated lease for 2 years with 2 x 3	–	–
Property Lease	2	10	31	year options	–	–
Plant and equipment hire	3	677	–	Annual contracted rate for adhoc work NSW Local Government State Award	–	–
Employee expenses relating to close family members of KMP	4	117	–	2017	–	–

- 1 Council hires plant for water cartage from a Council KMP. The plant hire by Council is subject to an annual plant hire tender process;
- 2 Council leases a building in Lightning Ridge from Eighth Tee Pty Ltd and this business has 2 KMP as partners in the business;
- 3 Council hires plant items from Wintergreen Investments and a Director of the Company is a KMP of Council. The plant hire by Council is subject to an annual plant hire tender process;
- 4 Close family members (2) of a Council KMP are employed by the Council under the Local Government Award, on an arms length basis.

F1-2 Councillor and Mayoral fees and associated expenses

	2021 \$ '000	2020 \$ '000
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	20	20
Councillors' fees	113	116
Other Councillors' expenses (including Mayor)	23	60
Total	156	196

F2 Other relationships

F2-1 Audit fees

	2021 \$ '000	2020 \$ '000
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	87	98
Remuneration for audit and other assurance services	87	98
Total Auditor-General remuneration	87	98
Non NSW Auditor-General audit firms		
Total audit fees	87	98

G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

	2021 \$ '000	2020 \$ '000
Net operating result from Income Statement	5,446	4,617
Adjust for non-cash items:		
Depreciation and amortisation	6,334	7,163
Net losses/(gains) on disposal of assets	51	597
Adoption of AASB 15/1058	–	(1,171)
Unwinding of discount rates on reinstatement provisions	181	7
Share of net (profits)/losses of associates/joint ventures using the equity method	(41)	3,070
+/- Movement in operating assets and liabilities and other cash items:		
Decrease/(increase) in receivables	(1,325)	(2,737)
Increase/(decrease) in provision for impairment of receivables	(10)	(76)
Decrease/(increase) in inventories	(25)	(38)
Decrease/(increase) in other current assets	143	(44)
Increase/(decrease) in payables	(1,103)	(241)
Increase/(decrease) in accrued interest payable	(4)	(4)
Increase/(decrease) in other accrued expenses payable	221	(136)
Increase/(decrease) in other liabilities	87	136
Increase/(decrease) in contract liabilities	3,024	1,127
Increase/(decrease) in provision for employee benefits	106	90
Increase/(decrease) in other provisions	429	295
Net cash provided from/(used in) operating activities from the Statement of Cash Flows	13,514	12,655

G2-1 Commitments

Capital commitments (exclusive of GST)

	2021 \$ '000	2020 \$ '000
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Plant and equipment	502	–
Road infrastructure	–	1,059
Total commitments	502	1,059
These expenditures are payable as follows:		
Within the next year	502	1,059
Total payable	502	1,059
Sources for funding of capital commitments:		
Unrestricted general funds	502	–
Future grants and contributions	–	1,059
Total sources of funding	502	1,059

Details of capital commitments

Reconstruction and sealing of Shire Road 103 Bugilbone Road, and Goangra Bridge funded by grants.

G3 Changes from prior year statements

G3-1 Correction of errors

Nature of prior-period error

During the year, Council identified assets in the asset registers (other assets and other structures) that related to the Lightning Ridge Swimming Pool Complex that were not owned by Council. These assets were initially recorded in Council's records based on a revaluation performed in the 2013 financial year that incorrectly included these assets.

The errors identified above have been corrected by restating the balances of the earliest period presented (1 July 2019) and taking the adjustment through to the accumulated surplus and asset revaluation reserve at that date.

Comparatives have been changed to reflect the correction of errors. The impact on each line item is shown in the tables below.

Changes to the opening Statement of Financial Position at 1 July 2019

Statement of Financial Position

	Original Balance 1 July, 2019 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 1 July, 2019 \$ '000
Infrastructure, property, plant and equipment	284,297	(2,506)	281,791
Total assets	329,220	(2,506)	326,714
Total liabilities	14,104	–	14,104
Accumulated surplus	121,279	(1,622)	119,657
IPPE revaluation reserve	193,837	(884)	192,953
Total equity	315,116	(2,506)	312,610

G3-1 Correction of errors (continued)

Adjustments to the comparative figures for the year ended 30 June 2020

Statement of Financial Position

	Original Balance 30 June, 2020 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 30 June, 2020 \$ '000
Infrastructure, property, plant and equipment	312,475	(2,371)	310,104
Total assets	356,941	(2,371)	354,570
Total liabilities	14,693	–	14,693
Accumulated Surplus	124,590	(1,487)	123,103
Revaluation Reserve	217,658	(884)	216,774
Total equity	342,248	(2,371)	339,877

Income Statement

	Original Balance 30 June, 2020 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 30 June, 2020 \$ '000
Total income from continuing operations	41,004	–	41,004
Depreciation and amortisation	7,298	(135)	7,163
Total expenses from continuing operations	36,522	(135)	36,387
Net operating result for the year	4,482	135	4,617

Statement of Comprehensive Income

	Original Balance 30 June, 2020 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 30 June, 2020 \$ '000
Net operating result for the year	4,482	135	4,617
Total comprehensive income for the year	28,303	135	28,438

G3-2 Changes in accounting estimates

Nature and effect of changes in accounting estimates on current year

Council made no changes in accounting estimates during the year.

