

Bourke Shire Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2021

Gateway to the real outback



Bourke Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2021

Gateway to the real outback



Bourke Shire Council

General Purpose Financial Statements

for the year ended 30 June 2021

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Overview

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

29 Mitchell Street
Bourke NSW 2840

Council's guiding principles are detailed in Chapter 3 of the LGA and includes:

- principles applying to the exercise of functions generally by council,
- principles to be applied when making decisions,
- principles of community participation,
- principles of sound financial management, and
- principles for strategic planning relating to the development of an integrated planning and reporting framework.

A description of the nature of Council's operations and its principal activities are provided in Note B1-2.

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: www.bourke.nsw.gov.au.

Bourke 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.

Bourke Shire Council

General Purpose Financial Statements

for the year ended 30 June 2021

Statement by Councillors and Management

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

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

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

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

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

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

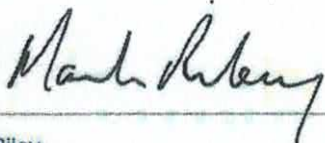
Signed in accordance with a resolution of Council made on 26 July 2021.



Clr Barry Holman
Mayor
23 August 2021



Clr Lachlan Ford
Councillor
23 August 2021



Mark Riley
General Manager
23 August 2021



Leonie Brown
Responsible Accounting Officer
23 August 2021

Bourke Shire Council

Income Statement

for the year ended 30 June 2021

Original unaudited budget 2021 \$ '000		Notes	Actual 2021 \$ '000	Actual 2020 \$ '000
Income from continuing operations				
4,516	Rates and annual charges	B2-1	4,185	4,117
5,493	User charges and fees	B2-2	6,591	3,569
1,017	Other revenue	B2-3	1,596	683
8,704	Grants and contributions provided for operating purposes	B2-4	11,482	13,268
7,386	Grants and contributions provided for capital purposes	B2-4	20,018	14,158
379	Interest and investment income	B2-5	215	537
–	Other income	B2-6	286	209
27,495	Total income from continuing operations		44,373	36,541
Expenses from continuing operations				
7,962	Employee benefits and on-costs	B3-1	7,534	7,616
8,729	Materials and services	B3-2	7,825	7,754
183	Borrowing costs	B3-3	168	189
5,769	Depreciation, amortisation and impairment for non-financial assets	B3-4	7,239	6,065
810	Other expenses	B3-5	397	3,432
–	Net losses from the disposal of assets	B4-1	1,115	496
23,453	Total expenses from continuing operations		24,278	25,552
4,042	Operating result from continuing operations		20,095	10,989
4,042	Net operating result for the year attributable to Council		20,095	10,989
Net operating result for the year before grants and contributions provided for capital purposes				
(3,344)			77	(3,169)

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

Bourke Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2021

	Notes	2021 \$ '000	2020 \$ '000
Net operating result for the year – from Income Statement		20,095	10,989
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	492	17,346
Total items which will not be reclassified subsequently to the operating result		492	17,346
Total other comprehensive income for the year		492	17,346
Total comprehensive income for the year attributable to Council		20,587	28,335

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

Bourke Shire Council

Statement of Financial Position

as at 30 June 2021

	Notes	2021 \$ '000	2020 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	9,308	7,342
Investments	C1-2	20,851	15,644
Receivables	C1-4	11,306	5,919
Inventories	C1-5	153	102
Other		1	—
Total current assets		41,619	29,007
Non-current assets			
Receivables	C1-4	255	224
Infrastructure, property, plant and equipment	C1-6	291,648	275,564
Right of use assets	C2-1	37	3
Investments accounted for using the equity method	D2-1	704	663
Total non-current assets		292,644	276,454
Total assets		334,263	305,461
LIABILITIES			
Current liabilities			
Payables	C3-1	2,921	2,427
Income received in advance	C3-1	276	182
Contract liabilities	C3-2	7,956	747
Lease liabilities	C2-1	25	4
Borrowings	C3-3	1,228	1,095
Employee benefit provisions	C3-4	3,273	3,462
Total current liabilities		15,679	7,917
Non-current liabilities			
Lease liabilities	C2-1	4	—
Borrowings	C3-3	4,106	3,678
Employee benefit provisions	C3-4	101	110
Provisions	C3-5	60	30
Total non-current liabilities		4,271	3,818
Total liabilities		19,950	11,735
Net assets		314,313	293,726
EQUITY			
Accumulated surplus	C4-1	184,272	164,177
IPPE revaluation reserve	C4-1	130,041	129,549
Council equity interest		314,313	293,726
Total equity		314,313	293,726

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

Bourke 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		164,177	129,549	293,726	154,020	112,203	266,223
Changes due to AASB 1058 and AASB 15 adoption		–	–	–	(832)	–	(832)
Opening balance		164,177	129,549	293,726	153,188	112,203	265,391
Net operating result for the year		20,095	–	20,095	10,989	–	10,989
Net operating result for the period		20,095	–	20,095	10,989	–	10,989
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	492	492	–	17,346	17,346
Other comprehensive income		–	492	492	–	17,346	17,346
Total comprehensive income		20,095	492	20,587	10,989	17,346	28,335
Closing balance at 30 June		184,272	130,041	314,313	164,177	129,549	293,726

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

Bourke 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>				
4,516	Rates and annual charges		4,332	4,017
5,493	User charges and fees		7,163	5,599
379	Investment and interest revenue received		66	704
16,090	Grants and contributions		35,075	26,000
–	Bonds, deposits and retention amounts received		4	42
1,017	Other		2,528	2,812
<i>Payments:</i>				
(7,962)	Employee benefits and on-costs		(7,691)	(7,296)
(8,729)	Materials and services		(10,324)	(8,179)
(183)	Borrowing costs		(170)	(191)
–	Bonds, deposits and retention amounts refunded		–	(53)
(810)	Other		(910)	(4,157)
9,811	Net cash flows from operating activities	G1-1a	30,073	19,298
Cash flows from investing activities				
<i>Receipts:</i>				
–	Sale of investment securities		39,051	31,803
–	Sale of infrastructure, property, plant and equipment		299	350
<i>Payments:</i>				
(7,983)	Purchase of investment securities		(44,258)	(26,884)
–	Purchase of infrastructure, property, plant and equipment		(23,738)	(20,417)
(7,983)	Net cash flows from investing activities		(28,646)	(15,148)
Cash flows from financing activities				
<i>Receipts:</i>				
2,138	Proceeds from borrowings		1,656	1,228
<i>Payments:</i>				
(1,094)	Repayment of borrowings		(1,095)	(1,021)
–	Principal component of lease payments		(22)	(19)
1,044	Net cash flows from financing activities		539	188
2,872	Net change in cash and cash equivalents		1,966	4,338
3,004	Cash and cash equivalents at beginning of year		7,342	3,004
5,876	Cash and cash equivalents at end of year	C1-1	9,308	7,342
–	plus: Investments on hand at end of year	C1-2	20,851	15,644
5,876	Total cash, cash equivalents and investments		30,159	22,986

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

Bourke 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 26 July 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 financial assets and liabilities and certain classes of infrastructure, property, plant and equipment and investment property.

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

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

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.

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.

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

- General purpose operations
- Water service
- Sewerage service

A1-1 Basis of preparation (continued)

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 has no material reliance on volunteer services and there is no financial impact on the financial statements as presented.

New accounting standards and interpretations issued not yet effective

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

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

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

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

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

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

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

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

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

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

This Standard amends a number of standards as follows:

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

A1-1 Basis of preparation (continued)

Council does not expect any material impact from the above amendments.

This standard has an effective date for the 30 June 2023 reporting period.

Apart from the standards listed above there are no other released standards and interpretations (with future effective dates) that are expected to have a material impact on Council.

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

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 on Council's financial statements resulting from the adoption of these new accounting standards.

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	–	–	248	286	(248)	(286)	–	–	–	–
Administration	8,315	6,841	1,670	901	6,645	5,940	6,453	6,382	41,253	29,179
Public order & safety	301	373	780	646	(479)	(273)	297	158	1,857	1,645
Health	99	74	751	774	(652)	(700)	44	–	879	875
Environment	1,053	859	1,782	2,270	(729)	(1,411)	240	105	21,513	22,047
Community services & education	261	638	226	174	35	464	114	8	931	1,695
Housing & community amenities	257	248	749	869	(492)	(621)	152	627	7,661	7,367
Water supplies	9,020	8,759	3,350	3,055	5,670	5,704	6,523	3,658	35,233	30,025
Sewerage services	1,040	961	894	1,000	146	(39)	34	–	12,209	11,963
Recreation & culture	1,927	1,211	1,994	1,663	(67)	(452)	4,243	1,875	15,867	13,754
Mining, manufacturing & construction	9	9	30	30	(21)	(21)	–	–	–	–
Transport & communication	20,257	14,664	9,821	8,133	10,436	6,531	13,388	7,611	187,046	178,907
Economic affairs	1,793	1,904	1,983	2,681	(190)	(777)	12	1,001	9,110	7,341
Joint arrangements	41	–	–	3,070	41	(3,070)	–	6,001	704	663
Total functions and activities	44,373	36,541	24,278	25,552	20,095	10,989	31,500	27,426	334,263	305,461

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, Councillors fees, subscriptions to local authority organisations, conduct of Council meetings, legislative compliance and public disclosure.

Administration

Includes costs associated with management and corporate support, staffing, workplace health & safety, engineering and other administrative support services.

Public order & safety

Includes fire protection and management, emergency services, community safety, law enforcement and animal control.

Health

Includes costs relating to the control of public health, management of health centres and food and consumable safety.

Environment

Includes noxious weed and vermin control, environmental protection, waste management, sanitation, street cleaning, stormwater management and levees.

Community services & education

Includes education and pre-school services, aboriginal community services administration, youth services, aged and disability services, family and children's services.

Housing & community amenities

Includes public cemeteries, public conveniences, street lighting, town planning, housing and accommodation services.

Water supplies

Includes management of water schemes, costs of reticulation, treatment and supply, and management of water infrastructure.

Sewerage services

Includes management of sewerage schemes, costs of reticulation and treatment, and management of sewer infrastructure.

Recreation & culture

Includes costs relating to the management of public libraries, museums, art centres, community halls, sporting grounds, parks and gardens, swimming pools and other recreation facilities.

Mining, manufacturing & construction

Includes building control, management of quarries & gravel pits, construction activities, abattoirs and mining activities.

Transport & communication

Includes the management, maintenance and construction of public roads, footpaths, kerb and guttering, parking areas, aerodromes and other transport facilities.

Economic affairs

Includes camping & caravan parks, tourism promotion, industrial and economic development, saleyards and other business undertakings.

Joint arrangements

Includes interest in Far North West Joint Organisation of Councils.

B2 Sources of income

B2-1 Rates and annual charges

	Timing	2021 \$ '000	2020 \$ '000
Ordinary rates			
Residential	1	428	417
Farmland	1	1,166	1,133
Business	1	113	113
Less: pensioner rebates (mandatory)	1	(15)	(15)
Rates levied to ratepayers		1,692	1,648
Pensioner rate subsidies received	2	8	8
Total ordinary rates		1,700	1,656
Annual charges			
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic waste management services	1	302	307
Water supply services	1	1,043	1,027
Sewerage services	1	834	825
Drainage	1	164	163
Waste management services (non-domestic)	1	156	153
Less: pensioner rebates (mandatory)	1	(32)	(32)
Annual charges levied		2,467	2,443
Pensioner subsidies received:			
– Domestic waste management	2	5	5
– Urban drainage	2	2	2
– Water	2	6	6
– Sewerage	2	5	5
Total annual charges		2,485	2,461
Total rates and annual charges		4,185	4,117

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

Accounting policy

Rates and annual charges are recognised as revenue when the Council obtains control over the assets comprising these receipts which is the beginning of the rating period to which they relate.

Prepaid rates are recognised as a financial liability until the beginning of the rating period.

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

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates and are in substance a rates payment.

B2-2 User charges and fees

	Timing	2021 \$ '000	2020 \$ '000
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Water supply services	2	764	608
Waste management services (non-domestic)	2	69	73
Total specific user charges		833	681
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Building regulation	2	9	9
Inspection services	2	13	14
Planning and building regulation	2	10	6
Private works – section 67	2	664	138
Registration fees	2	3	2
Regulatory fees	2	12	4
Section 10.7 certificates (EP&A Act)	2	10	6
Section 603 certificates	2	5	4
Total fees and charges – statutory/regulatory		726	183
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Aerodrome	2	5	–
Cemeteries	2	30	26
Child care	2	15	19
Leaseback fees – Council vehicles	2	2	6
Library and art gallery	2	4	3
Transport for NSW works (state roads not controlled by Council)	2	4,969	2,619
Saleyards	2	5	23
Water connection fees	2	2	9
Total fees and charges – other		5,032	2,705
Total user charges and fees		6,591	3,569
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		–	3,569
User charges and fees recognised at a point in time (2)		6,591	–
Total user charges and fees		6,591	3,569

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.

