



JUNEE SHIRE COUNCIL

ANNUAL FINANCIAL STATEMENTS

For the year ended 30 June 2021

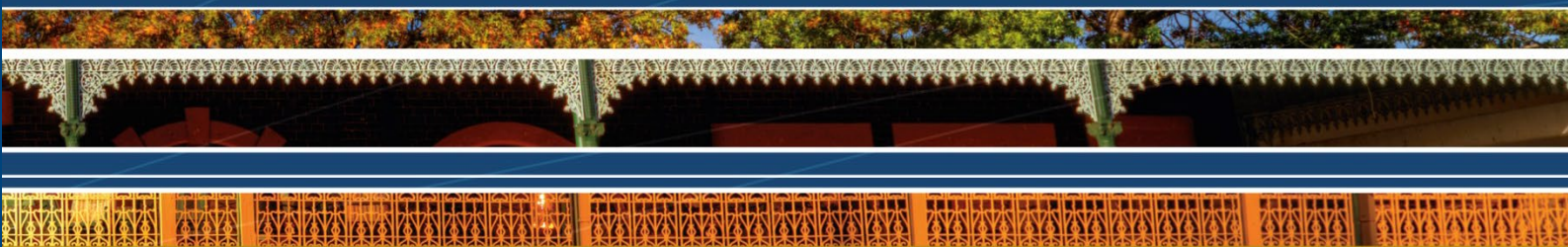




JUNEE SHIRE COUNCIL

GENERAL PURPOSE FINANCIAL STATEMENTS

For the year ended 30 June 2021



Junee Shire Council

General Purpose Financial Statements

for the year ended 30 June 2021

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Overview

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

29 Belmore Street
Junee NSW 2663

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.junee.nsw.gov.au

Junee Shire Council

General Purpose Financial Statements

for the year ended 30 June 2021

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

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

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

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

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

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

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



Cr Neil Smith

Mayor

21 September 2021



Cr Matt Austin

Councillor

21 September 2021



James Davis

General Manager

21 September 2021



Luke Taberner

Responsible Accounting Officer

21 September 2021

Junee Shire Council

Income Statement

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
	Income from continuing operations			
6,268	Rates and annual charges	B2-1	5,879	5,687
3,915	User charges and fees	B2-2	3,616	3,805
871	Other revenue	B2-3	715	561
4,900	Grants and contributions provided for operating purposes	B2-4	5,630	6,375
3,415	Grants and contributions provided for capital purposes	B2-4	5,230	3,608
83	Interest and investment income	B2-5	40	86
–	Other income	B2-6	174	97
145	Net gains from the disposal of assets	B4-1	–	153
19,597	Total income from continuing operations		21,284	20,372
	Expenses from continuing operations			
5,437	Employee benefits and on-costs	B3-1	5,265	5,295
5,928	Materials and services	B3-2	7,085	6,331
372	Borrowing costs	B3-3	442	544
3,137	Depreciation, amortisation and impairment for non-financial assets	B3-4	3,377	3,316
1,481	Other expenses	B3-5	294	459
–	Net losses from the disposal of assets	B4-1	312	–
16,355	Total expenses from continuing operations		16,775	15,945
3,242	Operating result from continuing operations		4,509	4,427
3,242	Net operating result for the year attributable to Council		4,509	4,427
(173)	Net operating result for the year before grants and contributions provided for capital purposes		(721)	819

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

Junee Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2021

\$ '000	Notes	2021	2020
Net operating result for the year – from Income Statement		4,509	4,427
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-5	<u>1,248</u>	<u>6,093</u>
Total items which will not be reclassified subsequently to the operating result		1,248	6,093
Total other comprehensive income for the year		1,248	6,093
Total comprehensive income for the year attributable to Council		5,757	10,520

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

Junee Shire Council

Statement of Financial Position

as at 30 June 2021

\$ '000	Notes	2021	2020
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	3,587	4,797
Receivables	C1-3	1,485	1,289
Inventories	C1-4	920	302
Total current assets		5,992	6,388
Non-current assets			
Receivables	C1-3	84	167
Inventories	C1-4	58	607
Infrastructure, property, plant and equipment	C1-5	129,687	123,485
Right of use assets	C2-1	1,036	1,368
Total non-current assets		130,865	125,627
Total assets		136,857	132,015
LIABILITIES			
Current liabilities			
Payables	C3-1	797	941
Contract liabilities	C3-2	651	604
Lease liabilities	C2-1	259	343
Borrowings	C3-3	390	576
Employee benefit provisions	C3-4	1,949	1,778
Total current liabilities		4,046	4,242
Non-current liabilities			
Lease liabilities	C2-1	817	1,059
Borrowings	C3-3	8,368	8,862
Employee benefit provisions	C3-4	118	101
Provisions	C3-5	4	4
Total non-current liabilities		9,307	10,026
Total liabilities		13,353	14,268
Net assets		123,504	117,747
EQUITY			
Accumulated surplus	C4-1	93,587	87,554
IPPE revaluation reserve	C4-1	29,917	28,669
Other reserves	C4-1	–	1,524
Council equity interest		123,504	117,747
Total equity		123,504	117,747

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

Junee Shire Council

Statement of Changes in Equity

for the year ended 30 June 2021

\$ '000	Notes	as at 30/06/21				as at 30/06/20			
		Accumulated surplus	IPPE revaluation reserve	Other reserves (General)	Total equity	Accumulated surplus	IPPE revaluation reserve	Other reserves (General)	Total equity
Opening balance at 1 July		87,554	28,669	1,524	117,747	85,294	22,576	—	107,870
Changes due to AASB 1058 and AASB 15 adoption		—	—	—	—	(643)	—	—	(643)
Restated opening balance		87,554	28,669	1,524	117,747	84,651	22,576	—	107,227
Net operating result for the year		4,509	—	—	4,509	4,427	—	—	4,427
Restated net operating result for the period		4,509	—	—	4,509	4,427	—	—	4,427
Other comprehensive income									
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-5	—	1,248	—	1,248	—	6,093	—	6,093
Other comprehensive income		—	1,248	—	1,248	—	6,093	—	6,093
Total comprehensive income		4,509	1,248	—	5,757	4,427	6,093	—	10,520
Transfers between equity items		1,524	—	(1,524)	—	(1,524)	—	1,524	—
Closing balance at 30 June		93,587	29,917	—	123,504	87,554	28,669	1,524	117,747

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

Junee Shire Council

Statement of Cash Flows

for the year ended 30 June 2021

Original unaudited budget 2021	\$ '000	Notes	Actual 2021	Actual 2020
Cash flows from operating activities				
Receipts:				
6,254	Rates and annual charges		5,832	5,868
3,917	User charges and fees		3,769	4,037
75	Investment and interest revenue received		14	82
8,315	Grants and contributions		11,705	10,452
725	Other		1,122	1,639
Payments:				
(5,438)	Employee benefits and on-costs		(5,108)	(5,156)
(5,886)	Materials and services		(8,152)	(8,046)
(372)	Borrowing costs		(442)	(544)
(1,481)	Other		(590)	(174)
6,109	Net cash flows from operating activities	G1-1	8,150	8,158
Cash flows from investing activities				
Receipts:				
–	Sale of investment securities		–	1,500
655	Sale of real estate assets		466	822
–	Sale of infrastructure, property, plant and equipment		–	820
–	Deferred debtors receipts		8	–
Payments:				
–	Purchase of investment securities		–	(1,500)
(5,459)	Purchase of infrastructure, property, plant and equipment		(8,625)	(9,669)
(678)	Purchase of real estate assets		(175)	(77)
(5,482)	Net cash flows from investing activities		(8,326)	(8,104)
Cash flows from financing activities				
Receipts:				
750	Proceeds from borrowings		–	300
Payments:				
(1,011)	Repayment of borrowings		(680)	(1,384)
–	Principal component of lease payments		(354)	(401)
(261)	Net cash flows from financing activities		(1,034)	(1,485)
366	Net change in cash and cash equivalents		(1,210)	(1,431)
4,181	Cash and cash equivalents at beginning of year		4,797	6,228
4,547	Cash and cash equivalents at end of year	C1-1	3,587	4,797

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

Junee Shire Council

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Junee Shire Council

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A About Council and these financial statements

A1-1 Basis of preparation

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

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

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

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

Council is a not for-profit entity.

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

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

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

Significant judgements in applying the Council's accounting policies

- i. Impairment of receivables – refer Note C1-3.
- ii. Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-2 – B2-4.
- iii. Determination of the lease term, discount rate (when not implicit in the lease) and whether an arrangement contains a lease – refer to Note C2-1.

Covid 19 Impact

COVID-19 continued to disrupt Council's business practices, with some staff working remotely from home or at other Council facilities away from the main administration building when required. Whilst this has caused some inconvenience, it has not resulted in high cost.

Rate and other collections are similar to the prior fiscal year. Overall the financial impact has not been significant and is not anticipated to increase in future years.

Council believes that physical non-current assets will not experience substantial declines in value due to COVID-19. Fair value for the majority of Council's non-current assets is determined by replacement cost where there is no anticipated material change in value due to COVID-19.

A1-1 Basis of preparation (continued)

Monies and other assets received by Council

The Consolidated Fund

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

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

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

- General purpose operations
- Sewerage service

The Trust Fund

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

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

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

Goods and Services Tax (GST)

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

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

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

Volunteer services

Council's community transport service is supported by volunteers from the Junee community. Volunteer services are required to be recognised in the financial statements if they can be measured reliably, are material, and would be purchased if not provided by the volunteers. In most instances, Council would not purchase the service if it was not provided by volunteers.

New accounting standards and interpretations issued not yet effective

New accounting standards and interpretations issued but not yet effective

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

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

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

New accounting standards adopted during the year

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

None of these standards had a significant impact on reported position or performance.

B Financial Performance

B1 Functions or activities

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

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

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Functions or activities										
Governance	–	–	114	117	(114)	(117)	–	–	1,550	1,585
Administration	7,770	6,476	1,940	2,871	5,830	3,605	3,011	2,009	3,223	3,294
Public order and safety	135	72	432	343	(297)	(271)	89	–	343	352
Environment	1,164	1,084	1,331	1,358	(167)	(274)	53	52	5,417	5,543
Community services and education	1,152	1,190	1,353	1,231	(201)	(41)	945	1,031	82	81
Housing and community amenities	700	556	861	556	(161)	–	515	19	809	836
Sewerage services	1,716	3,589	2,169	896	(453)	2,693	541	2,458	19,843	11,127
Recreation and culture	2,046	1,696	3,018	3,094	(972)	(1,398)	1,547	1,392	18,636	19,087
Mining, manufacturing and construction	104	158	4	14	100	144	–	–	14	13
Transport and communication	6,448	4,866	5,617	5,156	831	(290)	4,149	2,351	83,318	86,114
Economic affairs	49	685	(64)	309	113	376	10	–	3,894	3,981
Other	–	–	–	–	–	–	–	671	1	3
Total functions and activities	21,284	20,372	16,775	15,945	4,509	4,427	10,860	9,983	136,857	132,016

B1-2 Components of functions or activities

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

Governance

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

Administration

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

Public order and safety

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

Environment

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

Community services and education

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

Housing and community amenities

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

Sewerage services

Includes the provision of sewerage treatment and reticulation system for the collection of sewage within the Junee township.