G4 Statement of performance measures

G4-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2021	Indicator 2021	Indicators 2020 2019		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(439)	(1.22)%	(0.39)%	(3.58)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	35,872				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	18,402	44.06%	36.33%	42.81%	> 60.00%
Total continuing operating revenue ¹	41,767				
3. Unrestricted current ratio					
Current assets less all external restrictions	26,156	7.15x	4.47x	3.22x	> 1.50x
Current liabilities less specific purpose liabilities	3,658				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	6,183	5.88x	7.77x	7.10x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	1,051				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	1,204	11.39%	10.84%	8.33%	< 10.00%
Rates and annual charges collectable	10,567				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	33,540	11.94	13.80	19.10	> 3.00
Monthly payments from cash flow of operating and financing activities	2,809	mths	mths	mths	mths

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

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

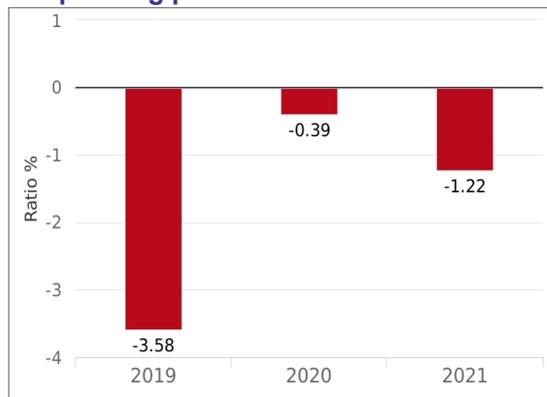
G4-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2021	2020	2021	2020	2021	2020	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	1.39%	2.52%	(2.03)%	(10.47)%	(59.69)%	(6.72)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	43.87%	35.93%	36.78%	30.32%	99.01%	98.98%	> 60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	7.15x	4.47x	No liabilities	8.10x	∞	∞	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	5.63x	7.51x	∞	∞	∞	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	5.60%	6.31%	38.17%	32.47%	19.47%	14.73%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	11.37 mths	13.56 mths	3.86 mths	4.94 mths	55.86 mths	80.31 mths	> 3.00 mths
Monthly payments from cash flow of operating and financing activities							

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 (1.22)%

The OLG benchmark is a result greater than 0%. This is a sound result for the year.

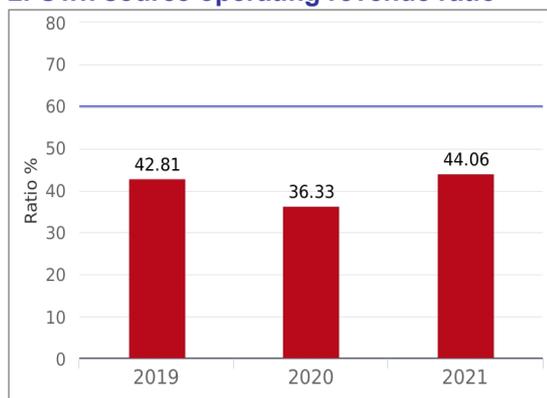
Benchmark: — > 0.00%

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 44.06%

This ratio has increased this year due to an increased level of works on State Highways and a decrease in grants when compared to the previous year.

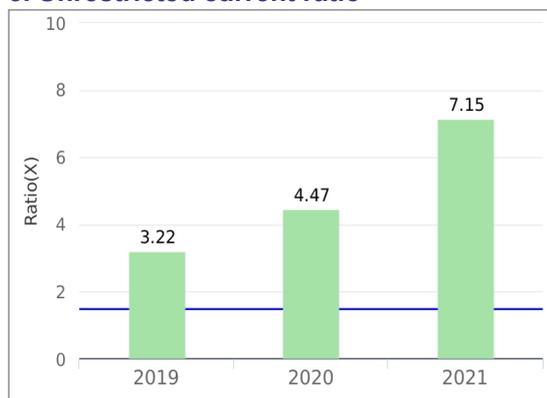
Benchmark: — > 60.00%

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 7.15x

Council continues to have a very strong unrestricted current ratio. This allows Council to continue the planned work while still enabling it to meet current and future expenditure expectations.

