



Planning,  
Industry &  
Environment



Office of  
Local Government

## ***Hit the ground running***

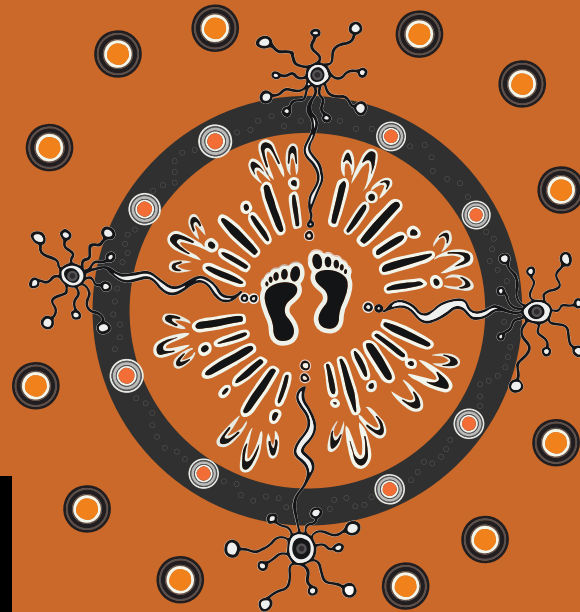
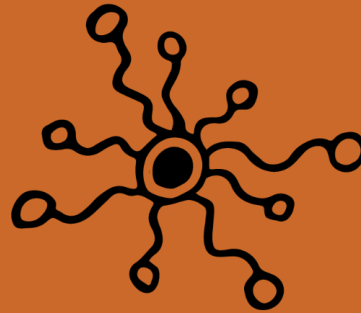
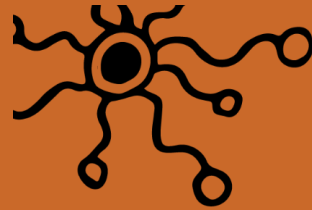
---

**Webinar 5 – The governing body and financial management of councils**

Ally Dench, Executive Director, Local Government, Office of Local Government

Carmen Ridley, Principal and Director, Australian Financial Reporting Solutions

Jasmine Osborne, Policy Sector Development, Office of Local Government



**Welcome**

Acknowledgement of Country

# Housekeeping

- Cameras on, microphones muted
- Time for questions after presentations
- Post questions in Team chat, or raise hand during question time
- Closed captions available
  - click on the 3 dots at the top of your screen
  - bring up the drop down list of options
  - click on 'Turn on live captions'
- If the sound or video is breaking up
  - exit the webinar and re-join
  - turn off video
- Presentation is being recorded





# A message from Wendy Tuckerman, Minster for Local Government





# Overview

---

Role of OLG

---

Principles of sound financial management

---

Financial responsibilities of Councillors

---

Internal v External Reporting

---

Budget process / monitoring / QBRS

---

Financial reporting / 2022 sign-off

---

ARIC / Audit process / Internal v External Audit

---

Overview of some key aspects of the financial statements



# Office of Local Government

**01 Provide advice  
and information**

**Prepare  
legislation 02**

Lead agency responsible  
for delivery of NSW  
Government's program  
to strengthen local  
government.

**03 Regulate financial  
management**

**Improve local  
government  
performance 04**





# Principles of sound financial management

Councils are legislatively responsible to follow sound financial management principles, such as:

- » Council spending should be responsible and sustainable, aligning general revenue and expenses.
- » Councils should invest in responsible and sustainable infrastructure for the benefit of the local community.
- » Councils should have effective financial and asset management, including sound policies and processes for:
  - performance management and reporting
  - asset maintenance and enhancement
  - funding decisions
  - risk management practices.
- » Councils should have regard to achieving intergenerational equity, ensuring:
  - policy decisions are made after considering their financial effects on future generations
  - the current generation funds the cost of its services.





# Councillor responsibility in relation to financial management

The responsibility and accountability for the financial management of a council rests with the governing body.

Responsibilities in relation to the financial management of councils include:

- Ensure Financial sustainability of the council
- Rating and revenue policy and operational plans that support the optimal allocation of the council's resources to implement the strategic plans for the benefit of the local area
- Review council performance, including service delivery.





# Internal v external reporting

## Management accounts and other monthly financial information

- Internal reporting purposes
- Forward looking to help facilitate decision making
- Timeliness rather than precision
- Information often disaggregated into components of the business.

## Statutory financial statements

- External reporting
- Summary of past transactions
- Precision
- Compliance with Accounting Standards
- Reporting on the entity as a whole
- Audited



# Internal financial information


What information do you currently receive on a monthly / quarterly basis?

- Is it sufficient and appropriate to enable you to make relevant decisions?
- Could the information be streamlined?
- Is there other reports that could be useful?
- Do you get the opportunity to ask questions of the relevant managers?