Recreation and culture

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

Mining, manufacturing and construction

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

Transport and communication

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

Economic affairs

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

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2021	2020
Ordinary rates		
Residential	1,751	1,695
Farmland	2,017	1,968
Business	378	378
Less: Pensioner rebates	(50)	(51)
Rates levied to ratepayers	4,096	3,990
Pensioner rate subsidies received	45	47
Total ordinary rates	4,141	4,037
Annual charges		
(pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	843	794
Stormwater management services	44	44
Sewerage services	795	725
Waste management services (non-domestic)	86	83
Less: Pensioner rebates	(65)	(31)
Annual charges levied	1,703	1,615
Pensioner subsidies received:		
– Sewerage	17	18
– Domestic waste management	18	17
Total annual charges	1,738	1,650
Total rates and annual charges	5,879	5,687

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

Accounting policy

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

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

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

B2-2 User charges and fees

\$ '000	Timing	2021	2020
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Sewerage services	1	360	360
Waste management services (non-domestic)	1	110	84
Total specific user charges		470	444
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Building regulation	2	116	107
Inspection services	2	70	62
Private works – section 67	2	1,076	1,174
Registration fees	2	10	15
Regulatory fees	2	7	–
Section 10.7 certificates (EP&A Act)	2	16	11
Section 603 certificates	2	15	12
Total fees and charges – statutory/regulatory		1,310	1,381
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Cemeteries	2	91	108
Leaseback fees – Council vehicles	2	16	16
Multipurpose centre	1	383	300
Recycling income (non-domestic)	2	36	–
Transport for NSW works (state roads not controlled by Council)	1	1,191	1,426
Family day care	1	119	118
Other	1	–	12
Total fees and charges – other		1,836	1,980
Total user charges and fees		3,616	3,805
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		2,163	2,300
User charges and fees recognised at a point in time (2)		1,453	1,505
Total user charges and fees		3,616	3,805

Accounting policy

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

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

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

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

B2-3 Other revenue

\$ '000	Timing	2021	2020
Fines	2	24	7
Legal fees recovery – rates and charges (extra charges)	2	15	20
Commissions and agency fees	2	137	120
Diesel rebate	2	54	134
Insurance claims recoveries	2	247	13
Recycling income (non-domestic)	2	–	27
Insurance rebates	2	44	48
Sales – swimming centre	2	52	45
Other	2	142	147
Total other revenue		715	561

Timing of revenue recognition for other revenue

Other revenue recognised over time (1)	–	–
Other revenue recognised at a point in time (2)	715	561
Total other revenue	715	561

Accounting policy for other revenue

Where the revenue relates to a contract with customer, the revenue is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

Where the revenue relates to a contract which is not enforceable or does not contain sufficiently specific performance obligations then revenue is recognised when an unconditional right to a receivable arises or the cash is received, which is earlier.

B2-4 Grants and contributions

\$ '000	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
General purpose grants and non-developer contributions (untied)					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	2	978	976	–	–
Financial assistance – local roads component	2	473	462	–	–
Payment in advance - future year allocation					
Financial assistance	2	1,554	1,524	–	–
Amount recognised as income during current year		3,005	2,962	–	–
Special purpose grants and non-developer contributions (tied)					
Cash contributions					
Previously specific grants:					
Pensioners' rates subsidies:					
Sewerage services	1	–	–	541	2,458
Economic development	2	10	–	–	–
Heritage and cultural	1	–	4	6	85
Library – per capita	2	67	78	–	–
LIRS subsidy	2	15	18	–	–
Noxious weeds	2	53	53	–	–
Public halls	1	–	–	–	69
Recreation and culture	1	–	3	1,058	996
Community transport operations	2	149	177	–	–
Family day care operations	2	682	814	–	–
Youth services	2	26	40	–	–
Street lighting	2	189	19	–	–
Transport (roads to recovery)	1	616	564	–	–
Transport (other roads and bridges funding)	1	63	972	2,747	–
Other specific grants	1	6	–	–	–
Previously contributions:					
Bushfire services	1	181	48	–	–
Community services	1	21	–	–	–
Heritage/cultural	2	5	10	–	–
Recreation and culture	1	–	–	691	–
Town planning	2	50	–	–	–
Transport for NSW contributions (regional roads, block grant)	2	250	–	187	–
Crown Land Management	2	44	–	–	–
DrumMUSTER	2	–	4	–	–
Community transport client contributions	2	67	37	–	–
Flood Restoration contribution	2	–	167	–	–
Total special purpose grants and non-developer contributions – cash		2,494	3,008	5,230	3,608
Total special purpose grants and non-developer contributions (tied)		2,494	3,008	5,230	3,608
Total grants and non-developer contributions		5,499	5,970	5,230	3,608
Comprising:					
– Commonwealth funding		4,472	4,294	337	–
– State funding		1,022	1,361	4,893	3,608
– Other funding		5	315	–	–
		5,499	5,970	5,230	3,608

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Timing	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
Cash contributions						
S 94A – fixed development consent levies		2	131	405	–	–
Total developer contributions – cash			131	405	–	–
Total developer contributions			131	405	–	–
Total contributions			131	405	–	–
Total grants and contributions			5,630	6,375	5,230	3,608

Timing of revenue recognition for grants and contributions

Grants and contributions recognised over time (1)		887	1,591	5,043	3,608
Grants and contributions recognised at a point in time (2)		4,743	4,784	187	–
Total grants and contributions		5,630	6,375	5,230	3,608

Unspent grants and contributions

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

\$ '000	Operating 2021	Operating 2020	Capital 2021	Capital 2020
Unspent grants and contributions				
Unspent funds at 1 July	1,689	1,292	538	–
Add: operating grants recognised as income in the current period but not yet spent	1,148	1,633	–	–
Add: Funds received and not recognised as revenue in the current year	–	56	506	538
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(1,689)	(1,292)	(538)	–
Unspent funds at 30 June	1,148	1,689	506	538

Accounting policy

Control over grants and contributions is normally obtained upon their receipt (or acquittal) and is valued at the fair value of the granted or contributed asset at the date of transfer.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner, or used over a particular period, and those conditions were un-discharged at reporting date, the unused grant or contribution is disclosed below.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided at reporting date.

B2-5 Interest and investment income

\$ '000	2021	2020
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	21	43
– Cash and investments	19	43
Total interest and investment income (losses)	40	86
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	13	28
General Council cash and investments	19	23
Restricted investments/funds – external:		
Sewerage fund operations	4	26
Domestic waste management operations	4	9
Total interest and investment income	40	86

Accounting policy

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

B2-6 Other income

\$ '000	Notes	2021	2020
Rental income			
Other lease income			
Lease rentals		37	31
Rent and hire of council properties		51	66
Total Other lease income		88	97
Total rental income	C2-2	88	97
Other			
Community Transport (Volunteer services)		68	–
Other		18	–
Total other		86	–
Total other income		174	97

B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2021	2020
Salaries and wages	4,575	4,221
Travel expenses	3	17
Employee leave entitlements (ELE)	694	883
Superannuation – defined contribution plans	391	360
Superannuation – defined benefit plans	142	153
Workers' compensation insurance	142	144
Fringe benefit tax (FBT)	8	77
Training costs (other than salaries and wages)	43	54
Protective clothing	24	23
Other	21	40
Total employee costs	6,043	5,972
Less: capitalised costs	(778)	(677)
Total employee costs expensed	5,265	5,295
Number of 'full-time equivalent' employees (FTE) at year end	66	59
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)	72	71

Accounting policy

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

Retirement benefit obligations

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

Superannuation plans

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

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

B3-2 Materials and services

\$ '000	Notes	2021	2020
Raw materials and consumables		1,617	2,181
Contractor and consultancy costs		3,866	2,538
Audit Fees	F2-1	51	59
Previously other expenses:			
Councillor and Mayoral fees and associated expenses	F1-2	103	104
Advertising		12	30
Bank charges		37	22
Cleaning		108	74
Computer software charges		200	304
Electricity and heating		268	272
Insurance		319	269
Postage		17	18
Printing and stationery		50	48
Street lighting		53	81
Subscriptions and publications		119	107
Telephone and communications		82	75
Valuation fees		24	25
Other expenses		60	16
Legal expenses:			
– Legal expenses: planning and development		17	17
– Legal expenses: debt recovery		7	20
– Legal expenses: other		25	31
Expenses from short-term leases		44	33
Expenses from leases of low value assets		6	6
Other		–	1
Total materials and services		7,085	6,331
Total materials and services		7,085	6,331

Accounting policy

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

B3-3 Borrowing costs

\$ '000	2021	2020
(i) Interest bearing liability costs		
Interest on leases	57	90
Interest on loans	385	454
Total interest bearing liability costs	442	544
Total interest bearing liability costs expensed	442	544
Total borrowing costs expensed	442	544

Accounting policy

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

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

\$ '000	Notes	2021	2020
Depreciation and amortisation			
Plant and equipment		220	267
Office equipment		26	23
Furniture and fittings		9	8
Land improvements (depreciable)		64	55
Infrastructure:	C1-5		
– Buildings – non-specialised		86	90
– Buildings – specialised		333	371
– Other structures		194	176
– Roads		1,501	1,402
– Bridges		78	78
– Footpaths		56	58
– Stormwater drainage		159	158
– Sewerage network		278	190
Right of use assets	C2-1	359	427
Other assets:			
– Library books		1	–
Other assets		13	13
Total gross depreciation and amortisation costs		3,377	3,316
Total depreciation and amortisation costs		3,377	3,316
Total depreciation, amortisation and impairment for non-financial assets		3,377	3,316

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. Useful lives are included in Note C1-5 for IPPE assets and Note C2-1 for right of use assets.

Depreciation is capitalised where in-house assets have contributed to new assets.

Impairment of non-financial assets

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

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

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

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

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

B3-5 Other expenses

\$ '000	Notes	2021	2020
Impairment of receivables			
Other		(125)	189
Total impairment of receivables	C1-3	(125)	189
Other			
Contributions/levies to other levels of government			
– Bushfire fighting fund		302	217
– Emergency services levy (includes FRNSW, SES, and RFS levies)		17	14
– NSW fire brigade levy		25	23
– EPA Waste Station Licence Fee's		8	7
Donations, contributions and assistance to other organisations (Section 356)		67	9
Total other		419	270
Total other expenses		294	459

Accounting policy

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

Impairment expenses are recognised when identified.

B4 Gains or losses

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

\$ '000	Notes	2021	2020
Gain (or loss) on disposal of property (excl. investment property)			
Proceeds from disposal – property		–	820
Less: carrying amount of property assets sold/written off		(2)	(905)
Gain (or loss) on disposal		(2)	(85)
Gain (or loss) on disposal of infrastructure	C1-5		
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure assets sold/written off		(611)	(314)
Gain (or loss) on disposal		(611)	(314)
Gain (or loss) on disposal of real estate assets held for sale	C1-4		
Proceeds from disposal – real estate assets		466	822
Less: carrying amount of real estate assets sold/written off		(85)	(232)
Gain (or loss) on disposal		381	590
Gain (or loss) on disposal of investments			
Proceeds from disposal/redemptions/maturities – investments		–	1,500
Less: carrying amount of investments sold/redeemed/matured		–	(1,500)
Gain (or loss) on disposal		–	–
Other (Operational & community land)			
Proceeds from disposal – Other (Operational & community land)		–	–
Less: carrying amount of Other (Operational & community land) assets sold/written off		(80)	(38)
Gain (or loss) on disposal		(80)	(38)
Net gain (or loss) on disposal of assets		(312)	153

Accounting policy

Gains and losses on disposals are determined by comparing proceeds with carrying amount. The gain or loss on sale of an

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

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 16/06/2020 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
REVENUES				
Rates and annual charges	6,268	5,879	(389)	(6)% U
User charges and fees	3,915	3,616	(299)	(8)% U
Other revenues	871	715	(156)	(18)% U
Local Government Code of Accounting Practice and Financial Reporting disclosure requirements have reclassified lease income as a result of the changes in accounting standards.				
Operating grants and contributions	4,900	5,630	730	15% F
Council budgets conservatively for operating grants and contributions so as to avoid reliance on unsecured funding.				
Capital grants and contributions	3,415	5,230	1,815	53% F
Council budgets conservatively for capital grants and contributions so as to avoid reliance on unsecured funding.				
Interest and investment revenue	83	40	(43)	(52)% U
Reduced investment interest reflecting the impact of the Reserve Bank's decisions lowering the cash rate and the decline in margins reflecting the lower demand for funds from banks, together with the Office of Local Government's reduction in the maximum rate of interest chargeable on overdue rates and charges as a result of the COVID-19 Pandemic.				
Net gains from disposal of assets	145	–	(145)	(100)% U
All net gains from the disposal of assets are reflected within the net losses from disposal of assets.				
Other income	–	174	174	∞ F
Local Government Code of Accounting Practice and Financial Reporting disclosure requirements have reclassified lease income as a result of the changes in accounting standards.				

B5-1 Material budget variations (continued)

\$ '000	2021 Budget	2021 Actual	2021 ----- Variance -----	
EXPENSES				
Employee benefits and on-costs	5,437	5,265	172	3% F
Materials and services	5,928	7,085	(1,157)	(20)% U
The variation to budget is a result of the extensive use of contractors for building maintenance and repairs, development and environmental services, parks and reserves, roads repairs and maintenance, fire hazard reduction and slashing activities, Transport for NSW works, and private works.				
Borrowing costs	372	442	(70)	(19)% U
The unfavourable variance is recognised due to the budgeting of borrowings costs without considering the impact and adoption of AASB16 in respect of Interest Leases for Right of Use Assets (ROU).				
Depreciation, amortisation and impairment of non-financial assets	3,137	3,377	(240)	(8)% U
Other expenses	1,481	294	1,187	80% F
Local Government Code of Accounting Practice and Financial Reporting disclosure requirements have reclassified many other expenses to materials and services as a result of the changes in accounting standards.				
Net losses from disposal of assets	–	312	(312)	∞ U
Council takes the conservative position to not budget for gain or losses on disposal of assets, with the exception of disposal of real estate assets held for sale. The variance was primarily due to non-cash impact of writing down infrastructure assets that had been renewed.				