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

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

B2-3 Other revenue

	Timing	2021 \$ '000	2020 \$ '000
Fines	1	—	1
Legal fees recovery – rates and charges (extra charges)	2	—	3
Commissions and agency fees	2	114	104
Diesel rebate	1	136	131
Insurance claims recoveries	1	316	—
Recycling income (non-domestic)	2	33	18
Sales of inventories	2	4	—
Sales – general	2	1	—
Aboriginal communities program	1	308	175
Back O'Bourke centre	2	352	135
Jandra boat	2	176	1
Tourism	2	26	5
Other	1	130	110
Total other revenue		1,596	683

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	890	—
Other revenue recognised at a point in time (2)	706	683
Total other revenue	1,596	683

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	1	2,151	2,135	–	–
Financial assistance – local roads component	1	954	959	–	–
Payment in advance - future year allocation					
Financial assistance – general component	1	2,301	2,261	–	–
Financial assistance – local roads component	1	1,024	1,018	–	–
Amount recognised as income during current year		6,430	6,373	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Previously specific grants:					
Pensioners' rates subsidies:					
Water supplies	1	–	41	6,514	3,616
Sewerage services	1	–	–	34	–
Economic development	1	–	1,001	12	227
Employment and training programs	2	15	–	–	–
Environmental programs	2	240	–	–	–
Floodplain management	2	–	48	–	–
Heritage and cultural	1	26	14	340	581
Library	2	–	2	–	–
Library – per capita	2	68	68	–	–
LIRS subsidy	2	9	10	–	–
Noxious weeds	2	44	43	–	–
Recreation and culture	1	278	41	2,748	1,085
Storm/flood damage		643	–	–	–
Community development	1	97	14	887	387
Public order and safety	1	–	4	7	154
Youth services	2	17	8	–	–
Street lighting	2	35	35	–	–
Transport (roads to recovery)	2	1,733	1,867	–	–
Transport (other roads and bridges funding)	1	–	19	8,524	5,690
Other specific grants	2	–	97	–	–
Previously contributions:					
Bushfire services	1	155	212	–	–
Transport for NSW contributions (regional roads, block grant)	2	1,545	1,945	944	544
Water supplies (excl. section 64 contributions)	1	–	1,426	8	52
Other contributions	2	147	–	–	–
Total special purpose grants and non-developer contributions – cash		5,052	6,895	20,018	12,336
Non-cash contributions					
Roads and bridges	2	–	–	–	1
Water supplies (excl. section 64 contributions)	1	–	–	–	1,821
Total other contributions – non-cash		–	–	–	1,822
Total special purpose grants and non-developer contributions (tied)		5,052	6,895	20,018	14,158
Total grants and non-developer contributions		11,482	13,268	20,018	14,158

B2-4 Grants and contributions (continued)

	Operating 2021 \$ '000	Operating 2020 \$ '000	Capital 2021 \$ '000	Capital 2020 \$ '000
Timing				
Comprising:				
– Commonwealth funding	707	9,284	2,926	36
– State funding	10,685	364	17,032	11,704
– Other funding	90	3,620	60	2,418
	11,482	13,268	20,018	14,158

B2-4 Grants and contributions (continued)

Unspent grants and contributions

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

	Operating 2021 \$ '000	Operating 2020 \$ '000	Capital 2021 \$ '000	Capital 2020 \$ '000
Unspent grants and contributions				
Unspent funds at 1 July	384	1,429	860	2,262
Add: capital grants received for the provision of goods and services	1,471	3,303	28,007	11,506
Less: operating grants recognised in the current period and now spent	(1,417)	(4,347)	(19,444)	(12,221)
Less: Funds received in prior year but revenue recognised and funds spent in current year	–	(1)	(435)	(687)
Unspent funds at 30 June	438	384	8,988	860
Other Contributions				
Unspent funds at 1 July	–	–	197	–
Add: contributions received for the provision of goods and services	2,234	3,583	556	792
Less: Funds recognised in the current reporting period now spent	(2,222)	(3,571)	(556)	(595)
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	–	(12)	(8)	–
Unspent contributions at 30 June	12	–	189	197

Accounting policy

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

The performance obligations vary according to the agreement, but may include achievement of agreed service levels, or the completion of certain works or delivery of specified services. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

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

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

Capital grants

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

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

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

B2-4 Grants and contributions (continued)

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)	63	126
– Cash and investments	152	411
Total interest and investment income (losses)	215	537
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	35	33
General Council cash and investments	152	384
Restricted investments/funds – external:		
Water fund operations	18	76
Sewerage fund operations	10	44
Total interest and investment income	215	537

Accounting policy

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

B2-6 Other income

	Notes	2021 \$ '000	2020 \$ '000
Rental income			
Other lease income			
Housing accommodation		91	74
Government services, health and allied services		88	68
Leaseback fees - council vehicles		7	15
Cultural facilities, communications and other		59	52
Total Other lease income		245	209
Total rental income	C2-2	245	209
Net share of interests in joint ventures and associates using the equity method			
Joint arrangements		41	–
Total net share of interests in joint ventures and associates using the equity method	D2-1	41	–
Total other income		286	209

B3 Costs of providing services

B3-1 Employee benefits and on-costs

	2021 \$ '000	2020 \$ '000
Salaries and wages	7,062	6,777
Employee leave entitlements (ELE)	763	1,014
Superannuation	710	741
Workers' compensation insurance	235	344
Fringe benefit tax (FBT)	19	22
Sick leave insurance	5	5
Other	68	56
Total employee costs	8,862	8,959
Less: capitalised costs	(1,328)	(1,343)
Total employee costs expensed	7,534	7,616
Number of 'full-time equivalent' employees (FTE) at year end	82	86
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)	96	99

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		24,740	20,443
Contractor and consultancy costs		745	669
Audit Fees	F2-1	61	64
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	185	224
Advertising		180	144
Bank charges		24	18
Cleaning		40	23
Computer software charges		136	125
Electricity and heating		369	369
Fire control expenses		132	142
Insurance		464	320
Office expenses (including computer expenses)		78	67
Postage		8	9
Printing and stationery		58	38
Street lighting		147	347
Subscriptions and publications		27	30
Telephone and communications		89	116
Tourism expenses (excluding employee costs)		73	43
Valuation fees		17	16
Cost of sales		40	50

continued on next page ...

B3-2 Materials and services (continued)

	2021 \$ '000	2020 \$ '000
Travel expenses	277	324
Training costs (other than salaries and wages)	118	63
Other expenses	11	13
Legal expenses:		
– Legal expenses: other	37	71
Total materials and services	28,056	23,728
Less: capitalised costs	(20,231)	(15,974)
Total materials and services	7,825	7,754

Accounting policy

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

B3-3 Borrowing costs

	2021 \$ '000	2020 \$ '000
(i) Interest bearing liability costs		
Interest on leases	1	2
Interest on loans	167	187
Total interest bearing liability costs	168	189
Total interest bearing liability costs expensed	168	189
Total borrowing costs expensed	168	189

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			
Plant and equipment		1,016	1,073
Office equipment		68	57
Furniture and fittings		10	10
Infrastructure:	C1-6		
– Buildings – non-specialised		84	81
– Buildings – specialised		514	510
– Other structures		378	360
– Roads		1,871	1,470
– Bridges		316	248
– Footpaths		75	72
– Stormwater drainage		81	89
– Water supply network		1,535	1,087
– Sewerage network		381	310
– Swimming pools		67	88
– Other open space/recreational assets		228	240
– Levee bank		434	191
– Other infrastructure		124	118
Right of use assets	C2-1	13	20
Other assets:			
– Other Heritage		25	25
– Library books		19	16
Total gross depreciation and amortisation costs		7,239	6,065
Total depreciation and amortisation costs		7,239	6,065
Total depreciation, amortisation and impairment for non-financial assets		7,239	6,065

Accounting policy

Depreciation and amortisation

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

Impairment of non-financial assets

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

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

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

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

B3-5 Other expenses

	Notes	2021 \$ '000	2020 \$ '000
Impairment of receivables			
Other		(6)	129
Total impairment of receivables	C1-4	(6)	129
Net share of interests in joint ventures and associates using the equity method			
Joint arrangements		–	3,070
Total net share of interests in joint ventures and associates using the equity method	D2-1	–	3,070
Other			
Contributions/levies to other levels of government			
– Emergency services levy (includes FRNSW, SES, and RFS levies)		349	185
– Other contributions/levies		21	22
Donations, contributions and assistance to other organisations (Section 356)		33	26
Total other		403	233
Total other expenses		397	3,432

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 property (excl. investment property)			
Proceeds from disposal – property		–	–
Less: carrying amount of property assets sold/written off		(64)	–
Gain (or loss) on disposal		(64)	–
Gain (or loss) on disposal of plant and equipment			
	C1-6		
Proceeds from disposal – plant and equipment		299	350
Less: carrying amount of plant and equipment assets sold/written off		(157)	(172)
Gain (or loss) on disposal		142	178
Gain (or loss) on disposal of infrastructure			
	C1-6		
Less: carrying amount of infrastructure assets sold/written off		(1,193)	(674)
Gain (or loss) on disposal		(1,193)	(674)
Gain (or loss) on disposal of investments			
	C1-2		
Proceeds from disposal of financial assets – held to maturity investments		39,051	31,803
Less: carrying amount of investments sold/redeemed/matured		(39,051)	(31,803)
Gain (or loss) on disposal		–	–
Net gain (or loss) on disposal of assets		(1,115)	(496)

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 25/05/2020 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	4,516	4,185	(331)	(7)% U
User charges and fees	5,493	6,591	1,098	20% F
RMCC works completed for Transport for NSW on State roads was increased in the period by \$1.2M. Works completed on the Reverse Osmosis Plant was not included in original budget totaling \$500k on behalf of the State Government.				
Other revenues	1,017	1,596	579	57% F
Council under-estimated other revenue when preparing the budget.				
Operating grants and contributions	8,704	11,482	2,778	32% F
Council received additional grant funding from both the Commonwealth and State Governments, including \$1.9M for Local Infrastructure and Roads to Recovery \$700k.				
Capital grants and contributions	7,386	20,018	12,632	171% F
Council completed works on the Water Treatment Plant that was not all included in the budget totaling \$6M, the Wanaaring Road project funding was also under-estimated in the budget by a total of \$5m.				
Interest and investment revenue	379	215	(164)	(43)% U
Council did not include the 6 month mandatory holiday due to COVID-19 on Rates and Charges in the initial budget. Interest rates remained very flat during the period. Council's cash position has however remained strong.				
Other income	—	286	286	∞ F
Disclosure of rental income previously included in other Notes, plus Council's share of FNWJO operating result for the year not included in budget.				
EXPENSES				
Employee benefits and on-costs	7,962	7,534	428	5% F
Materials and services	8,729	7,825	904	10% F
Borrowing costs	183	168	15	8% F
Depreciation, amortisation and impairment of non-financial assets	5,769	7,239	(1,470)	(25)% U
Additional depreciation was incurred through additional capital works and the revaluation of assets.				

B5-1 Material budget variations (continued)

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----		
Other expenses	810	397	413	51%	F
Re-allocation of budget expenses from Other Costs to Material and Services within the 2020/2021 budget					
Net losses from disposal of assets	–	1,115	(1,115)	∞	U
Disposals of replaced roads and other infrastructure associated with renewing community assets.					

STATEMENT OF CASH FLOWS

Cash flows from operating activities	9,811	30,073	20,262	207%	F
Due to grant funds received and not included in original budget, there are additional funds than budgeted for.					
Cash flows from investing activities	(7,983)	(28,687)	(20,704)	259%	U
Cash expenditure was above the original budget due to grant funds received and expended.					
Cash flows from financing activities	1,044	539	(505)	(48)%	U
Less borrowings were drawn down as they were not required.					

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	1,419	1,394
Cash-equivalent assets		
– Short-term deposits	7,889	5,948
Total cash and cash equivalents	9,308	7,342

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	9,308	7,342
Balance as per the Statement of Cash Flows	9,308	7,342

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	20,851	–	15,644	–
Total	20,851	–	15,644	–
Total financial investments	20,851	–	15,644	–
Total cash assets, cash equivalents and investments	30,159	–	22,986	–

Accounting policy

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

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

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

C1-3 Restricted cash, cash equivalents and investments

	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
Total cash, cash equivalents and investments	30,159	–	22,986	–
attributable to:				
External restrictions	15,855	–	6,216	–
Internal restrictions	3,930	–	3,884	–
Unrestricted	10,374	–	12,886	–
	30,159	–	22,986	–

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

External restrictions – included in liabilities

Specific purpose unexpended grants – general fund	7,709	550
Specific purpose unexpended grants – water fund	247	197
External restrictions – included in liabilities	7,956	747

External restrictions – other

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

Specific purpose unexpended grants (recognised as revenue) – general fund	1,615	694
Specific purpose unexpended grants (recognised as revenue) – water fund	56	–
Water fund	3,715	2,672
Sewer fund	2,460	2,051
Domestic waste management	53	52
External restrictions – other	7,899	5,469

Total external restrictions

	15,855	6,216
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Internal restrictions

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

Employees leave entitlement	600	600
Deposits, retentions and bonds	5	5
Prepaid Financial Assistance Grant	3,325	3,279
Total internal restrictions	3,930	3,884

Total restrictions

	19,785	10,100
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Internal restrictions over cash, cash equivalents and investments are those assets restricted only by a resolution of the elected Council.

C1-4 Receivables

	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
Purpose				
Rates and annual charges	763	277	781	284
Interest and extra charges	234	85	226	82
User charges and fees	578	30	737	–
Accrued revenues				
– Interest on investments	56	–	53	–
Government grants and subsidies	7,982	–	4,110	–
Net GST receivable	415	–	398	–
Other debtors	1,656	–	–	–
Total	11,684	392	6,305	366
Less: provision of impairment				
Rates and annual charges	(284)	(103)	(194)	(71)
Interest and extra charges	(87)	(32)	(187)	(67)
User charges and fees	(7)	(2)	(5)	(4)
Total provision for impairment – receivables	(378)	(137)	(386)	(142)
Total net receivables	11,306	255	5,919	224
Externally restricted receivables				
Water supply				
– Rates and availability charges	160	58	83	30
– Other	403	–	2,018	–
Sewerage services				
– Rates and availability charges	148	54	118	43
Total external restrictions	711	112	2,219	73
Unrestricted receivables	10,595	143	3,700	151
Total net receivables	11,306	255	5,919	224

	2021 \$ '000	2020 \$ '000
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	528	445
+ new provisions recognised during the year	136	106
– amounts provided for but recovered during the year	(150)	(23)
Balance at the end of the year	514	528

C1-4 Receivables (continued)

Accounting policy

Receivables are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

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.

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Impairment

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

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

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

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

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

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

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

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

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

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over 1 year past due, whichever occurs first.

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

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

Rates and annual charges outstanding are secured against the property.

C1-5 Inventories

	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
Inventories at cost				
Stores and materials	75	–	102	–
Trading stock	78	–	–	–
Total inventories at cost	153	–	102	–
Total inventories	153	–	102	–

	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
Total unrestricted assets	153	–	102	–
Total inventories	153	–	102	–

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.