Benchmark: — > 1.50x

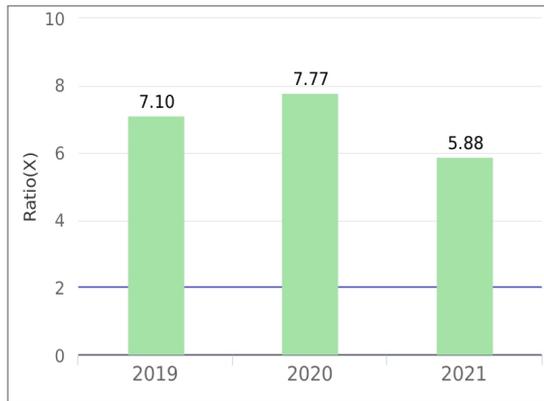
Source of benchmark: Code of Accounting Practice and Financial Reporting

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 5.88x

Council's ratio is well above benchmark and considered to be sound.

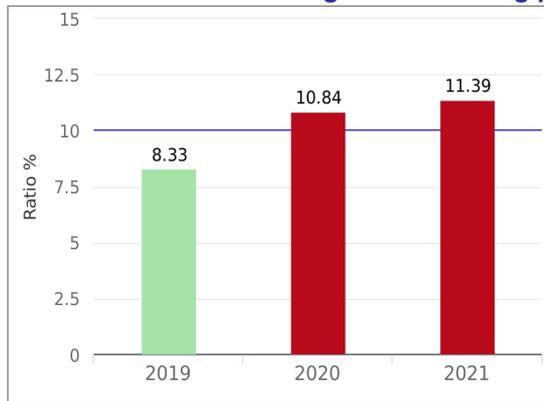
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Purpose of rates and annual charges outstanding percentage

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

Commentary on 2020/21 result

2020/21 ratio 11.39%

The impact of the COVID-19 pandemic and the associated restrictions put in place has resulted in a loss of income within the Council's ratepayer base. The mandated restrictions in debt recovery actions resulting from the pandemic measures has also impacted this ratio.

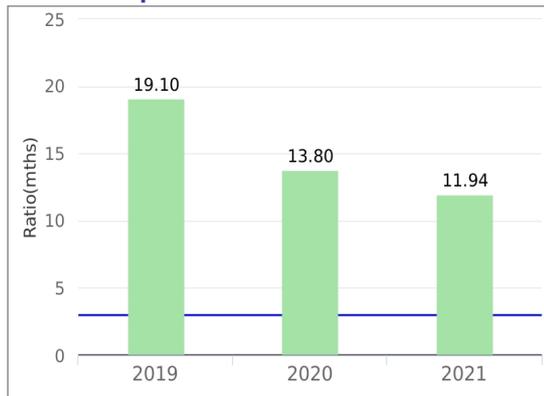
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2020/21 result

2020/21 ratio 11.94 mths

While this ratio continues to be reduced because of the current economic environment, Council remains in a strong position with a ratio nearly 3 times the benchmark minimum of 3 months.

Benchmark: — > 3.00mths

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-2 Council information and contact details

Principal place of business:

77 Fox Street
Walgett NSW 2832

Contact details

Mailing Address:

PO Box 31
Walgett NSW 2832

Telephone: 02 6828 1399

Facsimile: 02 6828 1399

Opening hours:

8:30am - 4:30pm
Monday to Friday

Internet: www.walgett.nsw.gov.au

Email: admin@walgett.nsw.gov.au

Officers

GENERAL MANAGER

Michael Urquhart

RESPONSIBLE ACCOUNTING OFFICER

Tony Hughes

Public Officer

Michael Urquhart

Auditors

Auditor General

New South Wales

Elected members

Mayor

Cr Ian Woodcock

Councillors

Cr Manuel Martinez (Deputy Mayor)

Cr Jane Keir

Cr Bill Murray

Cr Kelly Smith

Cr Michael Taylor

Cr Robbie Turnbull

Cr Lawrence Walford

Other information

ABN: 88 769 076 385



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

To the Councillors of the Walgett Shire Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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



Manuel Moncada
Delegate of the Auditor-General for New South Wales

30 October 2021
SYDNEY



Cr Ian Woodcock
Mayor
Walgett Shire Council
PO Box 31
Walgett NSW 2330

Contact: Manuel Moncada
Phone no: 02 9275 7333
Our ref: D2123876/1801

30 October 2021

Dear Mayor

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

I have audited the general purpose financial statements (GPFS) of the Walgett 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

Rural fire-fighting equipment not recognised in the financial statements

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

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

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

INCOME STATEMENT

Operating result

	2021	2020*	Variance
	\$m	\$m	%
Rates and annual charges revenue	9.4	9.3	↑ 1.1
Grants and contributions revenue	23.4	26.1	↓ 10.3
Operating result from continuing operations	5.4	4.6	↑ 17.4
Net operating result before capital grants and contributions	(0.4)	(3.7)	↑ 90

* The 2020 comparatives have been restated to correct a prior period error. Note G3-1 of the financial statements provides details of the prior period error.

Council's operating result (\$5.4 million including the effect of depreciation and amortisation expense of \$6.3 million) was \$0.8 million higher than the 2019–20 result. This was mainly due to increased revenue from Transport for NSW works and offset by a reduction in revenue from capital grants.