STATEMENT OF CASH FLOWS

Cash flows from operating activities	6,109	8,150	2,041	33% F
The favourable variance from operating activities is mainly attributable to the additional grant/contribution funds received during the 2021 financial year. In accordance with AASB15 and AASB1058, Council is required to disaggregate revenue streams to assess the nature, amount, timing and performance obligations satisfied over time or at a point in time.				
Cash flows from investing activities	(5,482)	(8,326)	(2,844)	52% U
This variation to budget is a result of the completion of long term asset construction and additional capital works variations when compared to the original budget.				
Cash flows from financing activities	(261)	(1,034)	(773)	296% U
Council had budgeted to draw down a \$750,000 loan facility for the construction of John Potts Drive Stage 8 property development, but after carefully planning and consideration, a Council resolution was passed to utilise internal restrictions to finance this activity.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2021	2020
Cash and cash equivalents		
Cash on hand and at bank	3,337	2,297
Cash-equivalent assets		
– Deposits at call	250	500
– Short-term deposits	–	2,000
Total cash and cash equivalents	3,587	4,797

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	3,587	4,797
Balance as per the Statement of Cash Flows	3,587	4,797

Accounting policy

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

C1-2 Restricted cash, cash equivalents and investments

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Total cash, cash equivalents and investments	3,587	–	4,797	–
attributable to:				
External restrictions	3,067	–	3,743	–
Internal restrictions	444	–	913	–
Unrestricted	76	–	141	–
	3,587	–	4,797	–

\$ '000	2021	2020
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Details of restrictions

External restrictions – included in liabilities

Specific purpose unexpended grants – general fund	630	594
External restrictions – included in liabilities	630	594

External restrictions – other

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

Community Transport - Vehicle Replacement Fund	109	109
Sewer fund	1,200	1,428
Specific purpose unexpended grants (recognised as revenue) – general fund	1,024	1,524
Stormwater and Drainage Fund Reserve	87	87
Other	17	1
External restrictions – other	2,437	3,149
Total external restrictions	3,067	3,743

C1-2 Restricted cash, cash equivalents and investments (continued)

\$ '000	2021	2020
Internal restrictions		
Council has internally restricted cash, cash equivalents and investments as follows:		
Employees leave entitlement	300	231
Deposits, retentions and bonds	26	28
Junee Historical Society	14	14
Gravel pit restoration	4	27
Property sale proceeds	–	613
Infrastructure and Plant replacement	100	–
Total internal restrictions	444	913
Total restrictions	3,511	4,656

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

C1-3 Receivables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Purpose				
Rates and annual charges	608	–	694	–
Interest and extra charges	44	–	15	–
User charges and fees	6	–	8	–
Private works	80	–	61	–
Accrued revenues				
– Interest on investments	–	–	3	–
Deferred debtors	–	159	–	167
Net GST receivable	–	–	105	–
Cemetery fees	15	–	10	–
Government grants and subsidies	635	–	590	–
GST receivable on land sales	8	–	47	–
Other debtors	134	–	2	–
Total	1,530	159	1,535	167
Less: provision of impairment				
Rates and annual charges	(20)	–	(197)	–
User charges and fees	(25)	–	(48)	–
Other debtors	–	(75)	–	–
Total provision for impairment – receivables	(45)	(75)	(245)	–
Total net receivables	1,485	84	1,290	167
Externally restricted receivables				
Sewerage services				
– Rates and availability charges	126	–	125	–
Total external restrictions	126	–	125	–
Unrestricted receivables	1,359	84	1,165	167
Total net receivables	1,485	84	1,290	167

\$ '000	2021	2020
Movement in provision for impairment of receivables		
Balance at the beginning of the year	245	56
+ new provisions recognised during the year	75	192
– amounts already provided for and written off this year	(6)	(3)
– previous impairment losses reversed	(194)	–
Balance at the end of the year	120	245

C1-3 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.

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

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

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

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

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

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

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over 5 years past due, whichever occurs first.

Overdue receivables which have been impaired are still 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 regardless of whether they are impaired or not.

C1-4 Inventories

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
(i) Inventories at cost				
Real estate for resale	700	58	101	607
Stores and materials	220	–	201	–
Total inventories at cost	920	58	302	607
Total inventories	920	58	302	607

(i) Other disclosures

\$ '000	Notes	2021 Current	2021 Non-current	2020 Current	2020 Non-current
(a) Details for real estate development					
Residential		700	58	101	607
Total real estate for resale		700	58	101	607

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

Represented by:

Acquisition costs	–	58	–	92
Development costs	700	–	100	492
Borrowing costs	–	–	1	23
Total costs	700	58	101	607
Total real estate for resale	700	58	101	607

Movements:

Real estate assets at beginning of the year	101	607	134	729
– Purchases and other costs	135	–	51	26
– Transfers in from (out to)	–	–	–	–
– WDV of sales (expense)	(85)	–	(232)	–
– Transfer between current/non-current	549	(549)	148	(148)
Total real estate for resale	700	58	101	607

Accounting policy

Raw materials and stores, work in progress and finished goods

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

Land held for resale

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

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

C1-5 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2020			Asset movements during the reporting period								At 30 June 2021		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000														
Capital work in progress	9,252	–	9,252	1,666	93	–	–	(9,252)	–	–	–	1,759	–	1,759
Plant and equipment	3,397	(2,393)	1,004	–	43	–	(220)	–	–	–	–	3,440	(2,613)	827
Office equipment	254	(189)	65	–	11	–	(26)	–	–	–	–	264	(215)	49
Furniture and fittings	201	(137)	64	–	9	–	(9)	–	–	–	–	210	(145)	65
Land:														
– Operational land	1,321	–	1,321	–	–	(80)	–	–	40	–	–	1,281	–	1,281
– Community land	2,194	–	2,194	–	–	–	–	–	–	–	1,271	3,465	–	3,465
Land improvements – depreciable	1,830	(1,322)	508	87	–	–	(64)	–	–	(118)	–	1,799	(1,382)	417
Infrastructure:														
– Buildings – non-specialised	3,838	(2,516)	1,322	–	76	–	(86)	213	–	–	–	4,128	(2,602)	1,526
– Buildings – specialised	16,557	(8,689)	7,868	464	1,190	(2)	(333)	394	–	–	–	18,577	(8,994)	9,583
– Other structures	4,905	(1,871)	3,034	4	750	(4)	(193)	–	–	–	–	5,643	(2,050)	3,593
– Roads	68,073	(30,490)	37,583	3,299	254	–	(1,501)	487	–	–	–	72,113	(31,990)	40,123
– Bridges	7,751	(2,915)	4,836	–	–	–	(78)	–	–	–	–	7,751	(2,993)	4,758
– Footpaths	2,904	(1,036)	1,868	9	–	–	(56)	–	–	–	–	2,913	(1,092)	1,821
– Bulk earthworks (non-depreciable)	31,697	–	31,697	16	4	–	–	39	–	–	–	31,755	–	31,755
– Stormwater drainage	16,913	(7,035)	9,878	–	197	(7)	(159)	145	–	–	–	17,244	(7,189)	10,055
– Sewerage network	24,001	(13,116)	10,885	2	446	(604)	(278)	7,974	–	–	95	29,211	(10,694)	18,517
– Other infrastructure	–	–	–	–	–	–	(1)	–	–	–	–	–	–	–
Other assets:														
– Library books	30	(22)	8	–	–	–	(1)	–	–	–	–	30	(23)	7
– Other	141	(47)	94	–	–	–	(13)	–	–	–	–	141	(59)	82
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):														
– Quarry assets	4	–	4	–	–	–	–	–	–	–	–	4	–	4
Total infrastructure, property, plant and equipment	195,263	(71,778)	123,485	5,547	3,073	(697)	(3,018)	–	40	(118)	1,366	201,728	(72,041)	129,687

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

C1-5 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 increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000													
Capital work in progress	4,106	–	4,106	5,393	–	–	–	(247)	–	–	9,252	–	9,252
Plant and equipment	3,249	(2,126)	1,123	–	148	–	(267)	–	–	–	3,397	(2,393)	1,004
Office equipment	212	(166)	46	–	42	–	(23)	–	–	–	254	(189)	65
Furniture and fittings	145	(129)	16	–	56	–	(8)	–	–	–	201	(137)	64
Land:													
– Operational land	1,321	–	1,321	–	–	–	–	–	–	–	1,321	–	1,321
– Community land	2,232	–	2,232	–	–	(38)	–	–	–	–	2,194	–	2,194
Land improvements – depreciable	1,826	(1,267)	559	4	–	–	(55)	–	–	–	1,830	(1,322)	508
Infrastructure:													
– Buildings – non-specialised	3,838	(2,426)	1,412	–	–	–	(90)	–	–	–	3,838	(2,516)	1,322
– Buildings – specialised	17,853	(9,422)	8,431	–	689	(905)	(371)	24	–	–	16,557	(8,689)	7,868
– Other structures	4,470	(1,695)	2,775	–	390	–	(176)	45	–	–	4,905	(1,871)	3,034
– Roads	66,756	(29,368)	37,388	1,598	231	(314)	(1,402)	82	–	–	68,073	(30,490)	37,583
– Bridges	7,751	(2,838)	4,913	–	–	–	(78)	–	–	–	7,751	(2,915)	4,836
– Footpaths	2,904	(978)	1,926	–	–	–	(58)	–	–	–	2,904	(1,036)	1,868
– Bulk earthworks (non-depreciable)	31,369	–	31,369	292	–	–	–	36	–	–	31,697	–	31,697
– Stormwater drainage	5,338	(1,388)	3,950	20	51	–	(158)	–	–	6,015	16,913	(7,035)	9,878
– Sewerage network	23,132	(12,926)	10,206	46	685	–	(190)	60	–	78	24,001	(13,116)	10,885
Other assets:													
– Library books	22	(22)	–	–	8	–	–	–	–	–	30	(22)	8
– Other	130	(34)	96	–	11	–	(13)	–	–	–	141	(47)	94
Reinstatement, rehabilitation and restoration assets (refer Note C3-5):													
– Quarry assets	–	–	–	–	–	–	–	–	4	–	4	–	4
Total infrastructure, property, plant and equipment	176,654	(64,785)	111,869	7,353	2,311	(1,257)	(2,889)	–	4	6,093	195,263	(71,778)	123,485

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

C1-5 Infrastructure, property, plant and equipment (continued)

Accounting policy

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

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

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

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

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

Land is not depreciated. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Council will obtain ownership at the end of the lease term. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	5 to 20	Benches, seats etc.	10 to 20
Computer equipment	5		
Vehicles	5 to 10	Buildings	
Heavy plant/road making equipment	5 to 8	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 40
Water and sewer assets		Stormwater assets	
Dams and reservoirs	80 to 100	Drains	80 to 120
Bores	20 to 40	Culverts	50 to 120
Reticulation pipes: PVC	177	Flood control structures	80 to 120
Reticulation pipes: other	80 to 97		
Pumps and telemetry	10 to 20		
Transportation assets		Other infrastructure assets	
Bridges	100	Swimming pools	50
Major Culverts	100	Other open space/recreational assets	20
Footpaths	50	Other infrastructure	20
Pavement Sub-Base	152		
Pavement Base	76		
Unsealed Pavement Base	27		
Primer Seal	5		
Wearing Course (Seal)	20		
Kerb & Gutter	75		

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

Land under roads

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

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

C1-5 Infrastructure, property, plant and equipment (continued)

Crown reserves

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

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

Rural Fire Service assets

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

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

Externally restricted infrastructure, property, plant and equipment

\$ '000	as at 30/06/21			as at 30/06/20		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
Sewerage services						
WIP	–	–	–	7,816	–	7,816
Infrastructure	29,211	10,694	18,517	24,001	13,116	10,885
Total sewerage services	29,211	10,694	18,517	31,817	13,116	18,701
Total restricted infrastructure, property, plant and equipment	29,211	10,694	18,517	31,817	13,116	18,701

C2 Leasing activities

C2-1 Council as a lessee

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

Terms and conditions of leases

Vehicles

Council leases vehicles and equipment with lease terms varying from two to 10 years; the lease payments are fixed during the lease term and there is generally no renewal option.