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 \$ '000	Accumulated depreciation and impairment \$ '000	Net carrying amount \$ '000	Additions renewals ¹ \$ '000	Additions new assets \$ '000	Carrying value of disposals \$ '000	Depreciation expense \$ '000	WIP transfers \$ '000	Adjustments and transfers \$ '000	Revaluation decrements to equity (ARR) \$ '000	Revaluation increments to equity (ARR) \$ '000	Gross carrying amount \$ '000	Accumulated depreciation and impairment \$ '000	Net carrying amount \$ '000
Capital work in progress	9,786	–	9,786	3,655	5,313	–	–	(8,922)	–	–	–	9,833	–	9,833
Plant and equipment	11,690	(6,374)	5,316	445	410	(157)	(1,016)	–	–	–	–	11,821	(6,822)	4,999
Office equipment	778	(355)	423	–	–	–	(68)	–	–	–	–	778	(423)	355
Furniture and fittings	127	(98)	29	65	–	–	(10)	–	–	–	–	191	(108)	83
Land:														
– Operational land	2,454	–	2,454	–	64	–	–	–	–	–	–	2,518	–	2,518
– Community land	683	–	683	–	–	(64)	–	–	(122)	–	10	508	–	508
– Crown land	1,835	–	1,835	–	–	–	–	–	122	–	–	1,957	–	1,957
Infrastructure:														
– Buildings – non-specialised	3,533	(1,116)	2,417	95	–	–	(84)	–	–	–	–	3,628	(1,200)	2,428
– Buildings – specialised	25,597	(11,818)	13,779	696	185	(19)	(514)	1,262	–	–	–	27,658	(12,268)	15,390
– Other structures	6,369	(3,168)	3,201	494	172	(48)	(378)	72	–	–	546	7,754	(3,696)	4,058
– Roads	174,726	(26,463)	148,263	1,215	2,231	(415)	(1,871)	2,799	–	–	–	180,468	(28,248)	152,220
– Bridges	32,114	(11,104)	21,010	71	–	–	(316)	4	–	–	–	32,189	(11,419)	20,770
– Footpaths	5,894	(3,493)	2,401	9	–	–	(75)	–	–	–	–	5,904	(3,568)	2,336
– Stormwater drainage	5,440	(1,819)	3,621	5	–	–	(81)	–	–	–	–	5,445	(1,899)	3,546
– Water supply network	40,012	(18,796)	21,216	6,537	141	–	(1,535)	3,218	–	–	181	50,277	(20,518)	29,759
– Sewerage network	20,849	(11,213)	9,636	23	–	–	(381)	–	–	–	85	21,063	(11,701)	9,362
– Swimming pools	3,136	(1,565)	1,571	1,576	35	(507)	(67)	1,010	–	–	107	4,370	(645)	3,725
– Other open space/recreational assets	8,849	(4,673)	4,176	468	214	(202)	(228)	–	–	–	966	10,536	(5,141)	5,395
– Levee bank	24,709	(6,944)	17,765	–	–	–	(434)	–	–	–	–	24,709	(7,378)	17,331
– Aerodromes	4,923	(1,044)	3,879	–	–	–	(124)	–	–	–	–	4,923	(1,169)	3,754
Other assets:														
– Library Books & Reader	191	(36)	155	20	–	(2)	(19)	–	–	–	–	205	(52)	153
– Heritage items	2,530	(582)	1,948	–	92	–	(25)	557	–	(1,403)	–	11,048	(9,880)	1,168
Total infrastructure, property, plant and equipment	386,225	(110,661)	275,564	15,374	8,857	(1,414)	(7,226)	–	–	(1,403)	1,895	417,783	(126,135)	291,648

(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	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress	3,218	–	3,218	7,373	1,830	–	–	(2,635)	–	–	–	9,786	–	9,786
Plant and equipment	10,874	(6,014)	4,860	1,686	–	(168)	(1,073)	–	11	–	–	11,690	(6,374)	5,316
Office equipment	655	(298)	357	113	10	–	(57)	–	–	–	–	778	(355)	423
Furniture and fittings	126	(88)	38	1	–	–	(10)	–	–	–	–	127	(98)	29
Land:														
– Operational land	2,259	–	2,259	–	53	–	–	–	–	–	142	2,454	–	2,454
– Community land	737	–	737	–	–	–	–	–	10	(64)	–	683	–	683
– Crown land	1,206	–	1,206	–	–	–	–	–	(10)	–	639	1,835	–	1,835
Infrastructure:														
– Buildings – non-specialised	3,365	(1,035)	2,330	–	168	–	(81)	–	–	–	–	3,533	(1,116)	2,417
– Buildings – specialised	25,288	(11,379)	13,909	94	228	(20)	(510)	89	(11)	–	–	25,597	(11,818)	13,779
– Other structures	5,730	(2,786)	2,944	391	108	(16)	(360)	97	36	–	–	6,369	(3,168)	3,201
– Roads	166,797	(26,856)	139,941	5,125	1,385	(638)	(1,470)	764	–	–	3,154	174,726	(26,463)	148,263
– Bridges	24,783	(8,508)	16,275	44	–	–	(248)	–	–	–	4,940	32,114	(11,104)	21,010
– Footpaths	5,125	(3,287)	1,838	14	–	–	(72)	891	–	(269)	–	5,894	(3,493)	2,401
– Stormwater drainage	8,817	(3,905)	4,912	253	–	–	(89)	330	(790)	(994)	–	5,440	(1,819)	3,621
– Water supply network	35,522	(17,589)	17,933	–	4,238	–	(1,087)	9	(36)	–	160	40,012	(18,796)	21,216
– Sewerage network	20,652	(10,798)	9,854	–	–	–	(310)	–	–	–	91	20,849	(11,213)	9,636
– Swimming pools	3,112	(1,476)	1,636	24	–	–	(88)	–	–	–	–	3,136	(1,565)	1,571
– Levee bank	11,821	(4,705)	7,116	–	–	–	(191)	–	790	–	10,048	24,709	(6,944)	17,765
– Other open space/recreational assets	8,223	(4,433)	3,790	13	159	–	(240)	455	–	–	–	8,849	(4,673)	4,176
– Aerodromes	6,262	(1,763)	4,499	–	–	–	(118)	–	–	(501)	–	4,923	(1,044)	3,879
Other assets:														
– Heritage collections	2,530	(557)	1,973	–	–	–	(25)	–	–	–	–	2,530	(582)	1,948
– Library books	172	(27)	145	30	–	(3)	(16)	–	–	–	–	191	(36)	155
Total infrastructure, property, plant and equipment	347,274	(105,504)	241,770	15,161	8,179	(845)	(6,045)	–	–	(1,828)	19,174	386,225	(110,661)	275,564

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

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

Accounting policy

Infrastructure, property, plant and equipment are held at fair value. Independent valuations are performed at least every five years, however, the carrying amount of assets is assessed 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 Crown Lands and Water (CLAW).

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

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

Land is not depreciated. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income statement. Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Plant and equipment	Years	Other equipment	Years
Office equipment	8 to 10	Playground equipment	3 to 20
Office furniture	10	Benches, seats etc.	5 to 30
Computer equipment	3 to 50		
Vehicles	2 to 10	Buildings	
Heavy plant/road making equipment	5 to 10	Buildings: masonry	50 to 80
Other plant and equipment	5 to 50	Buildings: other	20 to 80
Water and sewer assets		Stormwater assets	
Dams and reservoirs	20 to 100	Drains	50 to 100
Bores	10 to 50	Culverts	50 to 80
Reticulation pipes: PVC	50 to 80	Flood control structures	20 to 80
Reticulation pipes: other	25 to 50		
Pumps and telemetry	8 to 20		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	15	Bulk earthworks	Infinite
Sealed roads: structure	60 to 100	Swimming pools	20 to 50
Unsealed roads	20 to 100	Unsealed roads	20 to 100
Bridge: concrete	100	Other open space/recreational assets	3 to 50
Bridge: other	100	Other infrastructure	3 to 50
Road pavements	20 to 70	Heritage	10 to 100
Kerb, gutter and footpaths	15 to 75		

Land under roads

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

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051 Land Under Roads. Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 Property, Plant and Equipment.

Crown reserves

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

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

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

Rural Fire Service assets

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

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

Externally restricted infrastructure, property, plant and equipment

	as at 30/06/21			as at 30/06/20		
	Gross carrying amount \$ '000	Accumulated depn. and impairment \$ '000	Net carrying amount \$ '000	Gross carrying amount \$ '000	Accumulated depn. and impairment \$ '000	Net carrying amount \$ '000
Water supply						
WIP	535	–	535	3,637	–	3,637
Plant and equipment	475	345	130	475	307	168
Buildings	619	477	142	619	452	167
Other structures	94	66	28	82	61	21
Infrastructure	50,277	20,518	29,759	40,024	18,795	21,229
Total water supply	52,000	21,406	30,594	44,837	19,615	25,222
Sewerage services						
WIP	184	–	184	116	–	116
Plant and equipment	96	96	–	96	96	–
Infrastructure	21,063	11,701	9,362	20,849	11,214	9,635
Total sewerage services	21,343	11,797	9,546	21,061	11,310	9,751
Total restricted infrastructure, property, plant and equipment	73,343	33,203	40,140	65,898	30,925	34,973

C2 Leasing activities

C2-1 Council as a lessee

Council has leases over a range of assets including land, buildings and road plant & equipment. Information relating to the leases in place and associated balances and transactions is provided below.

Terms and conditions of leases

Lease Number	Council Reference	Lessor	Asset Class / Type	Start date	End date	Type	Annual Repayments \$
L0001	LIBRARY 2016-2020	ESSENTIAL ENERGY	Infrastructure - Buildings – non-specialised	1/09/2016	31/08/2020	Ordinary	3,576
L0003	BYROCK RAIL LAND	NSW TRANSPORT ASSET HOLDING ENTITY	Land - Community land	27/02/2021	28/02/2022	Peppercorn	512
L0004	RAILWAY LAND VARIOUS	NSW TRANSPORT ASSET HOLDING ENTITY	Land - Community land	1/07/1980	30/06/2022	Peppercorn	121
L0005	RAILWAY LAND STATION BUILDING	NSW TRANSPORT ASSET HOLDING ENTITY	Land - Community land	1/07/1980	31/07/2021	Peppercorn	674
L0006	RAILWAY LAND SALEYARDS	NSW TRANSPORT ASSET HOLDING ENTITY	Land - Community land	2/03/2020	28/02/2022	Peppercorn	1,200
L0007	RAILWAY LAND SALEYARDS	NSW TRANSPORT ASSET HOLDING ENTITY	Land - Community land	1/05/2020	30/04/2022	Peppercorn	518
L0008	VARIOUS LOCAL GOVERNMENT PURPOSES	NSW TRANSPORT ASSET HOLDING ENTITY	Land - Community land	31/08/2020	31/08/2021	Peppercorn	958
L0010	RAINBAR CAMP	HEFFERNAN PASTORAL PTY LTD	Land improvements - non-depreciable	1/01/2020	1/01/2030	Low Value	11
L0011	YANDAROO CAMP	GARTH DAVIS & MARY LOUISE DAVIS	Land improvements - non-depreciable	1/01/2020	1/01/2030	Low Value	11
L0012	LIBRARY 2020-2024	ESSENTIAL ENERGY	Infrastructure - Buildings – non-specialised	1/09/2020	31/08/2024	Ordinary	18,960
L0013	Tender 01/2021	ROLLERS AUSTRALIA P/L	Plant and equipment	1/07/2020	30/06/2021	Short Term	<u>217,440</u>
Total annual payments:							243,981

Buildings

Council leases land and buildings for its library services, water supply infrastructure and for other community purposes. The term of the leases varies according to the particular purpose and range between 2 year with 2 year options, and up to 99 years in the case of certain Crown lands.

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

Vehicles

Council leases road plant & equipment which are secured by annual tender and have a term of 1 year only. The lease payments are fixed on a usage basis during the lease term and there is no renewal option.

C2-1 Council as a lessee (continued)

Office and IT equipment

Council does not lease IT and office equipment.

Extension options

Council includes an option in the building lease to provide flexibility and certainty to Council operations and to ensure continuity of available services to its community. At commencement date and each subsequent reporting date, Council assesses where it is reasonably certain that the extension options will be exercised.

(a) Right of use assets

	Buildings - Non Specialised \$ '000	Total \$ '000
2021		
Opening balance at 1 July	3	3
Additions to right-of-use assets	47	47
Depreciation charge	(13)	(13)
Balance at 30 June	37	37
2020		
Adoption of AASB 16 at 1 July 2019 – first time lease recognition	23	23
Depreciation charge	(20)	(20)
Balance at 30 June	3	3

(b) Lease liabilities

	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
Lease liabilities	25	4	4	–
Total lease liabilities	25	4	4	–

(c) (i) 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	25	4	–	29	29
2020					
Cash flows	4	–	–	4	4

(ii) Lease liabilities relating to restricted assets

	2021	2021	2020	2020
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C2-1 Council as a lessee (continued)

	Current \$ '000	Non-current \$ '000	Current \$ '000	Non-current \$ '000
Total lease liabilities relating to unrestricted assets	25	4	4	—
Total lease liabilities	25	4	4	—

(d) Income Statement

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

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

Interest on lease liabilities	1	2
Depreciation of right of use assets	13	20
	14	22

(e) Statement of Cash Flows

Total cash outflow for leases	244	221
	244	221

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

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

- water supply storage
- works depot and storage
- storage of materials, and
- other community purposes

The leases are generally between 10 to 99 years and require annual payments of amounts not exceeding \$5000 per year. The use of the right-to-use asset is restricted by the lessors to specified community services which Council must provide, these services are detailed in the leases.

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

Accounting policy

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

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

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

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives. The right-of-use 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.

C2-1 Council as a lessee (continued)

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 and facilities to community groups, essential community health providers and to staff for accommodation. These leases have been classified as operating leases for financial reporting purposes and the assets are included in IPP&E (refer Note C1-6).