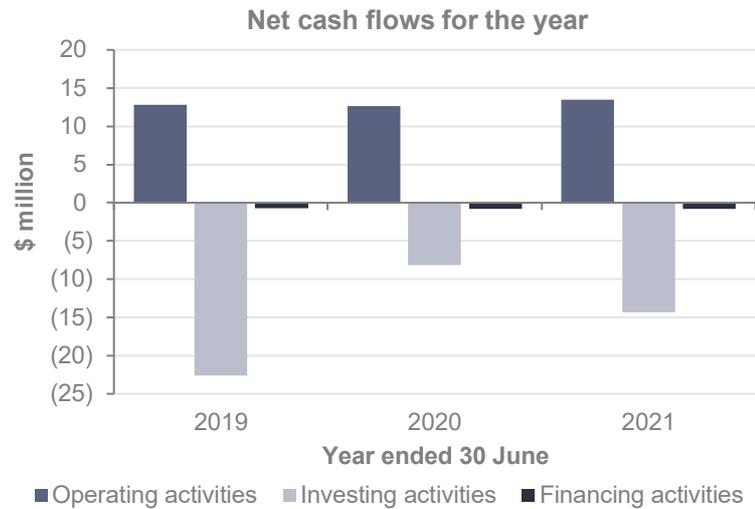
The net operating result before capital grants and contributions (deficit of \$449,000) was \$3.3 million higher than the 2019–20 result. This was mainly due to the increased revenue from Transport for NSW works noted above.

Rates and annual charges revenue (\$9.4 million) increased by \$0.1 million (1.1 per cent) in 2020–2021.

Grants and contributions revenue (\$23.4 million) decreased by \$2.7 million (10.3 per cent) in 2020–2021 due to reduced revenue recognised for grant funded capital projects.

STATEMENT OF CASH FLOWS

- The Statement of Cash Flows illustrates the flow of cash and cash equivalents moving in and out of Council during the year and reveals that cash decreased by \$1.6 million to \$11 million at the close of the year.



FINANCIAL POSITION

Cash and investments

Cash and investments	2021	2020	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	33.5	33.6	<ul style="list-style-type: none"> External restrictions include unspent specific purpose grants and contributions, and domestic waste management, water and sewerage charges, and unexpended loans. Balances are internally restricted due to Council policy or decisions for forward plans including works program.
Restricted cash and investments:			
• External restrictions	17.5	16.3	
• Internal restrictions	14.3	14.3	

Debt

After repaying principal and interest of \$0.9 million during the financial year, total debt as at 30 June 2021 was \$1.9 million (2020: \$2.7 million).

PERFORMANCE

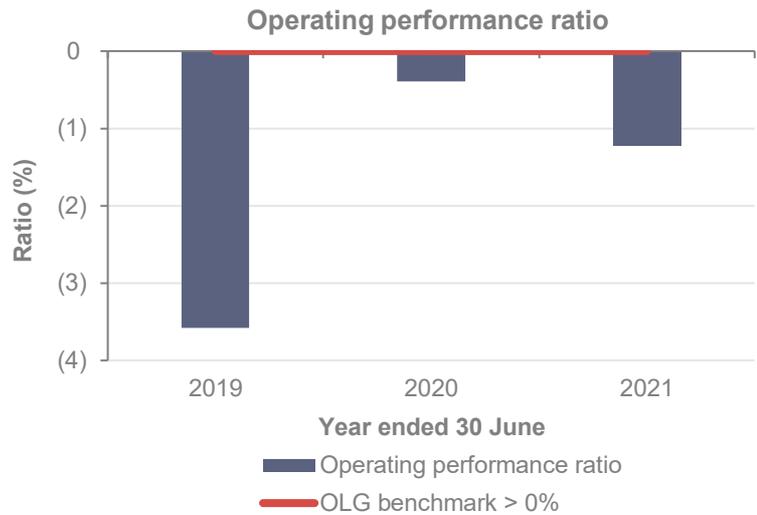
Performance measures

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.

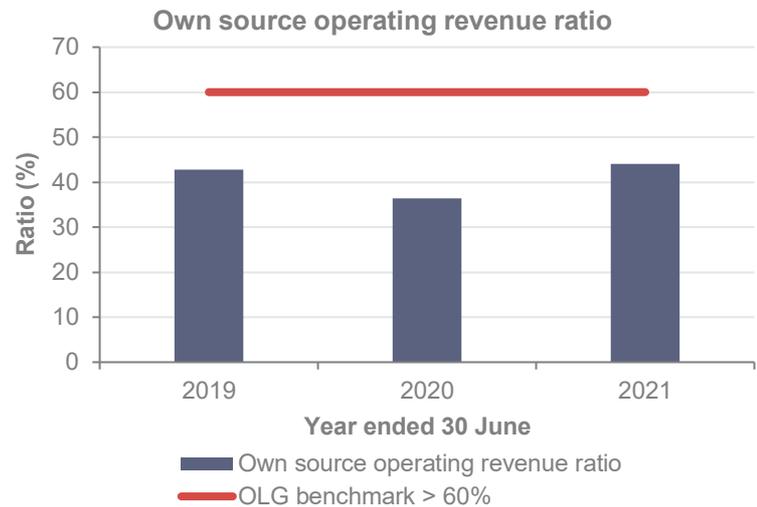
The Council did not meet the OLG benchmark for the current reporting period.