Office and IT equipment

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

(a) Right of use assets

\$ '000	Plant & Equipment	Total
2021		
Opening balance at 1 July	1,368	1,368
Additions to right-of-use assets	27	27
Depreciation charge	(359)	(359)
Balance at 30 June	1,036	1,036
2020		
Opening balance at 1 July	1,795	1,795
Depreciation charge	(427)	(427)
Balance at 30 June	1,368	1,368

(b) Lease liabilities

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Lease liabilities	259	817	343	1,059
Total lease liabilities	259	817	343	1,059

(c) (i) The maturity analysis

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
2021					
Cash flows	306	836	53	1,195	1,076
2020					
Cash flows	403	1,000	166	1,569	1,402

C2-1 Council as a lessee (continued)

(d) Income Statement

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

\$ '000	2021	2020
Interest on lease liabilities	57	90
Depreciation of right of use assets	359	427
Expenses relating to short-term leases	44	33
Expenses relating to low-value leases	6	6
	466	556

(e) Statement of Cash Flows

Total cash outflow for leases	392	402
	392	402

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties and plant and equipment to both community groups and staff; these leases have been classified as operating leases for financial reporting purposes and the assets are included as IPP&E. They have not been classified under AASB 140 Investment Property as they are held for strategic purposes.

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

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

(i) Assets held as property, plant and equipment

Council provides operating leases on Council buildings for the purpose of service delivery objectives, the table below relates to operating leases on assets disclosed in C1-5.

Lease income (excluding variable lease payments not dependent on an index or rate)	88	97
Total income relating to operating leases for Council assets	88	97

Amount of IPPE leased out by Council under operating leases

Land and buildings	278	299
Plant and equipment (Motor vehicles)	73	81
Total amount of IPPE leased out by Council under operating leases	351	380

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

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

< 1 year	71	68
1–2 years	76	76
2–3 years	82	78
3–4 years	87	79
4–5 years	93	81
> 5 years	32	83
Total undiscounted lease payments to be received	441	465

C3 Liabilities of Council

C3-1 Payables

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Payables				
Accrued expenses:				
– Interest on borrowings	32	–	33	–
– Salaries and wages	179	–	196	–
– Other expenditure accruals	381	–	552	–
Trust fund	26	–	29	–
Other	9	–	5	–
Prepaid rates	170	–	126	–
Total payables	797	–	941	–
Total payables	797	–	941	–

Payables relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Total payables relating to unrestricted assets	797	–	941	–
Total payables	797	–	941	–

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

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

C3-2 Contract Liabilities

\$ '000	Notes	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	506	—	538	—
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	124	—	56	—
Total grants received in advance		630	—	594	—
User fees and charges received in advance:					
Upfront fees – leisure centre	(iii)	21	—	10	—
Total user fees and charges received in advance		21	—	10	—
Total contract liabilities		651	—	604	—

Notes

(i) Council has received funding to construct assets including sporting facilities and other infrastructure. The funds received are under an enforceable contract which require Council to construct an identified asset which will be under Council's control on completion.

The revenue is recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue. The revenue is expected to be recognised in the next 12 months.

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

(iii) Upfront membership fees for the leisure centre do not meet the definition of a performance obligation and therefore the funds received are recorded as a contract liability on receipt and recognised as revenue over the expected average membership life.

Contract liabilities relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Externally restricted assets				
Unspent grants held as contract liabilities (excl. Water & Sewer)	630	—	594	—
Contract liabilities relating to externally restricted assets	630	—	594	—
Total contract liabilities relating to restricted assets	630	—	594	—
Total contract liabilities relating to unrestricted assets	21	—	10	—
Total contract liabilities	651	—	604	—

Accounting policy

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

C3-3 Borrowings

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Loans – secured ¹	390	8,368	576	8,862
Total borrowings	390	8,368	576	8,862

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

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

Borrowings relating to restricted assets

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Externally restricted assets				
Sewer	55	2,643	53	2,698
Borrowings relating to externally restricted assets	55	2,643	53	2,698
Total borrowings relating to restricted assets	55	2,643	53	2,698
Total borrowings relating to unrestricted assets	335	5,725	523	6,164
Total borrowings	390	8,368	576	8,862

(a) Changes in liabilities arising from financing activities

	2020		Non-cash movements				2021
\$ '000	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	9,438	(680)	–	–	–	–	8,758
Lease liability (Note C2-1b)	1,402	(326)	–	–	–	–	1,076
Total liabilities from financing activities	10,840	(1,006)	–	–	–	–	9,834

	2019		Non-cash movements				2020
\$ '000	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	10,522	(1,084)	–	–	–	–	9,438
Lease liability (Note C2-1b)	8	(401)	–	–	1,795	–	1,402
Total liabilities from financing activities	10,530	(1,485)	–	–	1,795	–	10,840

C3-3 Borrowings (continued)

(b) Financing arrangements

\$ '000	2021	2020
Total facilities		
Bank overdraft facilities ¹	250	250
Credit cards/purchase cards	20	10
Total financing arrangements	270	260
Undrawn facilities		
– Bank overdraft facilities	250	250
– Credit cards/purchase cards	20	8
Total undrawn financing arrangements	270	258

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

Accounting policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective interest 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. In this case, the fee is deferred until the drawdown occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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 finance cost.

Borrowings are classified as current liabilities unless Council has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

C3-4 Employee benefit provisions

\$ '000	2021 Current	2021 Non-current	2020 Current	2020 Non-current
Annual leave	610	–	531	–
Long service leave	1,279	118	1,206	101
Other leave	60	–	41	–
Total employee benefit provisions	1,949	118	1,778	101

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

\$ '000	2021	2020
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	1,457	1,333
	1,457	1,333

Accounting policy

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

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

C3-5 Provisions

\$ '000	2021 Current	2021 Non-Current	2020 Current	2020 Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	4	–	4
Sub-total – asset remediation/restoration	–	4	–	4
Total provisions	–	4	–	4

Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Net carrying amount
2021		
At beginning of year	4	4
Total other provisions at end of year	4	4
2020		
Other	4	4
Total other provisions at end of year	4	4

Accounting policy

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

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

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

Asset remediation – tips and quarries

Restoration

Close-down and restoration costs include the dismantling and demolition of infrastructure, and the removal of residual materials and remediation of disturbed areas. Estimated close-down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

Rehabilitation

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each reporting date, and the cost is charged to the Income Statement.

Provision is made for the estimated present value of the costs of environmental clean-up obligations outstanding at the reporting date. These costs are charged to the Income Statement. Movements in the environmental clean-up provisions are presented as an operating cost, except for the unwinding of the discount which is shown as a borrowing cost.

Remediation procedures generally commence soon after the time the damage, remediation process, and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors, including changes to the relevant legal requirements, the emergence of new restoration techniques, or experience at other locations. The expected timing of expenditure can also change, for example in response to changes in quarry reserves

C3-5 Provisions (continued)

or production rates. As a result, there could be significant adjustments to the provision for close down and restoration and environmental clean-up, which would affect future financial results.

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

Close-down and restoration costs are a normal consequence of tip and quarry operations, and the majority of close-down and restoration expenditure is incurred at the end of the life of the operations. Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

C4 Reserves

C4-1 Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

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

Fair value through other comprehensive income reserve (FVOCI)

Changes in the fair value of financial assets are taken through the fair value 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.

Other reserves

Before 1 July 2020, Council created 'other reserves' to record financial assistance grants received in advance. For the 2021 financial year and future periods, Council has elected to record all advanced payments in accumulated surplus. The prior year financial assistance grant has been transferred to accumulated surplus.

D Council structure

D1 Results by fund

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

D1-1 Income Statement by fund

\$ '000	General ¹ 2021	Sewer 2021
Income from continuing operations		
Rates and annual charges	5,099	780
User charges and fees	3,256	360
Interest and investment revenue	31	9
Other revenues	689	26
Grants and contributions provided for operating purposes	5,630	—
Grants and contributions provided for capital purposes	4,689	541
Net gains from disposal of assets	174	—
Other income	174	—
Total income from continuing operations	19,742	1,716
Expenses from continuing operations		
Employee benefits and on-costs	5,000	265
Materials and services	6,187	898
Borrowing costs	322	120
Depreciation, amortisation and impairment of non-financial assets	3,099	278
Other expenses	291	3
Net losses from the disposal of assets	(118)	604
Total expenses from continuing operations	14,781	2,168
Operating result from continuing operations	4,961	(452)
Net operating result for the year	4,961	(452)
Net operating result attributable to each council fund	4,961	(452)
Net operating result for the year before grants and contributions provided for capital purposes	272	(993)

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

D1-2 Statement of Financial Position by fund

\$ '000	General ¹ 2021	Sewer 2021
ASSETS		
Current assets		
Cash and cash equivalents	2,387	1,200
Receivables	1,359	126
Inventories	920	—
Total current assets	4,666	1,326
Non-current assets		
Receivables	84	—
Inventories	58	—
Infrastructure, property, plant and equipment	111,170	18,517
Right of use assets	1,036	—
Total non-current assets	112,348	18,517
TOTAL ASSETS	117,014	19,843
LIABILITIES		
Current liabilities		
Payables	797	—
Contract liabilities	651	—
Lease liabilities	259	—
Borrowings	335	55
Employee benefit provision	1,949	—
Total current liabilities	3,991	55
Non-current liabilities		
Lease liabilities	817	—
Borrowings	5,725	2,643
Employee benefit provision	118	—
Provisions	4	—
Total non-current liabilities	6,664	2,643
TOTAL LIABILITIES	10,655	2,698
Net assets	106,359	17,145
EQUITY		
Accumulated surplus	84,234	9,353
Revaluation reserves	22,125	7,792
Council equity interest	106,359	17,145
Total equity	106,359	17,145

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

D2 Interests in other entities

D2-1 Subsidiaries, joint arrangements and associates not recognised

The following joint arrangements and associates have not been recognised in this financial report.

Details

Name of entity/operation	Principal activity/type of operation	2021	2021
		Net profit	Net assets
Riverina Regional Library	Provision of Library Services Joint Venture	177	4,852

Reasons for non-recognition

Junee Shire Council is a member of Riverina Regional Library. This joint arrangement has been established to provide library services to the member councils of Bland, Coolamon, Cootamundra-Gundagai, Federation, Greater Hume, Junee, Lockhart, Temora, Snowy Valleys and Wagga Wagga.

As at 30 June 2021 Council's ownership interest in the Riverina Regional Library was 4.73%.

There are 23 voting delegates, 2 of whom represent Junee Shire Council. This equates to 8.69% voting power. No member Council "controls" Riverina Regional Library.

Council has no interest in any other reserves at the beginning or end of the reporting period with respect to the Riverina Regional Library. Riverina Regional Library figures have not been consolidated with Council's activities.

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

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

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

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

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

(a) Market risk – interest rate and price risk

\$ '000	2021	2020
<p>The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.</p>		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	3	20

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 secure a charge over the land relating to the debts – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates which further encourages the payment of debt.