	2021 \$ '000	2020 \$ '000
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The amounts recognised in the Income Statement relating to operating leases where Council is a lessor are shown below

Operating lease expenses

(ii) Assets held as property, plant and equipment

Lease income (excluding variable lease payments not dependent on an index or rate)	245	209
Total income relating to operating leases for Council assets	245	209

Reconciliation of IPPE assets leased out as operating leases

	Plant & Equipment 2021 \$ '000	Plant & Equipment 2020 \$ '000	Specialised 2021 \$ '000	Buildings Specialised 2020 \$ '000	Non Specialised 2021 \$ '000	Buildings - Non Specialised 2020 \$ '000
Opening balance as at 1 July 2020	373	286	2,817	2,763	2,325	2,234
Additions new assets	–	168	665	131	95	168
Depreciation expense	(82)	(81)	(78)	(77)	(74)	(77)
Adjustments and transfers	(67)	–	(141)	–	(230)	–
Closing balance as at 30 June	224	373	3,263	2,817	2,116	2,325

Accounting policy

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

C2-2 Council as a lessor (continued)

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

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

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

C3 Liabilities of Council

C3-1 Payables

	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
Payables				
Goods and services – operating expenditure	1,016	–	1,088	–
Goods and services – capital expenditure	1,594	–	1,100	–
Accrued expenses:				
– Borrowings	13	–	15	–
– Salaries and wages	161	–	91	–
Security bonds, deposits and retentions	137	–	133	–
Total payables	2,921	–	2,427	–
Income received in advance				
Payments received in advance	276	–	182	–
Total income received in advance	276	–	182	–
Total payables	3,197	–	2,609	–

Payables relating to restricted assets

	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
Externally restricted assets				
Water	309	–	948	–
Sewer	38	–	10	–
Payables relating to externally restricted assets	347	–	958	–
Total payables relating to restricted assets	347	–	958	–
Total payables relating to unrestricted assets	2,850	–	1,651	–
Total payables	3,197	–	2,609	–

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

Nil

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)	7,759	—	550	—
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	8	—	—	—
Unexpended capital contributions (to construct Council controlled assets)	(i)	189	—	197	—
Total grants received in advance		7,956	—	747	—
Total contract liabilities		7,956	—	747	—

Notes

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

(ii) The contract liability relates to grants received prior to the revenue recognition criteria in AASB 1058 being satisfied since the performance obligations are ongoing.

Contract liabilities relating to restricted assets

	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
Externally restricted assets				
Water	247	—	197	—
Unspent grants held as contract liabilities (excl. Water & Sewer)	7,709	—	550	—
Contract liabilities relating to externally restricted assets	7,956	—	747	—
Total contract liabilities	7,956	—	747	—

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)	435	687
Operating grants (received prior to performance obligation being satisfied)	—	1
Operating contributions (received prior to performance obligation being satisfied)	8	12
Total revenue recognised that was included in the contract liability balance at the beginning of the period	443	700

Significant changes in contract liabilities

Contract liabilities arose on adoption of AASB 15 and AASB 1058 for the first time for reporting period ending 30 June 2020. During the current reporting period ending 30 June 2021, there has been a significant increase in the value of contract

C3-2 Contract Liabilities (continued)

liabilities, primarily due to an increase in the amount of grants received during the year in the scope of AASB 1058, and capital grants received by Council to acquire or construct assets which will be under Council's control.

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	1,228	4,106	1,095	3,678
Total borrowings	1,228	4,106	1,095	3,678

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

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

Borrowings relating to restricted assets

	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
Externally restricted assets				
Water	42	263	40	305
Sewer	5	61	5	66
Borrowings relating to externally restricted assets	47	324	45	371
Total borrowings relating to restricted assets	47	324	45	371
Total borrowings relating to unrestricted assets	1,181	3,782	1,050	3,307
Total borrowings	1,228	4,106	1,095	3,678

C3-3 Borrowings (continued)

(a) Changes in liabilities arising from financing activities

	2020		Non-cash movements				2021
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	4,773	(1,095)	1,656	–	–	–	5,334
Lease liability (Note C2-1b)	4	(22)	47	–	–	–	29
Total liabilities from financing activities	4,777	(1,117)	1,703	–	–	–	5,363

	2019		Non-cash movements				2020
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Fair value changes \$ '000	Acquisition due to change in accounting policy \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	4,566	(1,021)	1,228	–	–	–	4,773
Lease liability (Note C2-1b)	46	(42)	–	–	–	–	4
Total liabilities from financing activities	4,612	(1,063)	1,228	–	–	–	4,777

(b) Financing arrangements

	2021 \$ '000	2020 \$ '000
Total facilities		
Bank overdraft facilities ¹	200	200
Credit cards/purchase cards	20	20
Total financing arrangements	220	220
Drawn facilities		
– Credit cards/purchase cards	2	2
Total drawn financing arrangements	2	2
Undrawn facilities		
– Bank overdraft facilities	200	200
– Credit cards/purchase cards	18	18
Total undrawn financing arrangements	218	218

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

Accounting policy

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

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

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

C3-4 Employee benefit provisions

	2021 Current \$ '000	2021 Non-current \$ '000	2020 Current \$ '000	2020 Non-current \$ '000
Annual leave	1,027	–	1,063	–
Sick leave	144	–	151	–
Long service leave	1,911	101	2,086	110
Other leave	191	–	162	–
Total employee benefit provisions	3,273	101	3,462	110

Employee benefit provisions relating to restricted assets

Externally restricted assets

Water	185	6	198	7
Sewer	124	4	132	4
Employee benefit provisions relating to externally restricted assets	309	10	330	11
Total employee benefit provisions relating to restricted assets	309	10	330	11
Total employee benefit provisions relating to unrestricted assets	2,964	91	3,132	99
Total employee benefit provisions	3,273	101	3,462	110

C3-4 Employee benefit provisions (continued)

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

	2021 \$ '000	2020 \$ '000
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The following provisions, even though classified as current, are not expected to be settled in the next 12 months.

Provisions – employees benefits	1,733	1,800
	1,733	1,800

Description of and movements in provisions

	ELE provisions				Total \$ '000
	Annual leave \$ '000	Sick leave \$ '000	Long service leave \$ '000	Other employee benefits \$ '000	
2021					
At beginning of year	1,063	151	2,196	162	3,572
Additional provisions	434	277	12	–	723
Amounts used (payments)	(470)	(284)	(196)	29	(921)
Total ELE provisions at end of year	1,027	144	2,012	191	3,374
2020					
At beginning of year	916	164	2,046	164	3,290
Additional provisions	472	197	292	–	961
Amounts used (payments)	(325)	(210)	(142)	(2)	(679)
Total ELE provisions at end of year	1,063	151	2,196	162	3,572

Accounting policy

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

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

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)	–	60	–	30
Sub-total – asset remediation/restoration	–	60	–	30
Total provisions	–	60	–	30
Total provisions relating to unrestricted assets	–	60	–	30
Total provisions	–	60	–	30

Description of and movements in provisions

	Other provisions	
	Asset remediation \$ '000	Net carrying amount \$ '000
2021		
At beginning of year	30	30
Other	30	30
Total other provisions at end of year	60	60
2020		
Other	30	30
Total other provisions at end of year	30	30

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 interest expense.

During the year Council recognised a provision for the reinstatement of pits and quarries as per its annual budget allocation.

C4 Reserves

C4-1 Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

The infrastructure, property, plant and equipment revaluation reserve is used to record increments / decrements of non-current asset values due to their revaluation.

Changes in the fair value of financial assets are taken up through other comprehensive income revaluation reserve. The accumulated changes in fair value are transferred to profit or loss when the financial asset is derecognised or impaired.

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	2,327	1,032	826
User charges and fees	5,312	1,279	—
Interest and investment revenue	166	27	22
Other revenues	1,288	154	154
Grants and contributions provided for operating purposes	11,448	29	5
Grants and contributions provided for capital purposes	13,485	6,499	34
Other income	286	—	—
Total income from continuing operations	34,312	9,020	1,041
Expenses from continuing operations			
Employee benefits and on-costs	7,290	158	86
Materials and services	5,846	1,558	421
Borrowing costs	141	22	5
Depreciation, amortisation and impairment of non-financial assets	5,255	1,603	381
Other expenses	386	9	2
Net losses from the disposal of assets	1,115	—	—
Total expenses from continuing operations	20,033	3,350	895
Operating result from continuing operations	14,279	5,670	146
Net operating result for the year	14,279	5,670	146
Net operating result attributable to each council fund	14,279	5,670	146
Net operating result for the year before grants and contributions provided for capital purposes	794	(829)	112

D1-2 Statement of Financial Position by fund

	General 2021 \$ '000	Water 2021 \$ '000	Sewer 2021 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	2,830	4,018	2,460
Investments	20,851	—	—
Receivables	10,595	563	148
Inventories	153	—	—
Other	1	—	—
Total current assets	34,430	4,581	2,608
Non-current assets			
Receivables	143	58	54
Infrastructure, property, plant and equipment	251,508	30,594	9,546
Investments accounted for using the equity method	704	—	—
Right of use assets	37	—	—
Total non-current assets	252,392	30,652	9,600
TOTAL ASSETS	286,822	35,233	12,208
LIABILITIES			
Current liabilities			
Payables	2,620	286	15
Income received in advance	230	23	23
Contract liabilities	7,709	247	—
Lease liabilities	25	—	—
Borrowings	1,181	42	5
Employee benefit provision	2,964	185	124
Total current liabilities	14,729	783	167
Non-current liabilities			
Lease liabilities	4	—	—
Borrowings	3,782	263	61
Employee benefit provision	91	6	4
Provisions	60	—	—
Total non-current liabilities	3,937	269	65
TOTAL LIABILITIES	18,666	1,052	232
Net assets	268,156	34,181	11,976
EQUITY			
Accumulated surplus	159,048	20,480	4,744
Revaluation reserves	109,108	13,701	7,232
Council equity interest	268,156	34,181	11,976
Total equity	268,156	34,181	11,976

D2 Interests in other entities

	Council's share of net assets	
	2021 \$ '000	2020 \$ '000
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

The following information is provided for joint arrangements that are individually material to the Council. Included are the amounts as per the individual joint arrangement's financial statements, adjusted for fair-value adjustments, rather than Council's share.

Council is a member of the Far North West Joint Organisation of Councils (FNWJO). Details of Council's membership and participation is as follows:

Legal status of Joint Organisation

The FNWJO is a separately constituted entity pursuant to Part 7 (Sections 400O to 400ZH) of the Local Government Act (NSW) 1993, as amended, and the Local Government (General) Regulation 2008. The Charter of the FNWJO can be found here: <https://www.farnorthwestjo.nsw.gov.au/f.ashx/%24341338%24Far-North-West-JO-Charter.pdf>

The FNWJO has the same year end date as the Council.

What the Joint Organisation does

The principle purpose of the FNWJO is to establish strategic regional priorities and to provide regional leadership to the geographical area for which it serves, and to identify and take up opportunities for intergovernmental cooperation on matters relating to the joint organisation area.

Joint Organisation participants

The percentage ownership interest held is equivalent to the percentage voting rights for all associates as follows:

FNWJO comprises the Councils of the Shires of Bourke, Cobar and Walgett in north western NSW. The Board of the FNWJO comprises 3 voting members being the Mayors of the three member Councils, and non voting members being the General Managers of the Shires of Bourke, Cobar and Walgett, as well as 3 appointed members from the State Government and Cabinet (non-voting).

Council's powers of control or influence over the Joint Organisation

Bourke Shire Council, as a member of the FNWJO, has a one third voting right in respect to the decisions of the Board.

Council's financial obligations to the Joint Organisation

In accordance with the Charter each member of the FNWJO contributes annual fees towards the operation of the joint organisation. In 2020/2021 the contribution made by Bourke Shire Council was \$10,660.

Council's liability obligations in relation to the Joint Organisation

Members of the FNWJO are indemnified from liability for functions and duties carried out or omitted honestly, in good faith and with due care and diligence.

Liability for operational losses or winding up of the FNWJO

The FNWJO has engaged an Executive Officer on a standard Local Government employment contract for 3 years. The contact in the initial year (2018/2019) was \$75,000. A provision has been provided for ELE and funding from the initial start-up of the FNWJO will cover the 3 year period. All grant funding received and distributed through the FNWJO will have a 5% administration fee that will remain with the JO.

D2-1 Interests in joint arrangements (continued)

The FNWJO has signed a contract to provide an Air Service to the towns of Bourke, Cobar, Lightning Ridge and Walgett, the contract is Commercial-in-confidence and has a clause that to safe guard Councils for any long term liability which is contained within the termination clause. The air service will be supported by funding provided to the FNWJO from the State Government.

There are no liability issues identified for Council in the short to medium term.

	Far North West Joint Organisation	
	2021	2020
Equity Method	\$'000	\$'000
Summarised Statement of Financial Position		
Cash and cash equivalents	7,032	8,333
Current assets	7,073	8,646
Non-current assets	-	-
Current liabilities		
Current financial liabilities (excluding trade and other payables and provisions)	(1,725)	(6,657)
Non-current liabilities		
Non-current liabilities (excluding trade and other payables and provisions)	(3,143)	-
Net assets	2,110	1,989
Summarised Statement of Income and other Comprehensive Income		
Revenue	1,809	2,094
Interest income	45	-
Depreciation and amortisation	-	-
Interest expense	-	-
Profit/(loss) from continuing operations	124	(1,215)
Other Comprehensive Income	-	-
Total Comprehensive Income	124	(1,215)
Summarised Statement of Cash Flows		
Cash flows from operating activities	(1,302)	4,182
Cash flows from investing activities	2,000	-
Cash flows from financing activities	-	(7,996)
Net Increase/(Decrease) in cash and cash equivalents	698	(3,894)

Reconciliation of carrying amount of interest in the joint arrangement to summarised financial information for FNWJO accounted for using the Equity method

Bourke Shire Council's share of 33.33% of Net Assets	704	663
Carrying amount	704	663

Accounting policy

Interests in joint arrangements are accounted for using the equity method in accordance with *AASB128 Investments in Associates and Joint Ventures*.

Under this method, the investment is initially recognised as a cost and the carrying amount is increased or decreased to recognise the Council's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

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

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

D2-1 Interests in joint arrangements (continued)

Adjustments are made to the joint arrangement'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 overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

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

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

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

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

	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	9,308	7,342	9,308	7,342
Receivables	11,561	6,143	11,561	6,143
Investments				
– Financial assets at amortised cost held to maturity	20,851	15,644	20,851	15,644
Total financial assets	41,720	29,129	41,720	29,129
Financial liabilities				
Payables	2,921	2,427	2,921	2,427
Loans/advances	5,334	4,773	5,334	4,773
Total financial liabilities	8,255	7,200	8,255	7,200

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 its staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance as required by Local Government regulations.