Own source operating revenue ratio

The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.

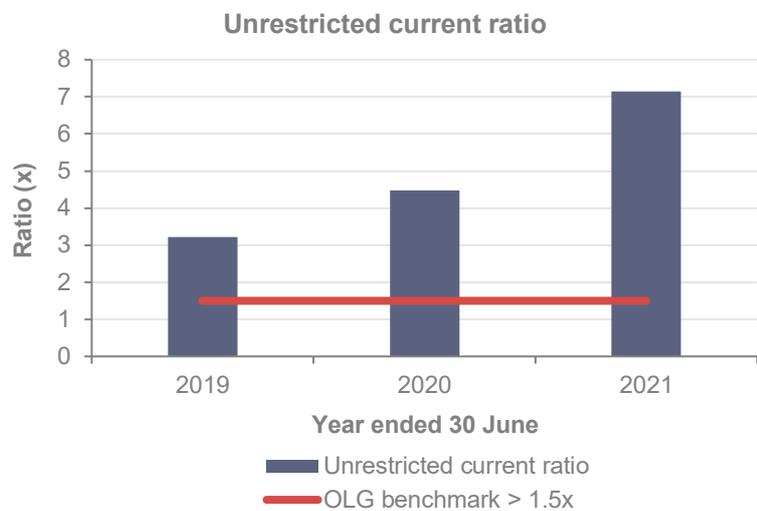
The Council did not meet the OLG benchmark for the current reporting period.



Unrestricted current ratio

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

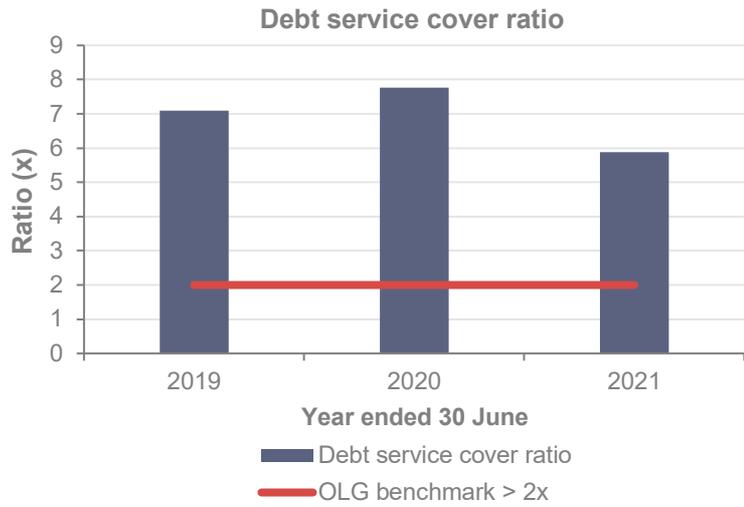
The Council exceeded the OLG benchmark for the current reporting period.



Debt service cover ratio

The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.

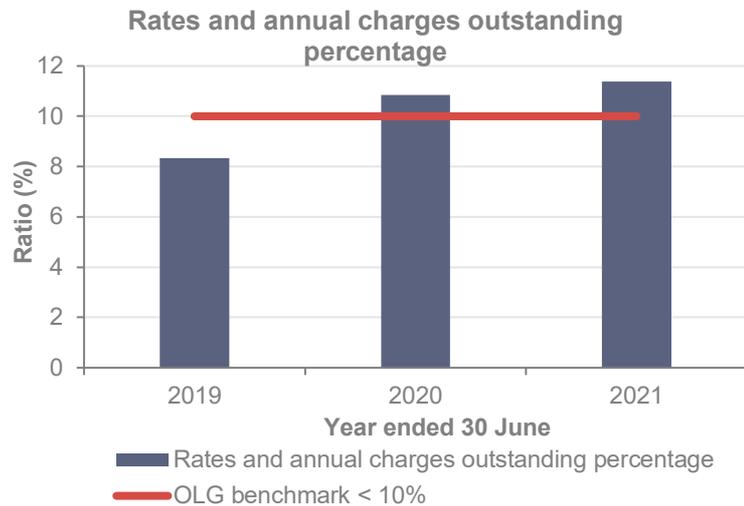
The Council exceeded the OLG benchmark for the current reporting period.



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.