\$ '000	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
2021						
Gross carrying amount	331	120	59	31	67	608
2020						
Gross carrying amount	140	322	49	101	82	694

Receivables - non-rates and annual charges and contract assets

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

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

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
2021						
Gross carrying amount	962	9	2	6	102	1,081
Expected loss rate (%)	4.57%	0.20%	0.18%	1.05%	54.90%	8.36%
ECL provision	44	–	–	–	56	100
2020						
Gross carrying amount	707	9	67	200	25	1,008
Expected loss rate (%)	0.05%	0.69%	41.12%	8.11%	16.75%	4.80%
ECL provision	–	–	28	16	4	48

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

(c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in: ≤ 1 Year	1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2021							
Trade/other payables	0.00%	–	790	–	–	790	627
Loans and advances	4.36%	–	771	4,033	8,697	13,501	8,758
Lease liabilities	5.20%	–	309	836	33	1,178	1,076
Total financial liabilities		–	1,870	4,869	8,730	15,469	10,461
2020							
Trade/other payables	0.00%	–	815	–	–	815	815
Loans and advances	4.99%	–	973	3,317	10,420	14,710	9,438
Lease liabilities	5.20%	–	403	1,000	166	1,569	1,402
Total financial liabilities		–	2,191	4,317	10,586	17,094	11,655

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	C1-5								
Plant & Equipment		30/06/18	30/06/18	–	–	827	1,004	827	1,004
Office Equipment		30/06/18	30/06/18	–	–	49	65	49	65
Furniture & Fittings		30/06/18	30/06/18	–	–	65	64	65	64
Land									
– Operational Land		30/06/18	30/06/18	1,281	1,321	–	–	1,281	1,321
– Community Land		30/06/21	30/06/16	–	–	3,465	2,194	3,465	2,194
Land Improvements – depreciable		30/06/21	30/06/16	–	–	417	508	417	508
Buildings – Non Specialised		30/06/18	30/06/18	1,526	1,322	–	–	1,526	1,322
Buildings – Specialised		30/06/18	30/06/18	–	–	9,583	7,868	9,583	7,868
Other Structures		30/06/18	30/06/18	–	–	3,593	3,034	3,593	3,034
Infrastructure:									
– Roads		30/06/17	30/06/17	–	–	40,123	37,583	40,123	37,583
– Bridges		30/06/17	30/06/17	–	–	4,758	4,836	4,758	4,836
– Footpaths		30/06/17	30/06/17	–	–	1,821	1,868	1,821	1,868
– Bulk Earthworks (non-depreciable)		30/06/17	30/06/17	–	–	31,755	31,697	31,755	31,697
– Stormwater Drainage		30/06/20	30/06/20	–	–	10,055	9,878	10,055	9,878
– Sewerage Network		30/06/17	30/06/17	–	–	18,517	10,885	18,517	10,885
Other Assets		30/06/18	30/06/18	–	–	82	94	82	94
Total infrastructure, property, plant and equipment				2,807	2,643	125,110	111,578	127,917	114,221

E2-1 Fair value measurement (continued)

Transfers between level 1 and level 2 fair value hierarchies

During the year, there were no transfers between level 1 and level 2 fair value hierarchies for recurring fair value measurements.

Valuation techniques

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 & Equipment	Depreciated replacement cost	<ul style="list-style-type: none"> - Gross replacement cost Obtain quotations otherwise estimated unit rates based on recent costs - Asset condition - Remaining useful life - Residual Value
Office Equipment	Depreciated replacement cost	<ul style="list-style-type: none"> - Gross replacement cost Obtain quotations otherwise estimated unit rates based on recent costs - Asset condition - Remaining useful life - Residual Value
Furniture & Fittings	Depreciated replacement cost	<ul style="list-style-type: none"> - Gross replacement cost Obtain quotations otherwise estimated unit rates based on recent costs - Asset condition - Remaining useful life - Residual Value
Community Land	Current replacement cost	Cost per square metre, Valuers valuation
Land Improvements - depreciable	Depreciated replacement cost	<ul style="list-style-type: none"> - Gross replacement cost Obtain quotations otherwise estimated unit rates based on recent costs - Asset condition - Remaining useful life - Residual Value
Buildings - Specialised	Depreciated replacement cost	<ul style="list-style-type: none"> - Gross replacement cost Obtain quotations otherwise estimated unit rates based on recent costs - Asset condition - Remaining useful life - Residual Value

E2-1 Fair value measurement (continued)

	Valuation technique/s	Unobservable inputs
Other Structures	Depreciated replacement cost	<ul style="list-style-type: none"> - Gross replacement cost Obtain quotations otherwise estimated unit rates based on recent costs - Asset condition - Remaining useful life - Residual Value
Roads	Depreciated replacement cost	<ul style="list-style-type: none"> - Gross replacement cost Estimated unit rates based on a combination of contract rates, location, site conditions and checked against recent construction costs - Asset condition - Remaining useful life - Residual Value
Bridges	Depreciated replacement cost	<ul style="list-style-type: none"> - Gross replacement cost Obtain quotations otherwise estimated unit rates based on recent costs - Asset condition - Remaining useful life - Residual Value
Footpaths	Depreciated replacement cost	<ul style="list-style-type: none"> - Gross replacement cost Obtain quotations otherwise estimated unit rates based on recent costs - Asset condition - Remaining useful life - Residual Value
Bulk Earthworks (non-depreciable)	Current replacement cost	<ul style="list-style-type: none"> - Gross replacement cost Estimated unit rates based on a combination of contract rates, location, site conditions and checked against recent construction costs - Asset condition - Remaining useful life - Residual Value
Stormwater Drainage	Depreciated replacement cost	<ul style="list-style-type: none"> - Gross replacement cost Estimated unit rates based on a combination of contract rates, location, site conditions and checked against recent construction costs - Asset condition - Remaining useful life - Residual Value
Sewerage Network	Depreciated replacement cost	<ul style="list-style-type: none"> - Gross replacement cost 2014 NSW Reference Rate Manual for Water Supply, Sewerage and Stormwater Assets and checked against recent construction costs. - Asset condition - Remaining useful life - Residual Value

E2-1 Fair value measurement (continued)

	Valuation technique/s	Unobservable inputs
Other	Depreciated replacement cost	<ul style="list-style-type: none"> - Gross replacement cost Obtain quotations otherwise estimated unit rates based on recent costs - Asset condition - Remaining useful life - Residual Value

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

\$ '000	Total IPP&E	
	2021	2020
Opening balance	111,578	105,030
Total gains or losses for the period		
Recognised in other comprehensive income – revaluation surplus	1,366	6,093
Other movements		
Purchases (GBV)	15,898	4,510
Disposals (WDV)	(815)	(1,257)
Depreciation and impairment	(2,918)	(2,798)
Closing balance	125,109	111,578

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

Defined benefit plan

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

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

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

Description of the funding arrangements.

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

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

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

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

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

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

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

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

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

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

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

E3-1 Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2021 was \$96,543.70. The last valuation of the Scheme was performed by fund actuary, Richard Boyfield, FIAA as at 30 June 2020.

The amount of additional contributions included in the total employer contribution advised above is \$70,800.00. Council's expected contribution to the plan for the next annual reporting period is \$118,669.20.

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

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

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

The share of any funding surplus or deficit that can be attributed to Council is .18%

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

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

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

* Plus promotional increases

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

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

E3-1 Contingencies (continued)

(iv) Other guarantees

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

2. Other liabilities

(i) Third party claims

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

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

(ii) Potential land acquisitions due to planning restrictions imposed by Council

Council has classified a number of privately owned land parcels as local open space or bushland.

As a result, where notified in writing by the various owners, Council will be required to purchase these land parcels.

At reporting date, reliable estimates as to the value of any potential liability (and subsequent land asset) from such potential acquisitions has not been possible.

ASSETS NOT RECOGNISED

(i) Land under roads

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

(ii) Infringement notices/fines

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

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

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

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

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

\$ '000	2021	2020
Compensation:		
Short-term benefits	824	901
Post-employment benefits	70	70
Other long-term benefits	17	18
Termination benefits	17	27
Total	928	1,016

Other transactions with KMP and their related parties

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

Nature of the transaction	Transactions during the year	Outstanding balances including commitments	Terms and conditions	Impairment provision on outstanding balances	Impairment expense
\$ '000					
2021					
Mark Halliburton Plumbing and Gas	7	–	30 Day Account	–	–
R S Taylor Plumbing Services	153	–	30 Day Account	–	–
Junee District Co-Operative Society (trading as Junee IGA)	7	–	30 Day Account	–	–
2020					
Mark Halliburton Plumbing and Gas	5	–	30 Day Account	–	–
R S Taylor Plumbing Services	77	–	30 Day Account	–	–
Junee District Co-Operative Society (trading as Junee IGA)	7	–	30 Day Account	–	–

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2021	2020
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	26	21
Councillors' fees	77	82
Other Councillors' expenses (including Mayor)	-	1
Total	103	104

F2 Other relationships

F2-1 Audit fees

\$ '000	2021	2020
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During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

Auditors of the Council - NSW Auditor-General:

(i) Audit and other assurance services

Audit and review of financial statements

	33	42
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Remuneration for audit and other assurance services

	33	42
--	----	----

Total Auditor-General remuneration

Non NSW Auditor-General audit firms

(i) Audit and other assurance services

Internal audit and other assurance services

	18	17
--	----	----

Remuneration for audit and other assurance services

	18	17
--	----	----

Total remuneration of non NSW Auditor-General audit firms

	51	59
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Total audit fees

G Other matters

G1-1 Statement of Cash Flows information

Reconciliation of net operating result to cash provided from operating activities

\$ '000	2021	2020
Net operating result from Income Statement	4,509	4,427
Adjust for non-cash items:		
Depreciation and amortisation	3,377	3,316
Net losses/(gains) on disposal of assets	312	(153)
Adoption of AASB 15/1058	–	(643)
+/- Movement in operating assets and liabilities and other cash items:		
Decrease/(increase) in receivables	5	51
Increase/(decrease) in provision for impairment of receivables	(125)	189
Decrease/(increase) in inventories	(19)	81
Increase/(decrease) in other accrued expenses payable	(188)	168
Increase/(decrease) in other liabilities	44	5
Increase/(decrease) in contract liabilities	47	604
Increase/(decrease) in provision for employee benefits	188	109
Increase/(decrease) in other provisions	–	4
Net cash provided from/(used in) operating activities from the Statement of Cash Flows	8,150	8,158

G2-1 Commitments

Capital commitments (exclusive of GST)

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

Property, plant and equipment

Sewerage and water infrastructure	–	16
Sewerage Treatment Plant	–	337
Buildings	404	87
Plant and equipment	25	248
Other	351	677
Road infrastructure	1,063	320
Total commitments	1,843	1,685

These expenditures are payable as follows:

Within the next year	1,843	1,685
Total payable	1,843	1,685

Sources for funding of capital commitments:

Unrestricted general funds	102	165
Future grants and contributions	1,011	185
Unexpended grants	673	403
Externally restricted reserves	37	168
Internally restricted reserves	20	–
Unexpended loans	–	87
New loans (to be raised)	–	677
Total sources of funding	1,843	1,685

Details of capital commitments

Community Buildings \$404,000; Plant replacement and other plant items \$25,000, Parks, reserves and infrastructure \$296,000; stormwater drainage \$27,000, Roads program \$1,063,000; John Potts Stage 8 development \$6,000; IT hardware replacement \$21,000.

G3-1 Events occurring after the reporting date

Other than the following, Council is not aware of any significant events since the end of the reporting period.

Prior to 30 June 2021, Council commenced proceedings under section s713 of the *Local Government Act 1993* to sell land for unpaid rates and charges (including extra charges). The said lands were offered for sale by public auction on 22 June 2021, with \$76,000 settled in late July 2021.

Before 30 June 2021, Council released new residential land (17 lots) as part of its John Potts property development activities, with many contracts exchanged before year-end. For contracts exchanged prior to 30 June, settlement proceeds are expected to be received prior to November 2021, further noting that no losses were incurred on sales and, sufficient proceeds to enable the repayment of debts in full.

The financial effects of the above events have not been brought to account on 30 June 2021.

G4 Statement of developer contributions as at 30 June 2021

G4-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2020	Contributions received during the year		Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2021	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash					
Roads	—	44	—	—	(44)	—	—	—
Open space	—	47	—	—	(47)	—	—	—
Community facilities	—	41	—	—	(41)	—	—	—
Total S7.11 and S7.12 revenue under plans	—	132	—	—	(132)	—	—	—
Total contributions	—	132	—	—	(132)	—	—	—

Under the *Environmental Planning and Assessment Act 1979*, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas.

It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

G5 Statement of performance measures

G5-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2021	Indicator 2021	Indicators 2020	Indicators 2019	Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(534)	(3.33)%	5.15%	(5.92)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	16,054				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	10,424	48.98%	50.63%	51.67%	> 60.00%
Total continuing operating revenue ¹	21,284				
3. Unrestricted current ratio					
Current assets less all external restrictions	2,799	1.47x	1.11x	1.51x	> 1.50x
Current liabilities less specific purpose liabilities	1,904				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	3,285	2.23x	2.02x	2.43x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	1,476				
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	632	9.83%	8.11%	9.35%	< 10.00%
Rates and annual charges collectable	6,427				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	3,587	2.81	3.67	4.97	> 3.00
Monthly payments from cash flow of operating and financing activities	1,277	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

	General Indicators ³		Sewer Indicators		Benchmark
\$ '000	2021	2020	2021	2020	
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1, 2}	3.08%	4.30%	(84.51)%	16.73%	> 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	47.27%	54.86%	68.47%	30.99%	> 60.00%
Total continuing operating revenue ¹					
3. Unrestricted current ratio					
Current assets less all external restrictions	1.47x	1.11x	24.11x	29.30x	> 1.50x
Current liabilities less specific purpose liabilities					
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	2.86x	1.91x	(4.96)x	4.11x	> 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	11.19%	9.14%	0.00%	0.00%	< 10.00%
Rates and annual charges collectable					
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	1.87	2.57	∞	∞	> 3.00
Monthly payments from cash flow of operating and financing activities	mths	mths			mths

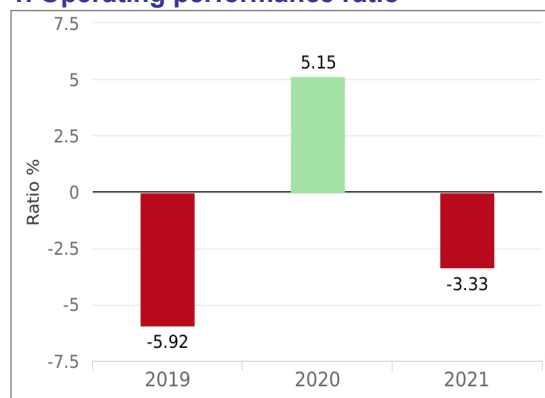
(1) - (2) Refer to Notes at Note G5-1 above.