The risks associated with the 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.

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

(a) Market risk – interest rate and price risk

	2021 \$ '000	2020 \$ '000
<p>The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.</p>		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	287	230
Impact of a 10% movement in price of investments		
– Equity / Income Statement	–	–

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

(b) Credit risk

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

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

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

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

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

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

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

Credit risk profile

Receivables – rates and annual charges

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

	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	–	353	354	333	–	1,040
2020						
Gross carrying amount	–	725	340	–	–	1,065

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	31	3,009	2,589	482	4,925	11,036
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	2.60%	1.16%
ECL provision	–	–	–	–	128	128
2020						
Gross carrying amount	2,263	302	539	347	2,155	5,606
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	12.20%	4.69%
ECL provision	–	–	–	–	263	263

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

(c) Liquidity risk

Payables and borrowings are both subject to liquidity risk – 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 maintaining an adequate cash buffer.

Payment terms can (in extenuating circumstances) also be extended and overdraft facilities utilised as required.

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. 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 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	≤ 1 Year \$ '000	payable in: 1 - 5 Years \$ '000	> 5 Years \$ '000	Total cash outflows \$ '000	Actual carrying values \$ '000
2021							
Trade/other payables	0.00%	137	2,784	–	–	2,921	2,921
Loans and advances	4.50%	–	1,228	2,840	1,266	5,334	5,334
Total financial liabilities		137	4,012	2,840	1,266	8,255	8,255
2020							
Trade/other payables	0.00%	133	2,294	–	–	2,427	2,427
Loans and advances	4.50%	–	1,095	3,101	577	4,773	4,773
Total financial liabilities		133	3,389	3,101	577	7,200	7,200

Loan agreement breaches

There were no breaches to loan agreements 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).

Fair value measurement hierarchy									
\$ '000	Notes	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		30/06/20	30/06/19	—	—	4,999	5,316	4,999	5,316
Furniture and fittings/Office Equipment		30/06/20	30/06/19	—	—	438	452	438	452
Operational land		30/06/20	30/06/20	—	—	2,518	2,454	2,518	2,454
Community land		30/06/20	30/06/20	—	—	508	683	508	683
Crown Land		30/06/20	30/06/20	—	—	1,957	1,835	1,957	1,835
Buildings non—specialised		30/06/18	30/06/18	—	—	2,428	2,417	2,428	2,417
Buildings specialised		30/06/18	30/06/18	—	—	15,390	13,779	15,390	13,779
Other structures		30/06/21	30/06/18	—	—	4,058	3,201	4,058	3,201
Roads		30/06/20	30/06/20	—	—	152,220	148,263	152,220	148,263
Bridges		30/06/20	30/06/20	—	—	20,770	21,010	20,770	21,010
Footpaths		30/06/20	30/06/20	—	—	2,336	2,401	2,336	2,401
Stormwater drainage		30/06/20	30/06/20	—	—	3,546	3,621	3,546	3,621
Levee banks		30/06/20	30/06/20	—	—	17,331	17,765	17,331	17,765
Water supply network		30/06/17	30/06/17	—	—	29,759	21,216	29,759	21,216
Sewerage network		30/06/17	30/06/17	—	—	9,362	9,636	9,362	9,636
Swimming pools		30/06/21	30/06/16	—	—	3,725	1,571	3,725	1,571
Open spaces/recreational		30/06/21	30/06/16	—	—	5,395	4,176	5,395	4,176
Aerodromes		30/06/20	30/06/20	—	—	3,754	3,879	3,754	3,879
Heritage Items		30/06/21	30/06/15	—	—	1,168	1,948	1,168	1,948
Other assets		30/06/18	30/06/18	—	—	153	155	153	155
Total infrastructure, property, plant and equipment				—	—	281,815	265,778	281,815	265,778

Valuation techniques

Infrastructure, property, plant and equipment (IPPE)

Plant and equipment

Plant & Equipment are valued at cost but are disclosed at fair value in the notes. The carrying amount of these assets is assumed to approximate fair value due to the nature of the items.

E2-1 Fair value measurement (continued)

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

Values are based on the Land values provided by the Valuer-General. Operational Land is based on the Valuer-General's land value, as these are representative of actual market values in the Bourke LGA or an average unit rate based on the Land Value for similar properties where the Valuer-General did not provide a Land Value, having regard to the highest and best use for the Land.

As these rates are not considered to be observable market evidence they have been classified as a Level 3.

There was a revaluation of Land conducted in 2020, by an internal valuation, which utilised the independent Valuer-General data, which saw parcels revalued in 2019 and the data released to Council, in 2020.

This revaluation saw an increase in Operational Land, being a combination of a rise in value by the Valuer-General, for a number of parcels and a parcel being brought to account, which hadn't previously been taken up.

Crown Land increased due to a combination of a rise in value by the Valuer-General, for a number of parcels and due to Crown Land, not previously held by Bourke Shire Council being brought to account.

Community Land decreased due to a change in the value by the Valuer-General between the office's valuations and a decrease in value of some parcels, purchased since the last valuation, between the recorded purchase price, at cost and the Valuer-General's 2020 valuation.

Buildings – non specialised and specialised

Non Specialised & 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.

Other structures

This class of assets was revalued by AssetVal as at 30th June 2021 at fair value, with a comprehensive physical inspection undertaken of all assets in this asset class. During the revaluation process Council reclassified a number of existing assets to Heritage in accordance with their historic or cultural significance.

Due to the varying nature of physical assets in this asset class, some elements of value may be supported from market evidence (Level 2 inputs) other inputs such as, estimates of pattern of consumption, unit rates, 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 this class are as follows:

Waste depot, structures other than buildings, saleyards, fences, street furniture, bollards.

The latest valuation has been conducted in accordance with current asset valuation techniques and methodologies in compliance with all relevant Accounting Standards and pronouncements.

Roads

Roads comprise of road carriageway, roadside shoulders, islands, kerb & guttering. They include sections sealed and unsealed.

E2-1 Fair value measurement (continued)

An independent valuation was conducted by EMC-Works in 2020. The physical inspection took place in December 2019, with the report presenting the assets at fair value, as at 30th June 2020. Assets acquired between January and June 2020 were brought to account at cost.

The valuation used fair value measurements in accordance with Level 3 inputs.

For Level 3 measurement estimates for the works were prepared using BSC rates (labour, plant, materials) and/ or contract rates

An independent valuation is conducted every five years, with the next scheduled valuation being 2025.

Bridges

Bridge assets were valued by EMC-Works as at 30th June 2020, at Current Replacement Cost. This category consists of all concrete bridges.

This revaluation saw an increase in value since the last revaluation in 2015. This was due to an increase in unit rate, based on industry increase of cost of construction, in the last 5 years and reflected in assets brought to account at cost since 2015.

These assets have been classified as Level 3 valuation inputs.

An independent valuation is conducted every five years, with the next scheduled valuation being 2025.

Footpaths

Footpath assets were valued by EMC-Works as at 30th June 2020, at Current Replacement Cost. The carrying amount of these is assumed to approximate fair value due to the nature of the items. Due to the different types and uses for footpaths/shared pathways, across the LGA all 3 levels of fair value measurement, are applicable.

For Level 3 measurement estimates for the works were prepared using BSC rates (labour, plant, materials) and/ or contract rates.

An independent valuation is conducted every five years, with the next scheduled valuation being 2025.

Aerodromes

Aerodrome assets comprise of runways and air strips, lighting and security assets. They include sealed and unsealed runways and air strips.

The carrying amount of these is assumed to approximate fair value due to the nature of the items. Due to the different types and sophistication, of the assets, across the LGA all 3 levels of fair value measurement, are applicable.

For Level 3 measurement estimates for the works were prepared using BSC rates (labour, plant, materials) and/ or contract rates.

An independent valuation is conducted every five years, with the next scheduled valuation being 2025.

Drainage infrastructure

Stormwater Drainage assets were valued by EMC-Works 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.

For Level 3 measurement estimates for the works were prepared using BSC rates (labour, plant, materials) and/ or contract rates.

An independent valuation is conducted every five years, with the next scheduled valuation being 2025.

E2-1 Fair value measurement (continued)

Water supply network

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.

Swimming pools

This class of assets was revalued by AssetVal as at 30th June 2021 at fair value, with a comprehensive physical inspection undertaken of all assets.

Some elements of value may be supported from market evidence (Level 2 inputs) other inputs such as, estimates of pattern of consumption, unit rates, 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 this class are as follows:
Swimming pools, wading pools and associated infrastructure.

The latest valuation has been conducted in accordance with current asset valuation techniques and methodologies in compliance with all relevant Accounting Standards and pronouncements.

Open spaces/recreational assets

This class of assets was revalued by AssetVal as at 30th June 2021 at fair value, with a comprehensive physical inspection undertaken of all assets.

E2-1 Fair value measurement (continued)

Some elements of value may be supported from market evidence (Level 2 inputs) other inputs such as, estimates of pattern of consumption, unit rates, 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.

Assets within this class comprise leisure and sporting equipment and facilities within cemeteries, parks, ovals sporting complexes and other recreational areas.

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. These assets have been classified as Level 3 valuation inputs.

The latest valuation has been conducted in accordance with current asset valuation techniques and methodologies in compliance with all relevant Accounting Standards and pronouncements.

Heritage assets

This class of assets was revalued by AssetVal as at 30th June 2021 at fair value, with a comprehensive physical inspection undertaken of all assets.

Some elements of value may be supported from market evidence (Level 2 inputs) other inputs such as, estimates of pattern of consumption, unit rates, 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.

Assets within this class comprise heritage structures, culturally significant monuments and displays, and historical artefacts and equipment.

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. These assets have been classified as Level 3 valuation inputs.

The latest valuation has been conducted in accordance with current asset valuation techniques and methodologies in compliance with all relevant Accounting Standards and pronouncements.

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.

	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment		
Plant and equipment	Fair value	Current Replacement Cost, Remaining Useful Life, Residual Value
Land	Fair value	Land Value as per Valuer General value
Buildings	Fair value	Current Replacement Cost, Remaining Useful Life, Residual Value
Roads, Bridges & Footpaths	Fair value	Current Replacement Cost, Remaining Useful Life, Residual Value
Aerodromes	Fair value	Current Replacement Cost, Remaining Useful Life, Residual Value
Stormwater/Levees	Fair value	Current Replacement Cost, Remaining Useful Life, Residual Value
Water Supply	Fair value	Current Replacement Cost, Remaining Useful Life, Residual Value
Sewerage Network	Fair value	Current Replacement Cost, Remaining Useful Life, Residual Value
Other Structures, Open Spaces & Swim Pools	Fair value	Current Replacement Cost, Remaining Useful Life, Residual Value
Other Assets - Library, Heritage, Office Equip & Furniture & Fittings	Fair value	Current Replacement Cost, Remaining Useful Life, Residual Value

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:

	Plant and equipment		Office equipment		Operational land		Crown/ Community land		Buildings non-specialised		Buildings specialised		Other Structures	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Opening balance	5,316	4,860	452	395	2,454	2,259	2,518	1,943	2,417	2,330	13,779	13,909	3,201	2,944
Total gains or losses for the period														
Other movements														
Transfers from/(to) another asset class	–	11	–	–	–	–	–	–	–	–	–	(11)	–	36
Purchases (GBV)	855	1,686	65	124	64	54	(64)	–	95	168	2,143	411	737	596
Disposals (WDV)	(157)	(168)	–	–	–	–	–	–	–	–	(19)	(20)	(48)	(16)
Depreciation and impairment	(1,016)	(1,073)	(78)	(67)	–	–	–	–	(84)	(81)	(514)	(510)	(378)	(359)
Other movement (Indexation)	–	–	–	–	–	142	10	575	–	–	–	–	546	–
Rounding	1	–	(1)	–	–	(1)	1	–	–	–	1	–	–	–
Closing balance	4,999	5,316	438	452	2,518	2,454	2,465	2,518	2,428	2,417	15,390	13,779	4,058	3,201

E2-1 Fair value measurement (continued)

	Swimming pools		Roads		Bridges		Footpaths		Recreational		Water Supply network		Sewerage Network	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Opening balance	1,571	1,636	148,263	139,941	21,010	16,275	2,401	1,838	4,176	3,790	21,216	17,933	9,636	9,854
Total gains or losses for the period														
Other movements														
Transfers from/(to) another asset class	–	–	–	–	–	–	–	–	–	–	–	(36)	–	–
Purchases (GBV)	2,620	24	6,245	7,274	75	44	9	905	682	627	9,896	4,247	23	–
Disposals (WDV)	(507)	–	(415)	(638)	–	–	–	–	(202)	–	–	–	–	–
Depreciation and impairment	(67)	(88)	(1,871)	(1,468)	(316)	(248)	(75)	(73)	(228)	(240)	(1,535)	(1,088)	(381)	(309)
Other movement (Indexation)	107	–	–	3,154	–	4,940	–	(269)	966	–	181	160	85	91
Rounding	1	(1)	(2)	–	1	(1)	1	–	1	(1)	1	–	(1)	–
Closing balance	3,725	1,571	152,220	148,263	20,770	21,010	2,336	2,401	5,395	4,176	29,759	21,216	9,362	9,636

E2-1 Fair value measurement (continued)

	Levee banks stormwater drainage		Lib/Hertge Aero/Other		Total	
	2021	2020	2021	2020	2021	2020
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Opening balance	21,386	12,028	5,982	6,617	265,778	238,552
Purchases (GBV)	5	583	669	30	24,119	16,773
Disposals (WDV)	–	–	(2)	(3)	(1,350)	(845)
Depreciation and impairment	(515)	(280)	(169)	(161)	(7,227)	(6,045)
Other movement (Indexation)	–	9,054	(1,403)	(501)	492	17,346
Rounding	1	1	(2)	–	3	(3)
Closing balance	20,877	21,386	5,075	5,982	281,815	265,778

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

Transfers out of Level 3 into level 2 and Level 1 are as per the class revaluations.

E2-1 Fair value measurement (continued)

Highest and best use

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

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

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

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

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

Description of the funding arrangements.