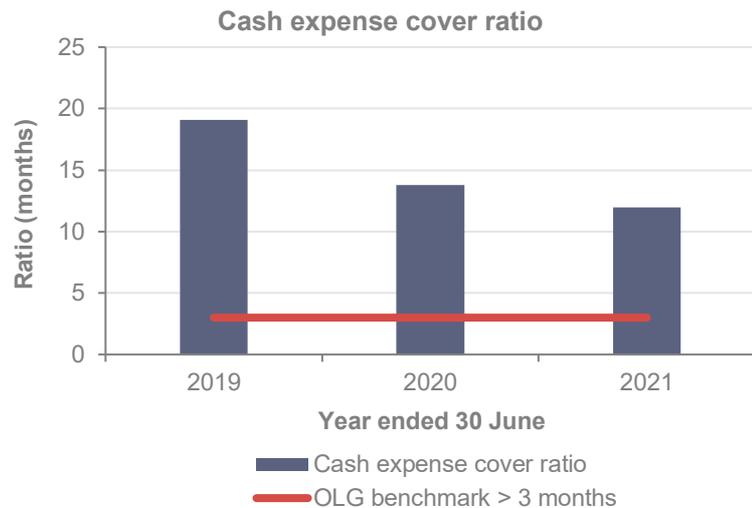
The Council did not meet the OLG benchmark for the current reporting period.



Cash expense cover ratio

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

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



Infrastructure, property, plant and equipment renewals

- Council's asset renewal additions for the year were \$1.8 million compared \$2.8 million for the prior year
- The level of asset renewals during the year represented 29 percent of the total depreciation expense (\$6.3 million) for the year.

OTHER MATTERS

Legislative compliance

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

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

The Council's:

- accounting records were maintained in a manner and form that facilitated the preparation and the effective audit of the general purpose financial statements
- staff provided all accounting records and information relevant to the audit.

Manuel Moncada
Delegate of the Auditor-General for New South Wales

cc: Michael Urquhart, General Manager
Kiersten Fishburn, Secretary of the Department of Planning, Industry and Environment

Walgett Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2021

*That the community utilise the opportunities that arise from
our environment, to improve their quality of life, while
embracing its ethnic and social diversity to the benefit of all.*



Walgett Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2021

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Income Statement of sewerage business activity	5
Statement of Financial Position of water supply business activity	6
Statement of Financial Position of sewerage business activity	7
Note – Significant Accounting Policies	8
Auditor's Report on Special Purpose Financial Statements	11

Walgett Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2021

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

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

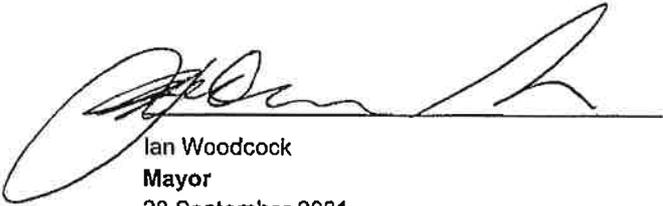
- the NSW Government Policy Statement *'Application of National Competition Policy to Local Government'*,
- the Division of Local Government Guidelines *'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality'*,
- the Local Government Code of Accounting Practice and Financial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

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

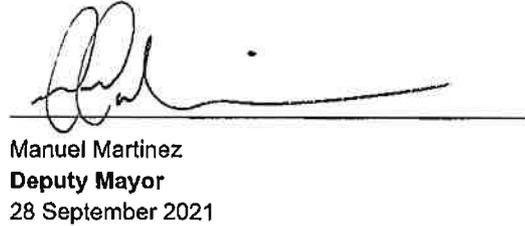
- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records,
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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

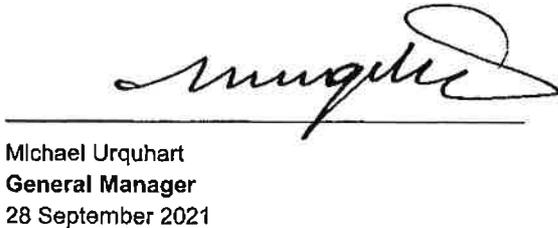
Signed in accordance with a resolution of Council made on 28 September 2021.



Ian Woodcock
Mayor
28 September 2021



Manuel Martinez
Deputy Mayor
28 September 2021



Michael Urquhart
General Manager
28 September 2021



Tony Hughes
Responsible Accounting Officer
28 September 2021

Walgett Shire Council

Income Statement of water supply business activity

for the year ended 30 June 2021

	2021 \$ '000	2020 \$ '000
Income from continuing operations		
Access charges	1,396	1,477
User charges	481	491
Fees	306	442
Interest	15	55
Grants and contributions provided for non-capital purposes	3,665	4,142
Other income	2	2
Total income from continuing operations	5,865	6,609
Expenses from continuing operations		
Employee benefits and on-costs	472	537
Materials and services	4,655	5,710
Depreciation, amortisation and impairment	751	736
Other expenses	191	318
Total expenses from continuing operations	6,069	7,301
Surplus (deficit) from continuing operations before capital amounts	(204)	(692)
Grants and contributions provided for capital purposes	117	1,527
Surplus (deficit) from continuing operations after capital amounts	(87)	835
Surplus (deficit) from all operations before tax	(87)	835
Surplus (deficit) after tax	(87)	835
Plus accumulated surplus	12,217	11,382
Plus adjustments for amounts unpaid:		
Closing accumulated surplus	12,130	12,217
Return on capital %	(0.7)%	(2.4)%
Subsidy from Council	654	948
Calculation of dividend payable:		
Surplus (deficit) after tax	(87)	835
Less: capital grants and contributions (excluding developer contributions)	(117)	(1,527)
Surplus for dividend calculation purposes	-	-
Potential dividend calculated from surplus	-	-