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

H Additional Council disclosures (unaudited)

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

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2020/21 result

2020/21 ratio (3.33)%

Council's Operating Performance ratio has decreased from 5.15% in 2019/20 to -3.33% in 2020/21, primarily due to additional Grants & Contributions received during the financial year.

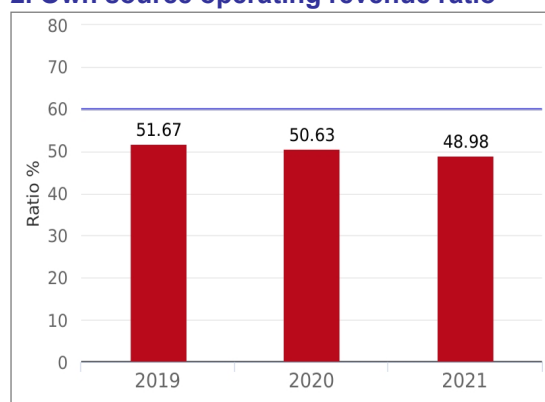
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2020/21 result

2020/21 ratio 48.98%

Grants & Contributions continue to represent a significant portion of Council's income, which inhibits Council's ability to achieve the 60% Own Source Revenue benchmark.

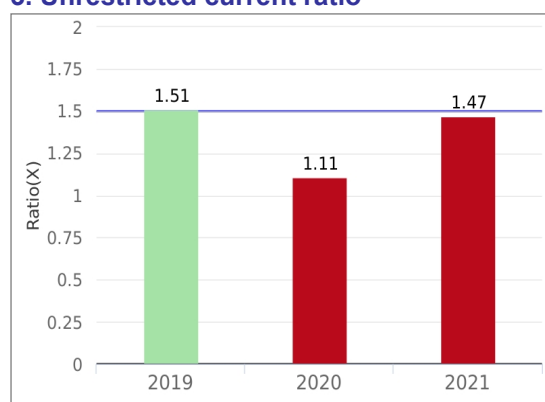
Benchmark: — > 60.00%

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 1.47x

Council's unrestricted current ratio indicates that it currently has \$1.47 of unrestricted assets available to service \$1.00 of its unrestricted current liabilities including loan repayments and payables. A ratio of 1.47x is marginally below the current benchmark requirements.

Benchmark: — > 1.50x

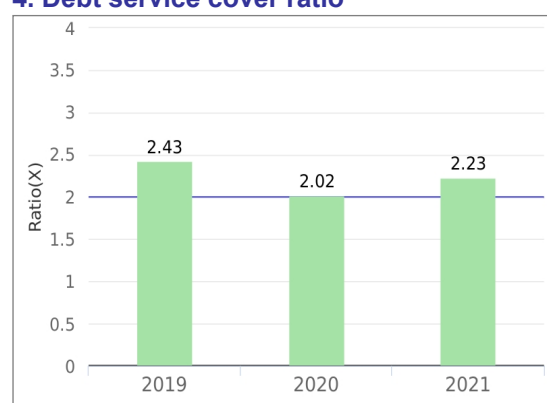
Source of benchmark: Code of Accounting Practice and Financial Reporting

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 2.23x

Council's debt service ratio has increased marginally to 2.23x for the 2020/21 financial year.

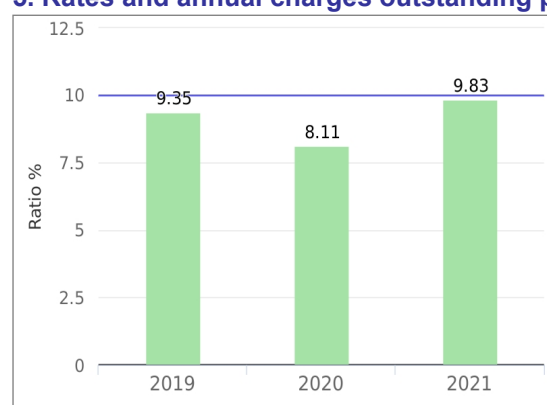
Benchmark: — > 2.00x

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 9.83%

Council's Rates & Annual Charges Outstanding Ratio has remained relatively static over the past four years and remains below the 10.0% benchmark for Rural Councils.

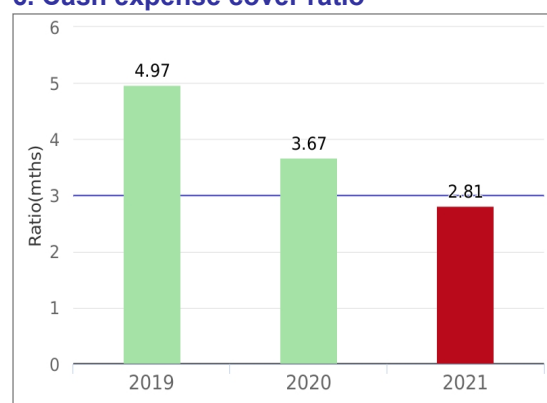
Benchmark: — < 10.00%

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 2.81 mths

The cash expense ratio has decreased to 2.81 months as a result of capital investments made in the current year, such as John Potts Drive and the Sewer Treatment Plant (STP). It is anticipated that the cash expense cover ratio will improve next financial year as a result of residential sales and receipting of grant funding for STP.

Benchmark: — > 3.00mths

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-2 Financial review

Key financial figures of Council over the past 5 years

\$ '000	2021	2020	2019	2018	2017
Inflows:					
Rates and annual charges revenue	5,879	5,687	5,442	5,265	5,012
User charges revenue	3,616	3,805	3,293	3,820	3,298
Interest and investment revenue (losses)	40	86	92	113	85
Grants income – operating and capital	10,729	9,578	7,910	5,926	7,366
Total income from continuing operations	21,284	20,372	18,338	16,655	16,950
Sale proceeds from IPPE	466	1,642	1,115	1,807	1,265
New loan borrowings and advances	–	300	3,100	600	380
Outflows:					
Employee benefits and on-cost expenses	5,265	5,295	5,312	5,324	4,429
Borrowing costs	442	544	447	390	400
Materials and contracts expenses	7,085	6,331	5,961	5,975	5,890
Total expenses from continuing operations	16,775	15,945	16,125	15,813	14,246
Total cash purchases of IPPE	8,625	9,669	6,558	3,380	4,520
Total loan repayments (incl. finance leases)	1,040	1,785	556	708	598
Operating surplus/(deficit) (excl. capital income)	(721)	819	(541)	242	1,982
Financial position figures					
Current assets	5,992	6,389	8,173	6,886	5,091
Current liabilities	4,046	4,242	3,408	3,406	2,921
Net current assets	1,946	2,147	4,765	3,480	2,170
Available working capital (Unrestricted net current assets)	1,592	710	2,176	1,706	1,373
Cash and investments – unrestricted	76	141	1,022	641	33
Cash and investments – internal restrictions	444	913	288	282	285
Cash and investments – total	3,587	4,797	6,228	5,127	3,279
Total borrowings outstanding (loans, advances and finance leases)	8,758	9,438	10,530	7,978	8,086
Total value of IPPE (excl. land and earthworks)	165,227	160,051	141,732	136,169	136,928
Total accumulated depreciation	72,041	71,778	64,785	62,754	61,252
Indicative remaining useful life (as a % of GBV)	56%	55%	54%	54%	55%

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

H1-3 Council information and contact details

Principal place of business:

29 Belmore Street
Junee NSW 2663

Contact details

Mailing Address:

PO Box 93
Junee NSW 2663

Telephone: 02 6924 8100

Facsimile: 02 6924 2497

Opening hours:

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

Internet: www.junee.nsw.gov.au

Email: jsc@junee.nsw.gov.au

Officers

General Manager

[James Davis](#)

Responsible Accounting Officer

[Luke Taberner](#)

Public Officer

Mr Luke Taberner

Auditors

Auditor General NSW

Elected members

Mayor

[Cr Neil Smith](#)

Councillors

Cr Matt Austin
Cr Robin Asmus
Cr Robert Callow
Cr David Carter
Cr Mark Cook
Cr Pam Halliburton
Cr Martin Holmes
Cr Kerri Walker

Other information

ABN: 62 621 799 578



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Junee Shire Council

To the Councillors of the Junee Shire Council

Opinion

I have audited the accompanying financial statements of Junee 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.



Michael Kharzoo
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

22 October 2021
SYDNEY



Cr Neil Smith
Mayor
Junee Shire Council
PO Box 93
JUNEE NSW 2663

Contact: Michael Kharzoo
Phone no: (02) 9275 7188
Our ref: D2122165/1745

22 October 2021

Dear Mayor

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

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

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

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

SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS

I identified the following significant audit issues and observations during my audit of the Council's financial statements. These issues and observations were addressed as part of my audit.

Rural fire-fighting equipment not recognised in the financial statements





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

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

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

INCOME STATEMENT

Operating result

	2021 \$m	2020 \$m	Variance %
Rates and annual charges revenue	5.9	5.7	 3.5
Grants and contributions revenue	10.9	10.0	 9.0
Operating result from continuing operations	4.5	4.4	 2.3
Net operating result before capital grants and contributions	(0.7)	0.8	 187.5

The Council's operating result from continuing operations (\$4.5 million including depreciation and amortisation expense of \$3.4 million) was \$0.1 million higher than the 2019–20 result. This was driven by the \$1.6 million increase in grants and contributions for capital purposes, offset by the increase in net loss from disposal of assets by \$0.5 million and decrease in grants and contributions for operating purposes by \$0.8 million.

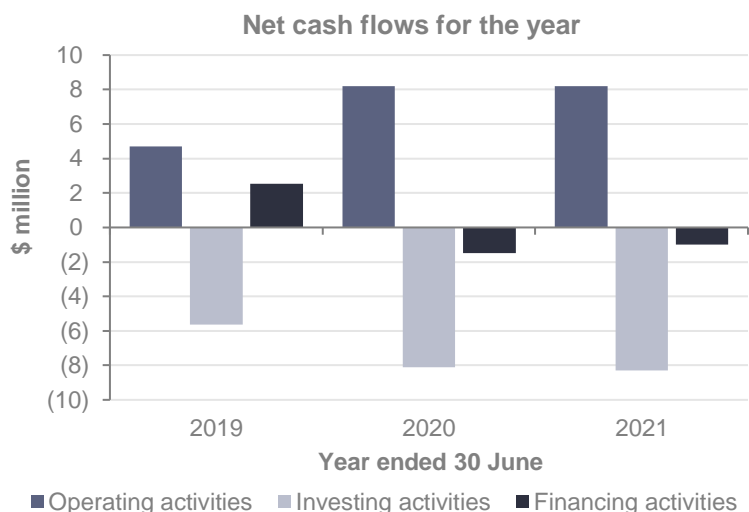
The net operating result before capital grants and contributions (deficit of \$0.7 million) was \$1.5 million lower than the 2020–21 result (surplus of \$0.8 million). This is driven by the \$0.8 million decrease in operating grants and contribution and the increase in net loss in disposal of assets by \$0.5 million (as noted in above commentary).

Rates and annual charges revenue (\$5.9 million) increased by \$0.2 million (3.5 per cent) in 2020–21 with the main increase due to the IPART rate peg increase of 2.6 per cent.

Grants and contributions revenue (\$10.9 million) increased by \$0.9 million (9.0 per cent) in 2020–21 with the main increase due to \$1.8 million of additional roads and bridges funding.