Pooled Employers are required to pay standard employer contributions and additional lump sum contributions to the fund.

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

*For 180 Point Members employers are required to contribute 7% of salaries for the year ending 30 June 2021 (increasing to 7.5% in line with the increase in 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 past service contributions of \$40 million for 1 July 2019 to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2019. These past service contributions are used to maintain the adequacy of the funding position for 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 (Council).

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 \$97,982.62. The last formal valuation of the Fund was undertaken by the Fund Actuary, Richard Boyfield FIAA, as at 30 June 2020.

E3-1 Contingencies (continued)

Council's expected contribution to the plan for the next annual reporting period is \$98,005.92.

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.

Based on a Past Service Liabilities methodology, the share of the deficit that can be attributed to Council is 0.17%.

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.

(ii) Statewide Limited

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

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

The future realisation and finalisation of claims incurred but not reported to 30/6 this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

(iii) StateCover Limited

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

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

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

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

(iv) Other guarantees

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

E3-1 Contingencies (continued)

2. Other liabilities

(i) Third party claims

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

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

ASSETS NOT RECOGNISED

(i) Land under roads

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

(ii) Garbage Depot Reinstatement

Garbage is disposed of in pits at the Bourke, Louth, Wanaaring, Enngonia and Byrock Waste Depots. When a new pit is required the old pit is reinstated at the same time as the digging of the new pit. As a result reinstatement costs are expensed each year for village waste depots that include Louth, Wanaaring, Enngonia and Byrock Waste Depots. Should current practice change, it will be necessary to consider the need to establish a Garbage Depot Remediation provision. An internal restriction is included for the Bourke waste depot reinstatement.

(iii) Gravel Pits Reinstatement

Council's practice with regards to the remediation of road reserve and private property gravel pits is to construct water storage for future road maintenance or a farm dam in return for the use of the material where feasible. If this is not feasible for whatever reason then the pit is scarified and seeded upon completion of works undertaken and expensed accordingly. While this operational approach is usually managed within each program budget, Council has also recognised a small provision in its annual budget to meet any extraordinary future costs.

(iv) 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 \$ '000	2020 \$ '000
Compensation:		
Short-term benefits	1,168	1,002
Post-employment benefits	91	96
Other long-term benefits	27	27
Total	1,286	1,125

Other transactions with KMP and their related parties

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						
Contract works	4	414	–	14 days	–	–
Supply of Air-conditioning and repairs	3	177	–	7 days	–	–
Advertising and media	6	44	–	7 days	–	–
Accommodation	1	32	–	7 days	–	–
Supply of consumables	2	29	–	30 days	–	–
Membership of incorporated association	9	13	–	30 days	–	–
Sale of property	7	–	–	At purchase	–	–
Legal services	8	–	–	14 days	–	–

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

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
2020						
Contract works	4	617	–	14 days	–	–
Supply of Air-conditioning and repairs	3	10	–	7 days	–	–
Advertising and media	6	116	–	7 days	–	–
Accommodation	1	17	–	7 days	–	–
Supply of consumables	2	289	–	30 days	–	–
Membership of incorporated association	9	10	–	30 days	–	–
Sale of property	7	558	–	At purchase	–	–
Legal services	8	10	–	14 days	–	–
1	Accommodation provided to key contracting staff that are working for longer periods of time. The procurement of the accommodation is undertaken in line with the current Procurement Policy. Amounts billed were based on normal rates for such a supply and were due and payable under normal payment terms.					
2	Council purchased giftware during the year from a KMP family member. Amounts billed were based on normal rates for such supplies and were due and payable under normal payment conditions					
3	Close family members of Council's KMP are engaged to undertake service, repair and installation works. They are also provide goods and service to the Council. This works is procured under the conditions of the Procurement Policy. Amounts billed were based on normal rates for such supplies and were due and payable under normal payment conditions following the procurement process					
4	Contract works undertaken by the KMP within a speciality area. The KMP was a Councillor. Amounts billed were based on normal rates for such supply and were due and payable under normal payment terms					
5	Council required services of the Veterinary Service, the vet is a close family member of a KMP. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms following the council's procurement process					
6	Media and advertising works undertaken by the KMP. The KMP is a Councillor. Amounts billed were based on normal rates for such a supply and were due and payable under normal payment terms					
7	Sale of Property to Council that was fit for purpose for the identified use. Amounts billed were based on the agreed price and were due and payable under normal payment terms through the contract.					
8	Legal works undertake on behalf of Council, the Solicitor is a KMP. This works is procured under the conditions of the procurement policy. Amounts billed were based on normal rates for such supply and were due and payable under normal payment conditions.					

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

- 9 Council is a member of the Outback Arts Incorporated, the members is a KMP. Amounts billed were based on normal rates agreed through the incorporated body and were due and payable under normal payment terms.

F1-2 Councillor and Mayoral fees and associated expenses

	2021	2020
	\$ '000	\$ '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	27	27
Councillors' fees	122	122
Other Councillors' expenses (including Mayor)	36	75
Total	185	224

F1-3 Other related parties

	Transactions during the year \$ '000	Outstanding balances including commitments \$ '000	Terms and conditions	Impairment provision on outstanding balances \$ '000	Impairment expense \$ '000
2021					
Far North West Joint Organisation - Council is a member of the FNWJO with two other councils, each council contributes an equal amount each year for the operations of the organisation for the benefit of the residents and ratepayers of each area.	10	—	Untied member contribution	—	—
2020					
Far North West Joint Organisation - Council is a member of the FNWJO with two other councils, each council contributes an equal amount each year for the operations of the organisation for the benefit of the residents and ratepayers of each area.	10	—	Untied member contribution	—	—

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

Remuneration for audit and other assurance services	61	64
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Total Auditor-General remuneration	61	64
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Total audit fees	61	64
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G Other matters

G1-1 Statement of Cash Flows information

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

	2021 \$ '000	2020 \$ '000
Net operating result from Income Statement	20,095	10,989
Adjust for non-cash items:		
Depreciation and amortisation	7,239	6,065
Net losses/(gains) on disposal of assets	1,115	496
Non-cash capital grants and contributions	–	(1,822)
Adoption of AASB 15/1058	–	(832)
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	(5,405)	1,739
Increase/(decrease) in provision for impairment of receivables	(13)	83
Decrease/(increase) in inventories	(51)	1
Decrease/(increase) in other current assets	(1)	6
Increase/(decrease) in payables	(72)	(1,581)
Increase/(decrease) in accrued interest payable	(2)	(2)
Increase/(decrease) in other accrued expenses payable	70	65
Increase/(decrease) in other liabilities	98	(38)
Increase/(decrease) in contract liabilities	7,209	747
Increase/(decrease) in provision for employee benefits	(198)	282
Increase/(decrease) in other provisions	30	30
Net cash provided from/(used in) operating activities from the Statement of Cash Flows	30,073	19,298

(b) Non-cash investing and financing activities

Developer contributions 'in kind'	–	1,822
Total non-cash investing and financing activities	–	1,822

G2-1 Commitments

Capital commitments (exclusive of GST)

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

Property, plant and equipment

Buildings	3,076	7,620
Plant and equipment	1,788	620
Road infrastructure	1,156	—
Total commitments	6,020	8,240

These expenditures are payable as follows:

Within the next year	6,020	7,620
Later than one year and not later than 5 years	—	620
Total payable	6,020	8,240

Sources for funding of capital commitments:

Future grants and contributions	3,626	—
Internally restricted reserves	606	7,620
Unexpended loans	1,788	620
Total sources of funding	6,020	8,240

Details of capital commitments

Purchase of Heavy Plant and Equipment, Renewal Charles St Reservoir, Bridge Renewal and Infrastructure upgrade to shade structures at Bourke Pool.

G3-1 Events occurring after the reporting date

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

G4 Changes from prior year statements

G4-1 Changes in accounting policy

Voluntary changes in accounting policies

Nature of changes in accounting policies

Council made no changes in accounting policy during the year.

G4-2 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.

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2021	Indicator 2021	Prior periods 20202019		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	1,145	4.71%	1.77%	2.63%	>0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	24,314				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	12,832	28.95%	24.94%	24.94%	>60.00%
Total continuing operating revenue ¹	44,332				
3. Unrestricted current ratio					
Current assets less all external restrictions	25,053	4.74x	5.10x	4.32x	>1.50x
Current liabilities less specific purpose liabilities	5,287				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	8,552	6.66x	5.41x	6.40x	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	1,285				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	853	16.72%	16.93%	16.62%	<10.00%
Rates and annual charges collectable	5,102				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	30,159	17.91	13.19	17.65	>3.00
Monthly payments from cash flow of operating and financing activities	1,684	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

G5-2 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}	9.68%	(1.40)%	(36.73)%	18.25%	5.86%	(3.95)%	>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	27.25%	23.72%	27.63%	20.52%	96.25%	99.48%	>60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	4.74x	5.10x	3.56x	1.38x	0.73x	0.80x	>1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	6.09x	3.84x	11.27x	38.16x	63.57x	31.00x	>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	26.51%	20.61%	1.29%	9.32%	5.99%	15.82%	<10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	12.93 mths	14.26 mths	28.79 mths	6.60 mths	65.97 mths	35.72 mths	>3.00 mths
Monthly payments from cash flow of operating and financing activities							

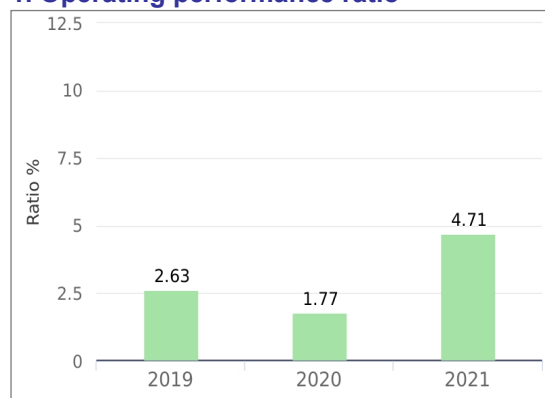
(1) - (2) Refer to Notes at Note G5-1 above.

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

H Additional Council disclosures (unaudited)

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

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2020/21 result

2020/21 ratio 4.71%

The Council's operating performance ratio for the current year has improved from the 2 previous years and remains above the industry benchmark.

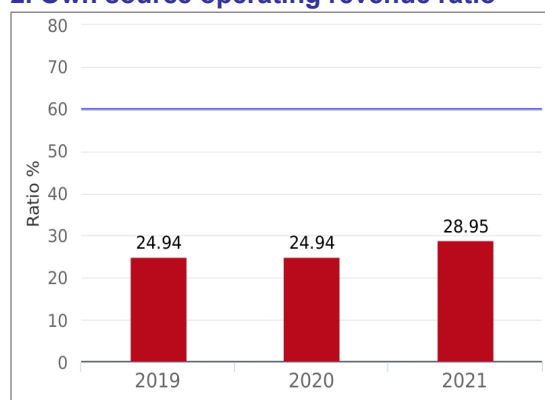
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2020/21 result

2020/21 ratio 28.95%

The Own Source Revenue ratio measures Council's dependence on external funding. During the year Council continued to receive significant external funding, however the ratio has improved slightly from the previous 2 years.

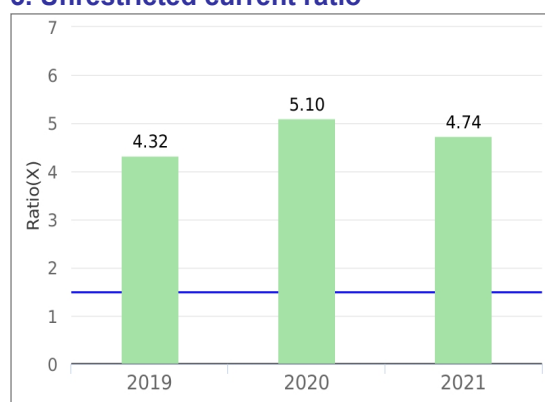
Benchmark: — > 60.00%

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 4.74x

Council's performance against this ratio continues to be strong.

Benchmark: — > 1.50x

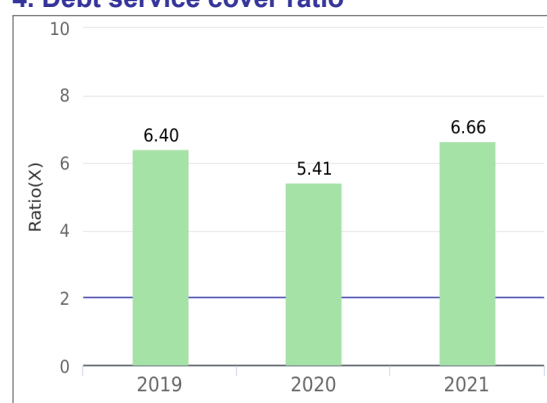
Source of benchmark: Code of Accounting Practice and Financial Reporting

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 6.66x

Council remains in a strong position to cover its external debts.

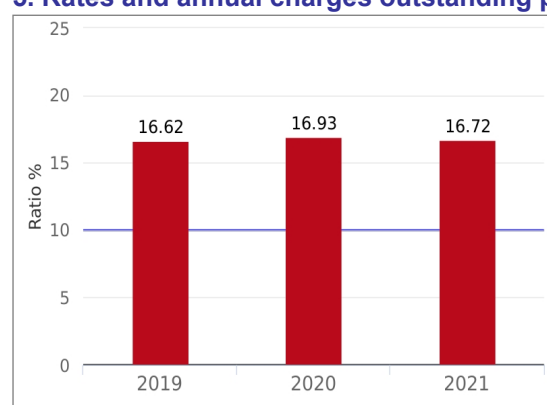
Benchmark: — > 2.00x

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 16.72%

Council continues to work closely with ratepayers to ensure prompt payment of outstanding rates and charges. Notwithstanding significant impacts of Covid 19 on many ratepayers, Council has maintained a consistent performance on recoveries over the past 3 years.