Walgett Shire Council

Income Statement of sewerage business activity

for the year ended 30 June 2021

	2021 \$ '000	2020 \$ '000
Income from continuing operations		
Access charges	896	915
Fees	1	–
Interest	7	56
Grants and contributions provided for non-capital purposes	9	10
Other income	–	1
Total income from continuing operations	913	982
Expenses from continuing operations		
Employee benefits and on-costs	159	145
Materials and services	842	697
Depreciation, amortisation and impairment	442	190
Other expenses	16	16
Total expenses from continuing operations	1,459	1,048
Surplus (deficit) from continuing operations before capital amounts	(546)	(66)
Surplus (deficit) from continuing operations after capital amounts	(546)	(66)
Surplus (deficit) from all operations before tax	(546)	(66)
Surplus (deficit) after tax	(546)	(66)
Plus accumulated surplus	12,715	12,782
Plus adjustments for amounts unpaid:		
Closing accumulated surplus	12,169	12,716
Return on capital %	(2.8)%	(0.3)%
Subsidy from Council	833	237
Calculation of dividend payable:		
Surplus (deficit) after tax	(546)	(66)
Surplus for dividend calculation purposes	–	–
Potential dividend calculated from surplus	–	–

Walgett Shire Council

Statement of Financial Position of water supply business activity

as at 30 June 2021

	2021 \$ '000	2020 \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	1,953	508
Receivables	600	504
Total current assets	2,553	1,012
Non-current assets		
Investments	–	2,500
Infrastructure, property, plant and equipment	30,205	29,051
Total non-current assets	30,205	31,551
Total assets	32,758	32,563
LIABILITIES		
Current liabilities		
Income received in advance	145	125
Total current liabilities	145	125
Total liabilities	145	125
Net assets	32,613	32,438
EQUITY		
Accumulated surplus	12,130	12,217
Revaluation reserves	20,483	20,221
Total equity	32,613	32,438

Walgett Shire Council

Statement of Financial Position of sewerage business activity

as at 30 June 2021

	2021 \$ '000	2020 \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	6,792	4,014
Receivables	176	136
Total current assets	6,968	4,150
Non-current assets		
Investments	–	3,000
Infrastructure, property, plant and equipment	19,249	19,439
Total non-current assets	19,249	22,439
Total assets	26,217	26,589
Net assets	26,217	26,589
EQUITY		
Accumulated surplus	12,169	12,716
Revaluation reserves	14,048	13,873
Total equity	26,217	26,589

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 (NSW), the *Local Government (General) Regulation 2005*, 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, current values 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. Walgett Shire Council Combined Water Supply Services

Council's water supply activities servicing the towns of Walgett, Lightning Ridge and villages.

b. Walgett Shire Council Combined Sewerage Services

Council's sewerage reticulation & treatment activity servicing the towns of Walgett, Lightning Ridge and Collarenebri.

Category 2

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

NIL

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 the Special Purpose Financial Statements. For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

Notional rate applied (%)

Corporate income tax rate – 26% (2019/20 27.5%)

Note – Significant Accounting Policies (continued)

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

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

In accordance with the Department of Planning, Industry & Environment (DPIE) – Best Practice Water Supply and Sewer 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 DPIE – Best Practice Water & Sewer Guidelines as a ‘dividend for taxation equivalent’, may be applied for any purpose allowed under the *Local Government Act, 1993*.

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

Walgett Shire Council did not pay a dividend in this financial year.

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% (in 2019/20 the rate was 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 Council as the ‘owner’ of business operations - it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

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

Local government rates and charges

A calculation of the equivalent rates and charges payable on all category 1 businesses has been applied to all land assets owned or exclusively used by the business activity.

Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that council business activities face ‘true’ commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council’s borrowing rate for its business activities.

Council has no borrowings on its Category 1 businesses this financial year.

(i) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed.

Subsidies occur when 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.

Accordingly, ‘subsidies disclosed’ (in relation to National Competition Policy) represents the difference between revenue generated from ‘rate of return’ pricing and revenue generated from prices set by Council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of each reported business activity.

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’.

Note – Significant Accounting Policies (continued)

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.

(iii) Dividends

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

Walgett Shire Council did not pay a dividend in this financial year. All dividends stated within these accounts are notional.