STATEMENT OF CASH FLOWS

- Councils cash and cash equivalents was \$3.6 million at 30 June 2021 (\$4.8 million at 30 June 2020). There was a net decrease in cash and cash equivalents of \$1.2 million during 2020-21 financial year.
- Net cash provided by operating activities has remained consistent at \$8.2 million.
- Net cash used in investing activities has remained relatively consistent, with an overall increase of \$0.2 million. The decrease in purchase of infrastructure, property, plant and equipment was offset by the decrease in sale proceeds from real estate assets / property.
- Net cash used in financing activities decreased by \$0.5 million, due to a decrease in repayment of borrowings.



FINANCIAL POSITION

Cash and investments

Cash and investments	2021	2020	Commentary
	\$m	\$m	
Total cash, cash equivalents and investments	3.6	4.8	<ul style="list-style-type: none"> Externally restricted cash and investments are restricted in their use by externally imposed requirements. The externally restricted funds as at 30 June 2021 has decreased, mainly due to the reduction in specific purpose unexpended grants (recognised as revenue) by \$0.5 million. Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect identified programs of works and any forward plans identified by Council. The decrease is due to the use of the previously restricted property sale proceeds (\$0.6 million), which were used to enable the Council to not draw down the additional external loan (as originally budgeted). Unrestricted cash and investments have remained consistent with the prior year.
Restricted cash and investments:			
• External restrictions	3.1	3.8	
• Internal restrictions	0.4	0.9	
• Unrestricted	0.1	0.1	

Debt

Council has \$8.8 million of borrowings as at 30 June 2021 (2020: \$9.4 million). The decrease in 2021 relates to payment of borrowings (\$0.7 million) with no additional new loans.

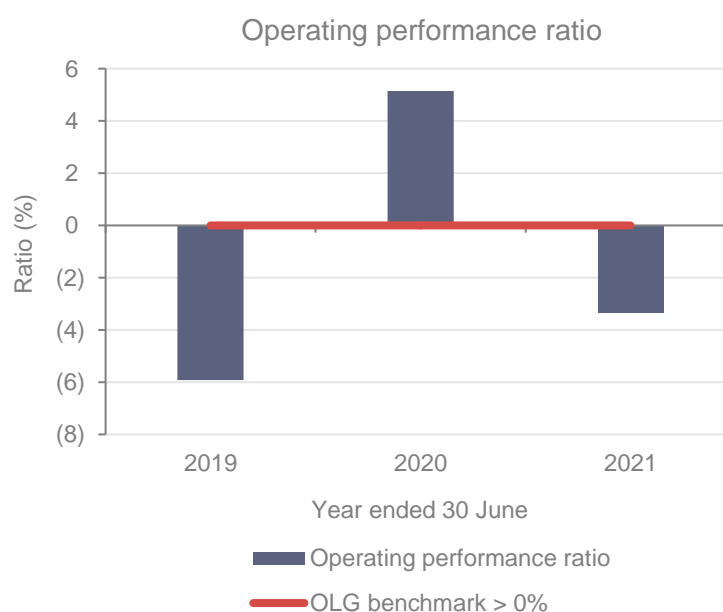
PERFORMANCE

Performance measures

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

Operating performance ratio

- The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.
- The Council did not meet the OLG benchmark for the current reporting period.
- The operating performance decreased to -3.3 cent, largely due to the \$0.8 million decrease in operating grants and contributions (from \$6.4 million in 2020 to \$5.6 million in 2021), and the increase in net loss on disposal of assets by \$0.5 million (as noted in above commentary).



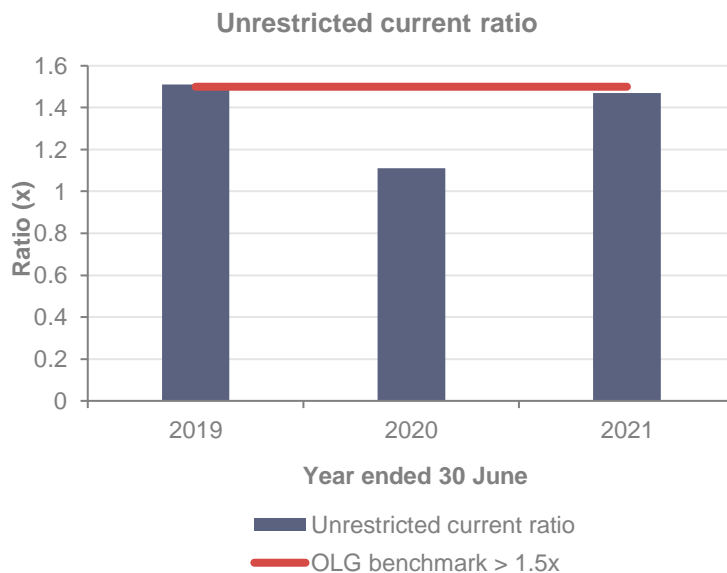
Own source operating revenue ratio

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



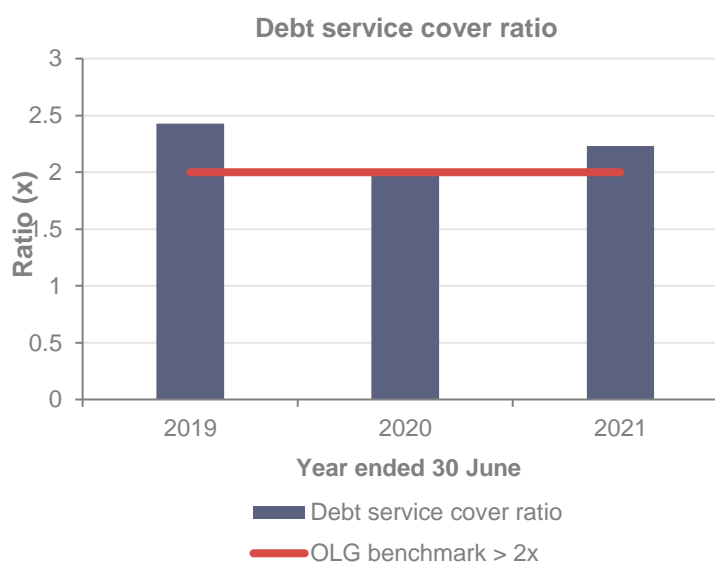
Unrestricted current ratio

- The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.
- The Council did not meet the OLG benchmark for the current reporting period.
- Council's unrestricted current ratio has improved, due to the Council's reduction of current liabilities.



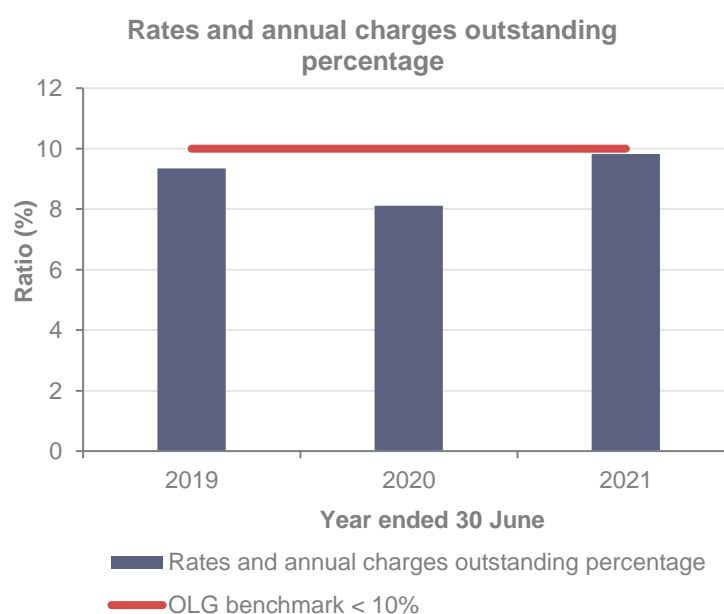
Debt service cover ratio

- The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.
- The Council met the OLG benchmark for the current reporting period.
- The ratio has improved from 2020 to 2021, due to the decrease in borrowings.



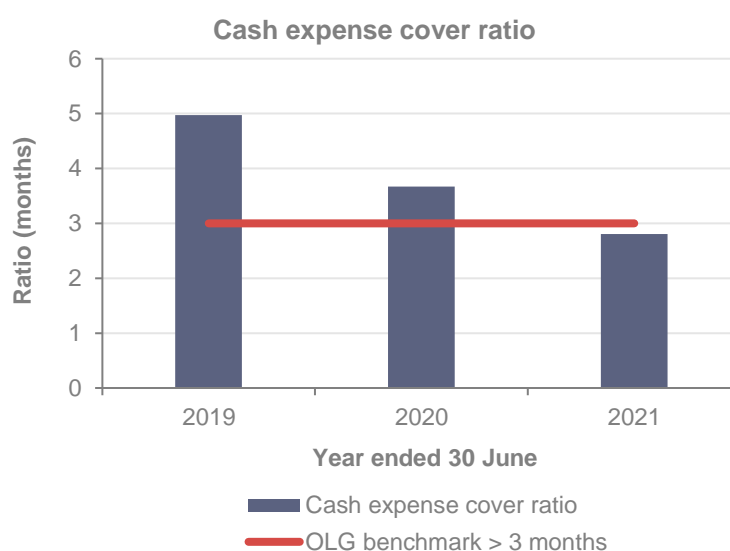
Rates and annual charges outstanding percentage

- The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.
- The Council met the OLG benchmark for the current reporting period which is a reflection of sound debt recovery procedures at the Council.
- The rates and annual charges outstanding percentage has increased from the previous year and this relates to regulations limiting some Council debt recovery actions due to COVID-19.



Cash expense cover ratio

- This liquidity ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.
- The Council did not meet the OLG benchmark for the current reporting period.
- The decrease relates to the reduction in cash and cash equivalents held, due to Council's decision to use \$0.6 million of internally restricted cash to fund the real estate development during 2021, as opposed to taking out \$0.8 million of additional external borrowings (as originally budgeted).



Infrastructure, property, plant and equipment renewals

The Council renewed \$5.5 million of assets in the 2020-21 financial year, compared to \$7.4 million of assets in the 2019-20 financial year. The decrease is primarily due to completion of the new sewer treatment plan, which was finalised during the 2020-21 financial year.

OTHER MATTERS

Legislative compliance

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

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

Michael Kharzoo
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

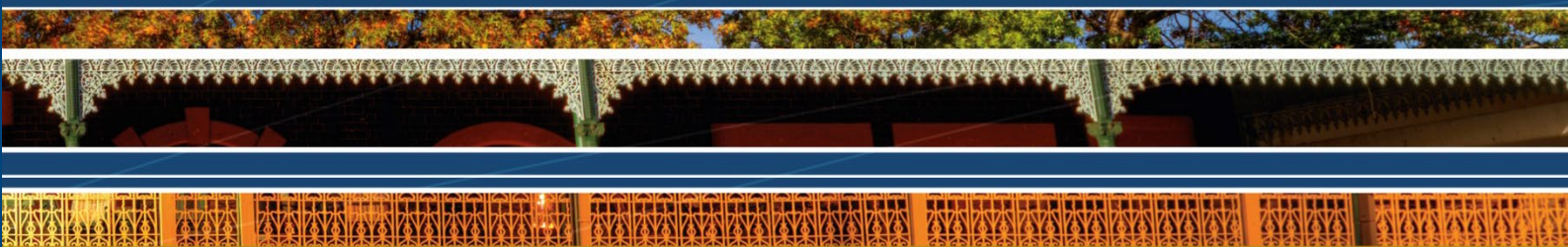
cc: James Davis, General Manager
Luke Taberner, Chief Financial Officer
Kiersten Fishburn, Secretary of the Department of Planning, Industry and Environment



JUNEE SHIRE COUNCIL

SPECIAL PURPOSE FINANCIAL STATEMENTS

For the year ended 30 June 2021



Special Purpose Financial Statements

for the year ended 30 June 2021

Contents	Page
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Statement of Financial Position of sewerage business activity	5
Note – Significant Accounting Policies	6
Auditor's Report on Special Purpose Financial Statements	9

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).