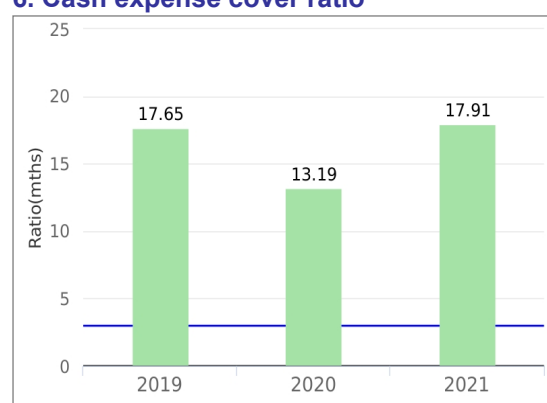
Benchmark: — < 10.00%

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 17.91 mths

Council remains in a strong cash position to maintain services and activities.

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:

29 Mitchell Street
Bourke NSW 2840

Contact details

Council's Office hours are 8.00am to 4.30pm daily.

Service NSW office hours are Monday to Thursday 8.30am to 4pm and Friday 8.30am to 3.45pm.

Council can be contacted by telephoning (02) 6830 8000 or by email at bourkeshire@bourke.nsw.gov.au.

Council's website address is www.bourke.nsw.gov.au

Mailing Address:

29 Mitchell Street

or

PO Box 21
Bourke NSW 2840

Officers

General Manager
Mark Riley

Responsible Accounting Officer
Leonie Brown

Public Officer
Leonie Brown

Auditors
Auditor General of NSW

Elected members

Mayor
Clr Barry Holman

Councillors

Cr. Lachlan Ford (Deputy Mayor)
Cr. Victor Bartley
Cr. Sarah Barton
Cr. Ian Cole
Cr. Sally Davis
Cr. Cec Dorrington
Cr. Sam Rice
Cr. Robert Stutsel
Cr. John Thompson

Other information

ABN: 96 716 194 950



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Bourke Shire Council

To the Councillors of the Bourke Shire Council

Opinion

I have audited the accompanying financial statements of Bourke 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

14 September 2021
SYDNEY



Cr Barry Hollman
Mayor
Bourke Shire Council
PO Box 21
BOURKE NSW 2840

Contact: Manuel Moncada
Phone no: 02 9275 7333
Our ref: D2118836/1698

14 September 2021

Dear Mayor

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

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

INCOME STATEMENT

Operating result

	2021 \$m	2020 \$m	Variance %
Rates and annual charges revenue	4.2	4.1	↑ 2.4
Grants and contributions revenue	31.5	27.4	↑ 15
Operating result from continuing operations	20.1	11	↑ 82.7
Net operating result before capital grants and contributions	0.1	(3.2)	↑ 103

Council's operating result (\$20.1 million including the effect of depreciation and amortisation expense of \$7.2 million) was \$9.1 million higher than the 2019–20 result. This was mainly due to increased revenue from capital grants and works on state roads.

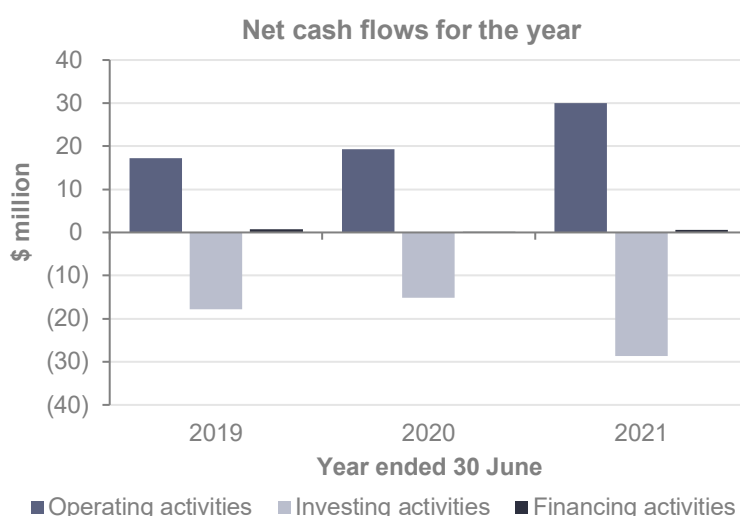
The net operating result before capital grants and contributions (\$77,000) was \$3.2 million higher than the 2019–20 result. This was primarily due to increased revenue from works on state roads noted above.

Rates and annual charges revenue (\$4.2 million) increased by \$68,000 (1.6 per cent) in 2020–2021.

Grants and contributions revenue (\$31.5 million) increased by \$4.1 million (15 per cent) in 2020–2021 due to an increase of funding for various 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 increased by \$2 million to \$9.3 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	30.2	23.0	<ul style="list-style-type: none"> External restrictions include unspent specific purpose grants and domestic waste management charges, and water and sewerage funds. Balances are internally restricted due to Council policy or decisions for forward plans including works program.
Restricted cash and investments:			
• External restrictions	15.9	6.2	
• Internal restrictions	3.9	3.9	

Debt

After repaying principal and interest of \$1.3 million and taking up an additional borrowing of \$1.7 million during the financial year, total debt as at 30 June 2021 was \$5.4 million (2020: \$4.8 million).

PERFORMANCE

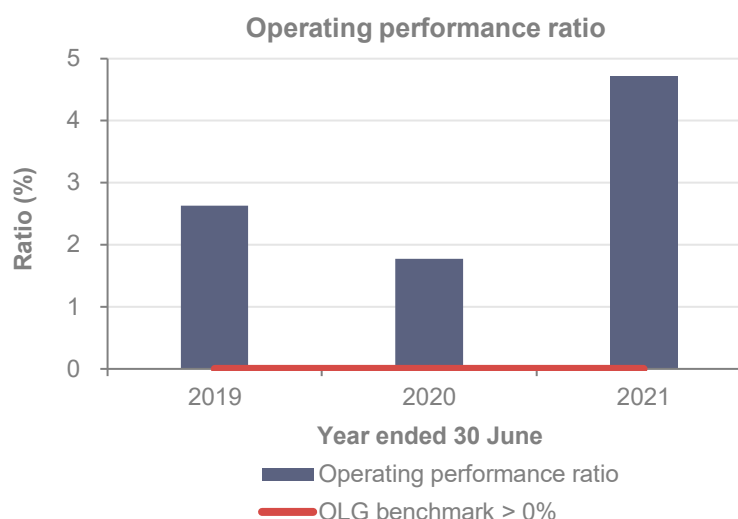
Performance measures

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.

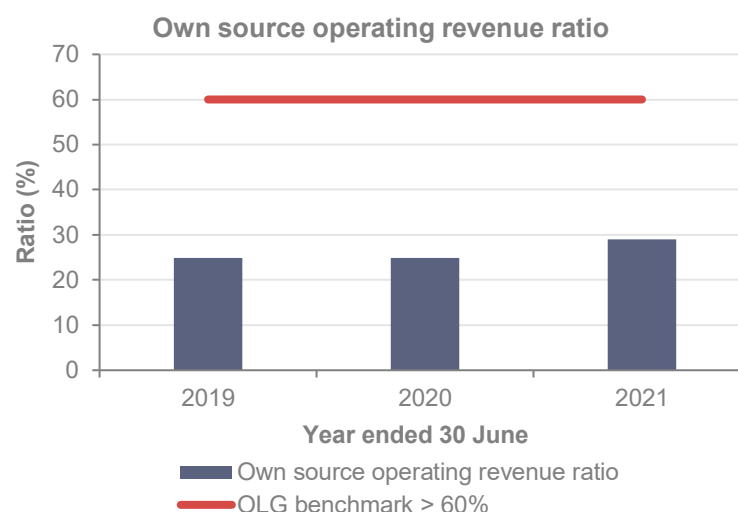
The Council exceeded the OLG benchmark for the current reporting period.



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.

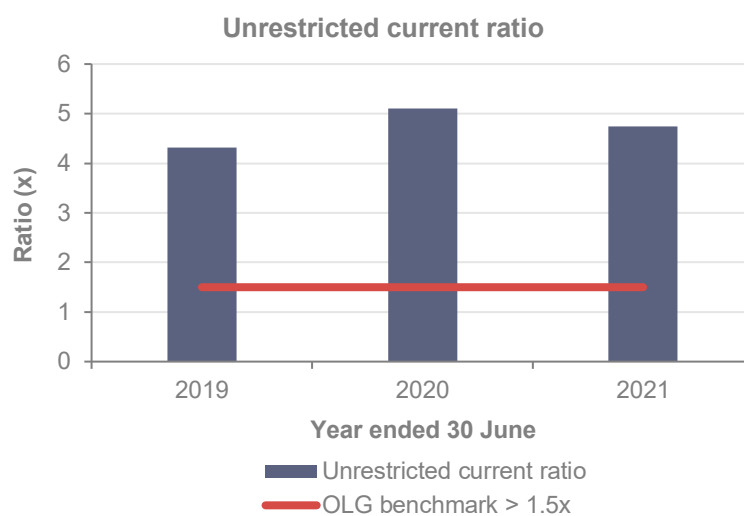
The Council did not meet the OLG benchmark for the current reporting period.



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.

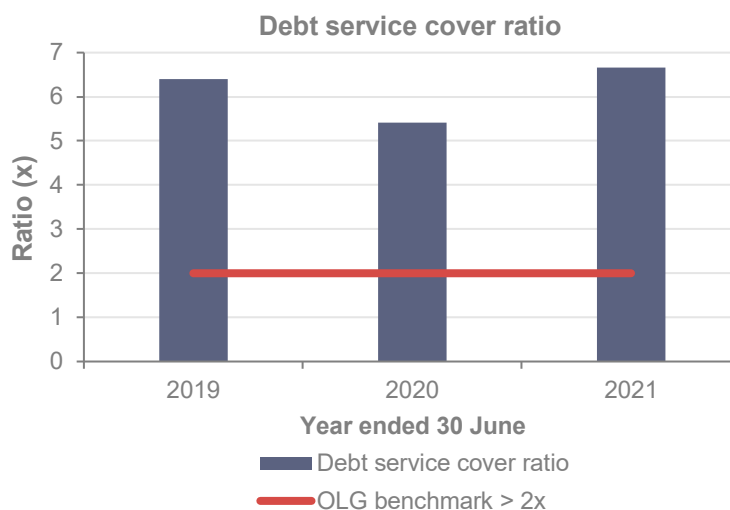
The Council exceeded the OLG benchmark for the current reporting period.



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.

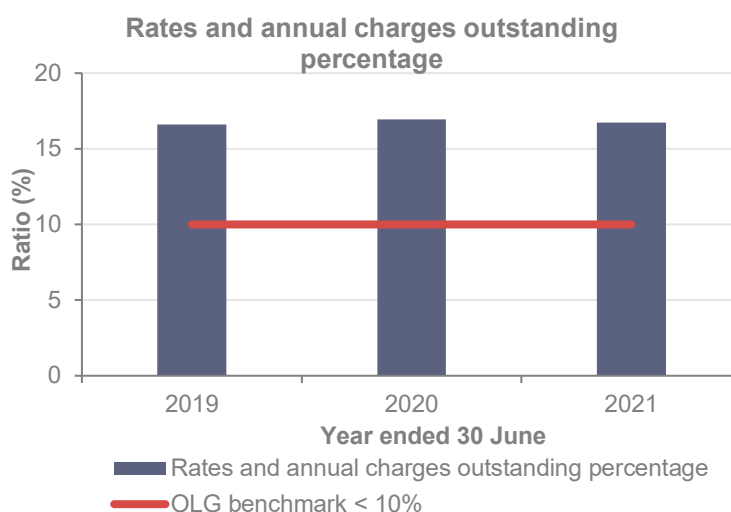
The Council exceeded the OLG benchmark for the current reporting period.



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.

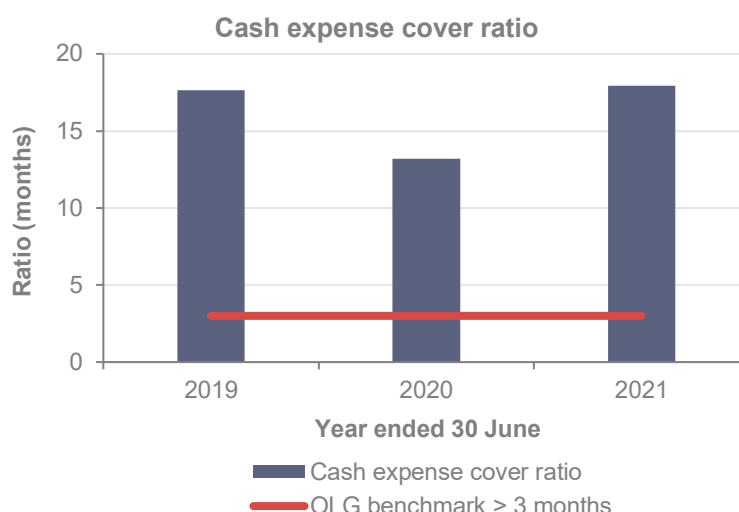
The Council did not meet the OLG benchmark for the current reporting period.



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 \$15.4 million compared to \$15.1 million for the prior year.
- Renewals consisted of infrastructure (\$14.9 million) and plant, equipment and other assets (\$0.5 million).
- The level of asset renewals during the year represented 212 percent of the total depreciation expense (\$7.2 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: Mark Riley, General Manager
Jim Betts, Secretary of the Department of Planning, Industry and Environment

Bourke Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2021

Gateway to the real outback



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

Background

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

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

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

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

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

Bourke Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2021

Statement by Councillors and Management

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

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

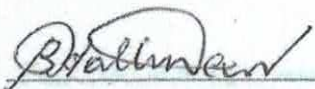
- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,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

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

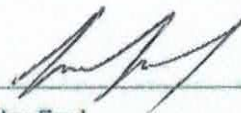
- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records.
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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

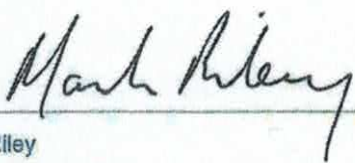
Signed in accordance with a resolution of Council made on 26 July 2021.