INDEPENDENT AUDITOR'S REPORT
Report on the special purpose financial statements
Walgett Shire Council

To the Councillors of the Walgett Shire Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Walgett 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 Business Activity
- Sewerage Business Activity

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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

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

Manuel Moncada

Delegate of the Auditor-General for New South Wales

30 October 2021
SYDNEY

Walgett Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2021

*That the community utilise the opportunities that arise from
our environment, to improve their quality of life, while
embracing its ethnic and social diversity to the benefit of all.*



Walgett Shire Council

Special Schedules

for the year ended 30 June 2021

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Walgett Shire Council

Permissible income for general rates

	Notes	Calculation 2020/21 \$ '000	Calculation 2021/22 \$ '000
Notional general income calculation ¹			
Last year notional general income yield	a	5,662	5,805
Plus or minus adjustments ²	b	1	5
Notional general income	c = a + b	5,663	5,810
Permissible income calculation			
Or rate peg percentage	e	2.60%	2.00%
Or plus rate peg amount	i = e x (c + g)	147	116
Sub-total	k = (c + g + h + i + j)	5,810	5,926
Plus (or minus) last year's carry forward total	l	2	7
Sub-total	n = (l + m)	2	7
Total permissible income	o = k + n	5,812	5,933
Less notional general income yield	p	5,805	5,919
Catch-up or (excess) result	q = o - p	7	14
Less unused catch-up ³	s	—	(2)
Carry forward to next year ⁴	t = q + r + s	7	12

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the Valuation of Land Act 1916.
- (3) Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- (4) 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
Walgett Shire Council

To the Councillors of Walgett Shire Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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

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

Manuel Moncada

Delegate of the Auditor-General for New South Wales

30 October 2021
SYDNEY

Walgett Shire Council

Report on infrastructure assets as at 30 June 2021

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard \$ '000	Estimated cost to bring to the agreed level of service set by Council \$ '000	2020/21 Required maintenance ^a \$ '000	2020/21 Actual maintenance \$ '000	Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Buildings	Buildings – non-specialised	1,000	1,000	95	198	4,228	5,379	20.0%	30.0%	25.0%	20.0%	5.0%
	Buildings – specialised	1,500	558	417	784	10,452	20,268	30.0%	28.0%	15.0%	22.0%	5.0%
	Sub-total	2,500	1,558	512	982	14,680	25,647	27.9%	28.4%	17.1%	21.6%	5.0%
Other structures	Other structures	2,750	2,500	285	397	12,253	29,074	25.0%	22.0%	16.0%	12.0%	25.0%
	Sub-total	2,750	2,500	285	397	12,253	29,074	25.0%	22.0%	16.0%	12.0%	25.0%
Roads	Roads, Bridges, Footpaths	3,500	3,500	3,884	4,437	84,063	158,983	23.0%	15.0%	37.0%	12.0%	13.0%
	Bulk earthworks	–	–	–	–	110,996	110,996	100.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	3,500	3,500	3,884	4,437	195,059	269,979	54.7%	8.8%	21.8%	7.1%	7.7%
Water supply network	Water supply network	6,100	6,100	451	91	29,591	49,296	16.0%	20.0%	25.0%	30.0%	9.0%
	Sub-total	6,100	6,100	451	91	29,591	49,296	16.0%	20.0%	25.0%	30.0%	9.0%
Sewerage network	Sewerage network	1,936	1,936	948	1,023	19,193	30,680	2.0%	45.0%	3.0%	47.0%	3.0%
	Sub-total	1,936	1,936	948	1,023	19,193	30,680	2.0%	45.0%	3.0%	47.0%	3.0%
Stormwater drainage	Stormwater drainage	150	150	33	29	15,248	19,111	5.0%	1.0%	90.0%	4.0%	0.0%
	Sub-total	150	150	33	29	15,248	19,111	5.0%	1.0%	90.0%	4.0%	0.0%
Total – all assets		16,936	15,744	6,113	6,959	286,024	423,787	40.5%	14.5%	23.2%	13.7%	8.2%

(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

Walgett Shire Council

Report on infrastructure assets as at 30 June 2021

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2021	Indicator 2021	Indicators		Benchmark
			2020	2019	
Buildings and infrastructure renewals ratio					
Asset renewals ¹	1,373	26.88%	42.53%	80.12%	>= 100.00%
Depreciation, amortisation and impairment	5,108				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	16,936	5.82%	6.29%	6.41%	< 2.00%
Net carrying amount of infrastructure assets	291,016				
Asset maintenance ratio					
Actual asset maintenance	6,959	113.84%	107.88%	110.25%	> 100.00%
Required asset maintenance	6,113				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	15,744	3.72%	4.29%	4.22%	
Gross replacement cost	423,787				

(*) 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.

Walgett 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	
Buildings and infrastructure renewals ratio							
Asset renewals ¹	32.98%	48.64%	10.63%	13.18%	0.00%	0.00%	>= 100.00%
Depreciation, amortisation and impairment							
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard	3.67%	4.14%	20.61%	22.54%	10.09%	9.96%	< 2.00%
Net carrying amount of infrastructure assets							
Asset maintenance ratio							
Actual asset maintenance	123.99%	116.94%	20.18%	79.33%	107.91%	136.84%	> 100.00%
Required asset maintenance							
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council	2.24%	2.75%	12.37%	13.31%	6.31%	6.37%	
Gross replacement cost							

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