Junee Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2021

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

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

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

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

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

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

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



Cr Neil Smith

Mayor

21 September 2021



Cr Matt Austin

Councillor

21 September 2021



James Davis

General Manager

21 September 2021



Luke Taberner

Responsible Accounting Officer

21 September 2021

Junee Shire Council

Income Statement of sewerage business activity

for the year ended 30 June 2021

\$ '000	2021	2020
Income from continuing operations		
Access charges	780	710
User charges	360	382
Grants and contributions provided for non-capital purposes	–	18
Interest	9	18
Other income	26	2
Total income from continuing operations	1,175	1,130
Expenses from continuing operations		
Employee benefits and on-costs	265	211
Borrowing costs	120	122
Materials and services	898	404
Depreciation, amortisation and impairment	278	190
Loss on sale of assets	604	–
Other expenses	3	14
Total expenses from continuing operations	2,168	941
Surplus (deficit) from continuing operations before capital amounts	(993)	189
Grants and contributions provided for capital purposes	541	2,458
Surplus (deficit) from continuing operations after capital amounts	(452)	2,647
Surplus (deficit) from all operations before tax	(452)	2,647
Less: corporate taxation equivalent [based on result before capital]	–	(52)
Surplus (deficit) after tax	(452)	2,595
Plus accumulated surplus	9,804	7,157
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	–	52
Closing accumulated surplus	9,352	9,804
Return on capital %	(4.7)%	2.9%
Subsidy from Council	1,149	–
Calculation of dividend payable:		
Surplus (deficit) after tax	(452)	2,595
Less: capital grants and contributions (excluding developer contributions)	(541)	(2,458)
Surplus for dividend calculation purposes	–	137
Potential dividend calculated from surplus	–	69

Junee Shire Council

Statement of Financial Position of sewerage business activity

as at 30 June 2021

\$ '000	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	1,200	1,428
Receivables	126	125
Total current assets	1,326	1,553
Non-current assets		
Infrastructure, property, plant and equipment	18,517	10,885
Capital work in progress	–	7,815
Total non-current assets	18,517	18,700
Total assets	19,843	20,253
LIABILITIES		
Current liabilities		
Borrowings	55	53
Total current liabilities	55	53
Non-current liabilities		
Borrowings	2,643	2,698
Total non-current liabilities	2,643	2,698
Total liabilities	2,698	2,751
Net assets	17,145	17,502
EQUITY		
Accumulated surplus	9,353	9,804
Revaluation reserves	7,792	7,698
Total equity	17,145	17,502

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)

Nil

Category 2

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

Junee Sewerage Service

Comprising the activities and net assets of Council's Sewerage Reticulation & Treatment Operations servicing the town of Junee.

Taxation equivalent charges

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

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

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

Notional rate applied (%)

Corporate income tax rate – 27.5%

Note – Significant Accounting Policies (continued)

Land tax – the first \$692,000 of combined land values attracts **0%**. For the combined land values in excess of \$692,001 up to \$4,231,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$4,231,000 a premium marginal rate of **2.0%** applies.

Payroll tax – **5.45%** on the value of taxable salaries and wages in excess of \$850,000.

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 DoI – Water guidelines as a ‘dividend for taxation equivalent’, may be applied for any purpose allowed under the *Local Government Act, 1993*.

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

Income tax

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

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

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

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

Note – Significant Accounting Policies (continued)

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

Junee Shire Council

To the Councillors of the Junee Shire Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. 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 'M. Kharzoo', with a stylized flourish at the end.

Michael Kharzoo
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

22 October 2021
SYDNEY



JUNEE SHIRE COUNCIL

SPECIAL SCHEDULES

For the year ended 30 June 2021



Junee Shire Council

Special Schedules

for the year ended 30 June 2021

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Junee Shire Council

Permissible income for general rates

\$ '000	Notes	Calculation 2020/21	Calculation 2021/22
Notional general income calculation ¹			
Last year notional general income yield	a	4,059	4,185
Plus or minus adjustments ²	b	21	34
Notional general income	c = a + b	4,080	4,219
Permissible income calculation			
Or rate peg percentage	e	2.60%	2.00%
Or plus rate peg amount	i = e x (c + g)	106	84
Sub-total	k = (c + g + h + i + j)	4,186	4,303
Plus (or minus) last year's carry forward total	l	3	2
Sub-total	n = (l + m)	3	2
Total permissible income	o = k + n	4,189	4,305
Less notional general income yield	p	4,185	4,304
Catch-up or (excess) result	q = o - p	4	1
Less unused catch-up ⁵	s	(2)	—
Carry forward to next year ⁶	t = q + r - s	2	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.
- (5) Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- (6) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the *Local Government Act 1993*. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Junee Shire Council

Page 8 of 9

To the Councillors of Junee Shire Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Junee 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 'M. Kharzoo', with a stylized flourish at the end.

Michael Kharzoo
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

22 October 2021
SYDNEY

Junee 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	Council offices / Administration Centres	7	7	44	69	933	2,368	0.0%	10.1%	89.9%	0.0%	0.0%
	Council Works Depot	16	16	44	26	371	1,497	0.0%	9.4%	31.5%	43.8%	15.3%
	Council Public Halls	416	416	59	146	2,306	3,896	17.1%	0.0%	0.0%	82.9%	0.0%
	Council Houses	—	—	13	15	422	685	42.3%	16.1%	0.0%	41.6%	0.0%
	Museum	12	12	37	15	380	2,311	3.1%	0.0%	0.0%	96.9%	0.0%
	Library	—	—	24	5	872	1,274	0.0%	100.0%	0.0%	0.0%	0.0%
	Amenities/Toilets	31	31	62	24	1,636	3,163	0.3%	63.0%	35.2%	1.5%	0.0%
	Swimming Pool	34	34	53	26	1,337	2,055	0.0%	100.0%	0.0%	0.0%	0.0%
	Recreation Centre	37	37	104	1,142	2,668	5,773	6.4%	0.0%	91.7%	0.0%	1.9%
	Other	90	90	31	—	184	1,736	92.4%	4.1%	0.0%	2.4%	1.1%
	Sub-total	643	643	471	1,468	11,109	24,758	12.2%	23.8%	36.4%	26.2%	1.4%
Other structures	Other structures	173	173	138	135	3,593	3,588	42.4%	30.6%	12.9%	11.7%	2.4%
	Sub-total	173	173	138	135	3,593	3,588	42.4%	30.6%	12.9%	11.7%	2.4%
Roads	Roads	—	—	—	—	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Unsealed roads	46	46	78	262	9,984	11,302	9.2%	86.1%	3.9%	0.8%	0.0%
	Bridges	150	150	56	—	4,758	7,751	0.0%	72.0%	25.4%	2.6%	0.0%
	Footpaths	99	99	127	50	1,821	2,913	3.7%	60.3%	27.9%	8.1%	0.0%
	Sealed Roads Surface	29	29	722	185	6,300	12,183	35.6%	60.3%	3.9%	0.1%	0.1%
	Sealed Roads Structure	881	881	511	500	50,748	70,764	34.2%	40.9%	24.9%	0.0%	0.0%
	Kerb & Gutter	489	489	149	49	4,846	9,619	11.5%	35.0%	41.5%	12.0%	0.0%
	Other road assets (incl. bulk earth works)	—	—	—	—	—	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	1,694	1,694	1,643	1,046	78,457	114,532	26.9%	49.5%	22.1%	1.5%	0.0%
Sewerage network	Mains	2,417	2,417	117	154	8,422	16,430	31.5%	5.4%	5.7%	57.3%	0.1%
	Treatment	197	197	115	267	8,803	11,273	68.1%	19.1%	12.8%	0.0%	0.0%
	Effluent Reuse	33	33	14	692	1,291	1,506	29.1%	0.0%	70.9%	0.0%	0.0%
	Other	—	—	—	—	1	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	2,647	2,647	246	1,113	18,517	29,209	45.5%	10.4%	11.8%	32.2%	0.1%

Junee 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
Stormwater drainage	Pipes/Culverts	23	23	140	33	2,218	4,324	0.9%	95.0%	2.4%	1.7%	0.0%
	Urban Drainage Infrastructure	166	166	42	21	7,837	12,922	14.8%	67.6%	15.6%	2.0%	0.0%
	Sub-total	189	189	182	54	10,055	17,246	11.3%	74.5%	12.3%	1.9%	0.0%
Total – all assets		5,346	5,346	2,680	3,816	121,731	189,333	26.7%	42.0%	21.3%	9.7%	0.2%

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

Infrastructure asset condition assessment 'key'

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

Junee Shire Council

Report on infrastructure assets as at 30 June 2021

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2021	Indicator 2021	Indicators 2020 2019		Benchmark
Buildings and infrastructure renewals ratio					
Asset renewals ¹	3,881	144.54%	77.69%	53.88%	>= 100.00%
Depreciation, amortisation and impairment	2,685				
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	5,346	4.39%	3.36%	2.27%	< 2.00%
Net carrying amount of infrastructure assets	121,731				
Asset maintenance ratio					
Actual asset maintenance	3,816	142.39%	547.36%	406.34%	> 100.00%
Required asset maintenance	2,680				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	5,346	2.82%	2.13%	1.42%	
Gross replacement cost	189,333				

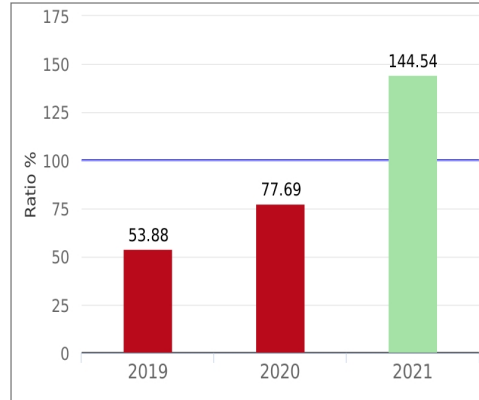
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

Junee 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 144.54%

Council's Buildings and infrastructure renewals ratio has increased from 77.69% to 144.54% largely due to the completion of the Sewer Treatment Plant works.

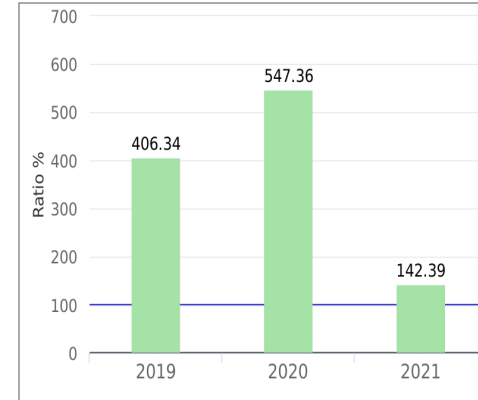
Benchmark: — $\geq 100.00\%$

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 142.39%

An asset maintenance ratio of 142.39% is considered adequate and demonstrates Council's continued focus on asset maintenance.

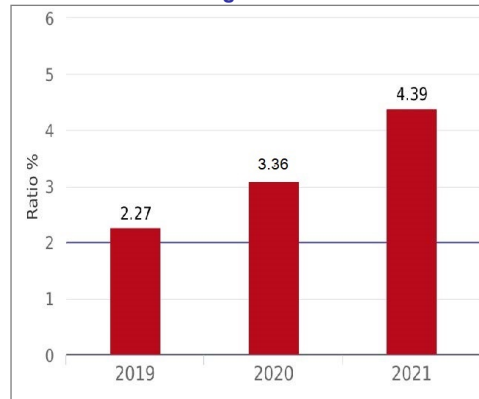
Benchmark: — $> 100.00\%$

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 4.39%

Junee Shire Council focuses on asset management to provide a more accurate indication of the estimated costs to bring assets to a satisfactory standard.

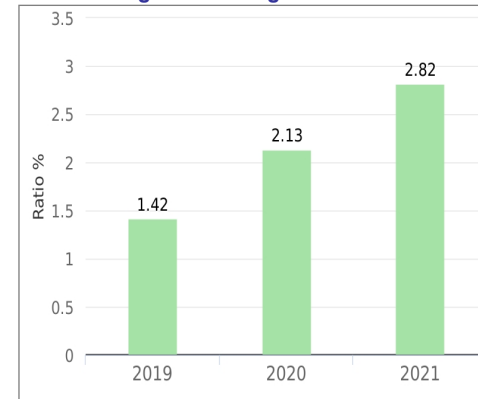
Benchmark: — $< 2.00\%$

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 2.82%

Junee Shire Council continues to focus on providing a more accurate indication of estimated costs to bring assets to a satisfactory standard.

Junee Shire Council

Report on infrastructure assets as at 30 June 2021

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Sewer fund		Benchmark
	2021	2020	2021	2020	
Buildings and infrastructure renewals ratio					
Asset renewals ¹					
Depreciation, amortisation and impairment	161.24%	84.01%	0.00%	0.00%	>= 100.00%
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard					
Net carrying amount of infrastructure assets	2.61%	1.94%	14.29%	16.20%	< 2.00%
Asset maintenance ratio					
Actual asset maintenance					
Required asset maintenance	111.05%	556.42%	452.44%	520.30%	> 100.00%
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council					
Gross replacement cost	1.69%	1.24%	9.06%	9.28%	

(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.