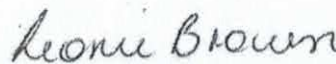
Clr Barry Holman
Mayor
23 August 2021



Clr Lachlan Ford
Councillor
23 August 2021



Mark Riley
General Manager
23 August 2021



Leonie Brown
Responsible Accounting Officer
23 August 2021

Bourke 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	1,032	1,016
User charges	1,277	608
Fees	2	8
Interest	27	76
Grants and contributions provided for non-capital purposes	29	1,940
Profit from the sale of assets	–	1
Other income	154	88
Total income from continuing operations	2,521	3,737
Expenses from continuing operations		
Employee benefits and on-costs	158	186
Borrowing costs	22	12
Materials and services	1,558	1,068
Depreciation, amortisation and impairment	1,603	1,176
Other expenses	9	613
Total expenses from continuing operations	3,350	3,055
Surplus (deficit) from continuing operations before capital amounts	(829)	682
Grants and contributions provided for capital purposes	6,499	5,022
Surplus (deficit) from continuing operations after capital amounts	5,670	5,704
Surplus (deficit) from all operations before tax	5,670	5,704
Less: corporate taxation equivalent [based on result before capital]	–	(188)
Surplus (deficit) after tax	5,670	5,516
Plus accumulated surplus	14,810	9,106
– Corporate taxation equivalent	–	188
Closing accumulated surplus	20,480	14,810
Return on capital %	(2.6)%	2.8%
Subsidy from Council	1,263	–
Calculation of dividend payable:		
Surplus (deficit) after tax	5,670	5,516
Less: capital grants and contributions (excluding developer contributions)	(6,499)	(5,022)
Surplus for dividend calculation purposes	–	494
Potential dividend calculated from surplus	–	247

Bourke 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	826	816
Fees	–	1
Interest	22	43
Grants and contributions provided for non-capital purposes	5	5
Profit from the sale of assets	–	8
Other income	154	88
Total income from continuing operations	1,007	961
Expenses from continuing operations		
Employee benefits and on-costs	86	118
Borrowing costs	5	5
Materials and services	421	247
Depreciation, amortisation and impairment	381	312
Other expenses	2	317
Total expenses from continuing operations	895	999
Surplus (deficit) from continuing operations before capital amounts	112	(38)
Grants and contributions provided for capital purposes	34	–
Surplus (deficit) from continuing operations after capital amounts	146	(38)
Surplus (deficit) from all operations before tax	146	(38)
Less: corporate taxation equivalent [based on result before capital]	(29)	–
Surplus (deficit) after tax	117	(38)
Plus accumulated surplus	4,598	4,637
– Corporate taxation equivalent	29	–
Closing accumulated surplus	4,744	4,599
Return on capital %	1.2%	(0.3)%
Subsidy from Council	25	119
Calculation of dividend payable:		
Surplus (deficit) after tax	117	(38)
Less: capital grants and contributions (excluding developer contributions)	(34)	–
Surplus for dividend calculation purposes	83	–
Potential dividend calculated from surplus	41	–

Bourke 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	4,018	2,672
Receivables	563	2,101
Total current assets	4,581	4,773
Non-current assets		
Receivables	58	30
Infrastructure, property, plant and equipment	30,594	25,222
Total non-current assets	30,652	25,252
Total assets	35,233	30,025
LIABILITIES		
Current liabilities		
Contract liabilities	247	197
Payables	286	948
Income received in advance	23	—
Borrowings	42	40
Employee benefit provisions	185	198
Total current liabilities	783	1,383
Non-current liabilities		
Borrowings	263	305
Employee benefit provisions	6	7
Total non-current liabilities	269	312
Total liabilities	1,052	1,695
Net assets	34,181	28,330
EQUITY		
Accumulated surplus	20,480	14,810
Revaluation reserves	13,701	13,520
Total equity	34,181	28,330

Bourke 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	2,460	2,051
Receivables	148	118
Total current assets	2,608	2,169
Non-current assets		
Receivables	54	43
Infrastructure, property, plant and equipment	9,546	9,751
Total non-current assets	9,600	9,794
Total assets	12,208	11,963
LIABILITIES		
Current liabilities		
Payables	15	10
Income received in advance	23	—
Borrowings	5	5
Employee benefit provisions	124	132
Total current liabilities	167	147
Non-current liabilities		
Borrowings	61	66
Employee benefit provisions	4	4
Total non-current liabilities	65	70
Total liabilities	232	217
Net assets	11,976	11,746
EQUITY		
Accumulated surplus	4,744	4,599
Revaluation reserves	7,232	7,147
Total equity	11,976	11,746

Note – Significant Accounting Policies

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

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

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

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

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1

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

Council has no Category 1 Business Activities.

Category 2

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

a. Bourke Shire Council Water Supplies

Water supply operations and net assets servicing the town of Bourke and the villages of Byrock, Enngonia, Fords Bridge, Louth and Wanaaring.

b. Bourke Shire Council Sewerage Service

Sewerage reticulation and treatment operations and net assets servicing the town of Bourke.

Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs.

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements.

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

Note – Significant Accounting Policies (continued)

Notional rate applied (%)

Corporate income tax rate – **27.5%**

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

Payroll tax – **5.45%** on the value of taxable salaries and wages in excess of \$1,200,000.

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

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

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

Income tax

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

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

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 27.5%.

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

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

The rate applied of 27.5% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

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

Note – Significant Accounting Policies (continued)

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.

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

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

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

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



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Bourke Shire Council

To the Councillors of the Bourke Shire Council

Opinion

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

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

14 September 2021
SYDNEY

Bourke Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2021

Gateway to the real outback



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

Bourke 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	1,909	1,956
Plus or minus adjustments ²	b	(1)	(1)
Notional general income	c = a + b	1,908	1,955
Permissible income calculation			
Or rate peg percentage	e	2.60%	2.00%
Or plus rate peg amount	i = e x (c + g)	50	39
Sub-total	k = (c + g + h + i + j)	1,958	1,994
Plus (or minus) last year's carry forward total	l	—	1
Sub-total	n = (l + m)	—	1
Total permissible income	o = k + n	1,958	1,995
Less notional general income yield	p	1,956	1,995
Catch-up or (excess) result	q = o - p	1	—
Carry forward to next year ³	t = q + r + s	1	—

Notes

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

Bourke Shire Council

To the Councillors of Bourke Shire Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Bourke 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

14 September 2021
SYDNEY

Bourke Shire Council

Report on infrastructure assets as at 30 June 2021

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2020/21 Required maintenance ^a	2020/21 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Buildings – non-specialised	–	–	160	148	2,428	3,628	8.0%	17.0%	69.0%	6.0%	0.0%
	Buildings – specialised	770	770	260	232	15,388	27,658	10.0%	20.0%	56.0%	14.0%	0.0%
	Sub-total	770	770	420	380	17,818	31,286	9.8%	19.7%	57.5%	13.1%	0.0%
Other structures	Other Structures	–	–	105	181	4,058	7,754	15.0%	55.0%	29.0%	1.0%	0.0%
	Sub-total	–	–	105	181	4,058	7,754	15.0%	55.0%	29.0%	1.0%	0.0%
Roads	Sealed roads	–	–	591	468	48,777	60,178	70.0%	7.0%	16.0%	7.0%	0.0%
	Unsealed roads	–	–	3,046	1,885	94,598	97,976	0.0%	0.0%	100.0%	0.0%	0.0%
	Bridges	–	–	–	4	20,770	32,189	39.0%	57.0%	4.0%	0.0%	0.0%
	Footpaths	388	388	45	17	2,335	5,903	16.0%	26.0%	58.0%	0.0%	0.0%
	Other road assets	–	–	–	–	5,917	10,670	70.0%	20.0%	10.0%	0.0%	0.0%
	Kerb & Guttering	2,724	2,724	33	1	3,137	11,643	1.0%	5.0%	85.0%	9.0%	0.0%
	Sub-total	3,112	3,112	3,715	2,375	175,326	218,559	28.9%	12.3%	56.4%	2.4%	0.0%
Water supply network	Water supply network	–	–	753	678	29,758	50,276	38.0%	21.0%	37.0%	4.0%	0.0%
	Sub-total	–	–	753	678	29,759	50,276	38.0%	21.0%	37.0%	4.0%	0.0%
Sewerage network	Sewerage network	–	–	339	259	9,362	21,063	6.0%	26.0%	68.0%	0.0%	0.0%
	Sub-total	–	–	339	259	9,362	21,063	6.0%	26.0%	68.0%	0.0%	0.0%
Stormwater drainage	Stormwater drainage	–	–	54	67	3,546	5,445	13.0%	34.0%	53.0%	0.0%	0.0%
	Sub-total	–	–	54	67	3,546	5,445	13.0%	34.0%	53.0%	0.0%	0.0%
Open space / recreational assets	Swimming pools	–	–	80	80	3,726	4,370	67.0%	14.0%	19.0%	0.0%	0.0%
	Other Open Spaces	–	–	333	758	5,394	10,535	18.0%	25.0%	54.0%	3.0%	0.0%
	Sub-total	–	–	413	838	9,120	14,905	32.4%	21.8%	43.7%	2.1%	0.0%
Other infrastructure assets	Aerodromes	–	–	14	109	3,754	4,923	80.0%	14.0%	3.0%	3.0%	0.0%
	Sub-total	–	–	14	109	3,754	4,923	80.0%	14.0%	3.0%	3.0%	0.0%

Bourke Shire Council

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

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2020/21 Required maintenance ^a	2020/21 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Additional asset class (if required)	infrastructure – Levee Banks	–	–	44	35	17,331	24,709	15.0%	84.0%	1.0%	0.0%	0.0%
	Sub-total	–	–	44	35	17,331	24,709	15.0%	84.0%	1.0%	0.0%	0.0%
Additional asset class (if required)	Heritage Items	–	–	5	7	1,168	11,048	6.0%	0.0%	0.0%	94.0%	0.0%
	Sub-total	–	–	5	7	1,168	11,048	6.0%	0.0%	0.0%	94.0%	0.0%
Total – all assets		3,882	3,882	5,862	4,929	271,242	389,968	26.1%	20.5%	47.8%	5.7%	0.0%

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

Infrastructure asset condition assessment 'key'

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

Bourke Shire Council

Report on infrastructure assets as at 30 June 2021

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2021	Indicator 2021	Prior periods 2020 2019		Benchmark
Buildings and infrastructure renewals ratio					
Asset renewals ¹	14,844	247.48%	166.66%	213.73%	>=100.00%
Depreciation, amortisation and impairment	5,998				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	3,882	1.30%	1.66%	2.01%	<2.00%
Net carrying amount of infrastructure assets	298,406				
Asset maintenance ratio					
Actual asset maintenance	4,929	84.08%	96.30%	95.87%	>100.00%
Required asset maintenance	5,862				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	3,882	1.00%	1.18%	1.35%	
Gross replacement cost	389,968				

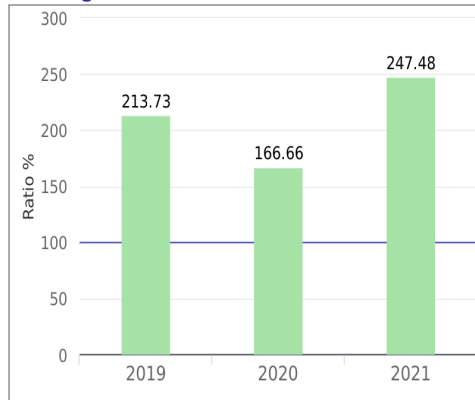
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

Bourke Shire Council

Report on infrastructure assets as at 30 June 2021

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

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

Commentary on result

20/21 ratio 247.48%

Significant additional renewal of assets assisted by an increase in capital grants

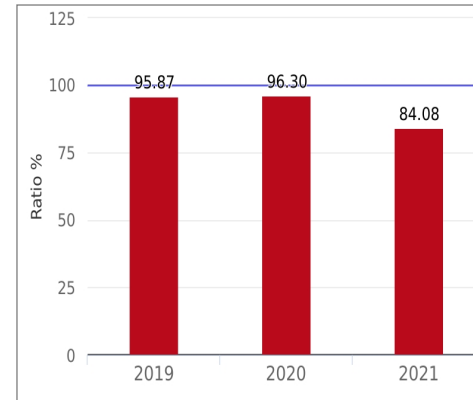
Benchmark: — $\geq 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

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

Commentary on result

20/21 ratio 84.08%

Maintenance works slightly decreased while available resources are deployed on major capital works.

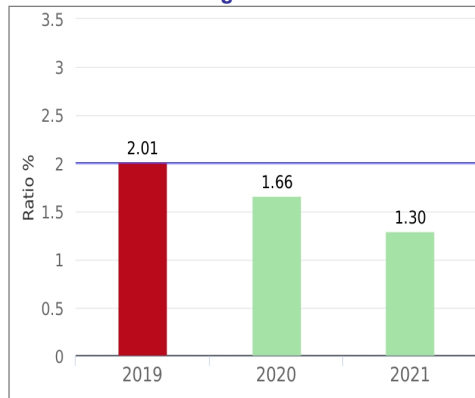
Benchmark: — $> 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

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

Commentary on result

20/21 ratio 1.30%

Reduction in backlog is due to increased capacity to fund catch-up works through grant funds and the replacement of the Bourke Water Treatment Plant

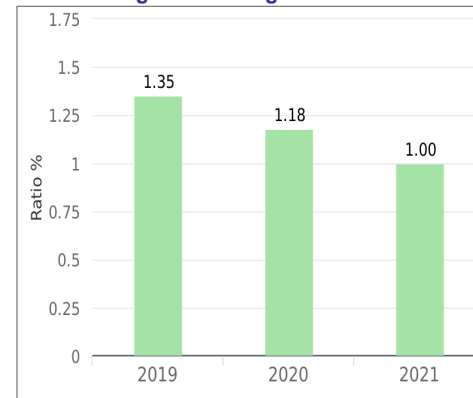
Benchmark: — $< 2.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

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

Commentary on result

20/21 ratio 1.00%

Council is continuing to maintain its assets to a standard accepted by the community.

Bourke 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	200.05%	239.85%	417.43%	0.00%	6.04%	0.00%	>=100.00%
Depreciation, amortisation and impairment							
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard	1.50%	1.71%	0.00%	1.87%	0.00%	0.00%	<2.00%
Net carrying amount of infrastructure assets							
Asset maintenance ratio							
Actual asset maintenance	83.69%	92.63%	90.04%	120.84%	76.40%	82.83%	>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	1.13%	1.28%	0.00%	1.00%	0.00%	0.00%	
Gross replacement cost							

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