# Tips for review of monthly financial information

- Context is helpful e.g. compare against a prior period or budget
- Can you answer the following:
  - What has changed from prior period?
  - Is this expected?
  - Which areas of the financial information have changed significantly? Why?
  - Does anything need to be changed to get things back on track?
  - Does this financial information reflect what you know has been happening within Council – does it tell the financial story?




# Quarterly budget review statement (QBRS) purpose


Provide fair and reasonable information to Councillors and the community in respect to the budget



Report on the impacts of any recommended changes with respect to the management plan / operational plan including potential impacts on goals, objectives and strategies contained in the plan and delivery program



Indicate how council is tracking against its original budget as set out in its management plan / operational plan.





# How QBRS assists Councillors

By providing:

- a consistent approach to budget review
- an overall understanding of the projected year end results
- an ability to make decisions regarding budget changes with full knowledge of implications on management / operational plan and council's expected financial position as well as any impact on delivery of services.



# Budget process

- Budget process should be robust – significant governance responsibility
- Delegating authority to General Managers to spend for planned activities and setting targets for income generation
- How is budget developed – is there a documented process?



# Budget monitoring

- How are variances against budget tracked and by whom?
- Does the explanation for the variance make sense?
  - Consistent with your expectation based on Council meetings during the year?
- How often is this information provided to you?
- How is this information provided to you?
  - Written commentary
  - % or raw \$
- How often do you catch up with the responsible parties for each activity?
- Should there have been a variance?







# Council annual financial statements

- Council is a tax setting entity
  - Custodian of public money
- Publicly accountable
- Highest level of financial information to be provided to users
  - General purpose Tier 1 financial statements
- Who are users?

# Code of Accounting Practice and Financial Reporting

Financial statement template used by Councils provided by OLG – prescribed documents within the LG Act.

- Sets out mandatory accounting policies
- Required notes, and
- Appropriate presentation

OLG Code

- Updated annually for changes and best practice through a consultative group
- Training performed when the Code is released
- Latest version on OLG website

- Facilitates the practical, consistent and effective implementation of Accounting Standards across all NSW Councils
- Provide guidance on common accounting issues and new accounting standards



# What do Council have to say about the annual financial statements?

Council is required to sign a declaration which states whether or not:

- a. the Council's annual financial statements have been drawn up in accordance with:
  - i. The Act and associated Regulations
  - ii. The Code and the Manual
  - iii. The Australian Accounting Standards issued by the AASB;
- b. the statements present fairly the council's financial position and operating result for the year;
- c. the statements accord with the council's accounting and other records; and
- d. the signatories know of anything that would make those statements false or misleading in any way.



# How financial literate do Councillors have to be?

All directors must carefully read and understand financial statements before they form the opinions which are to be expressed in the declaration

Sufficient financial literacy and knowledge of the entity's financial position

Must apply that literacy and knowledge to review the financial statements with due care and diligence

Each director has this duty  
Cannot ONLY rely on management, auditors, other directors  
(e.g. audit committee)

Professional scepticism – evidence of questioning management and auditor.  
Anything that seems unusual or of concern

Review manner, extent and timing of the information provided by management

Have you got confidence in the integrity of the outputs of the financial management systems?



# Signing 2022 financial statements

Councils elected in December 2021 will be required to provide the declarations in relation to the financial reporting year 1 July 2021 – 30 June 2022.

- How will you obtain an understanding of the Council's operations, balances and transactions during the reporting period?
- Who will develop an appropriate communication process?
- Financial statements to be submitted to Office of Local Government by 31 October 2022.

# Questions you should be asking when reviewing financial statements

- When reviewing financial statements, there are a number of questions which you need to be able to answer prior to signing off the financial statements
- Code webinar will cover specific analysis of particular notes - this session will consider high level questions and certain aspects of the financial statements.



# General questions

1. Are the systems and controls in place adequate to ensure that financial information is recorded accurately?
  - How does management ensure there have been no major breakdowns in internal controls?
2. What are the differences between management reporting and the statutory financial statements?
3. What are the major reasons for changes in the current year financial statements compared to prior year?
4. Have there been any significant changes to accounting standards which have affected the financial position or performance?





# General questions continued

5. Which areas in the financial statements are subject to a higher degree of subjectivity, discretion or judgement and have these areas been appropriately scrutinised?
6. What are the major events and transactions which have occurred during the year and how have they been represented in the financial statements?
7. Is there any information you are aware of which is not reflected in the financial statements?
8. Will the external auditors be attending the Council meeting where the financial statements and audit reports are presented?

# Income Statement for the year ended 30 June 2022

# Income Statement

Original unaudited budget 2022 \$'000		Notes	Actual 2022 \$'000	Actual 2021 \$'000
	<b>Income from continuing operations</b>			
53,967	Rates and annual charges	B2-1	54,259	53,108
31,852	User charges and fees	B2-2	34,926	29,505
1,583	Other revenues	B2-3	2,145	2,222
23,896	Grants and contributions provided for operating purposes	B2-4	31,287	30,018
10,403	Grants and contributions provided for capital purposes	B2-4	5,082	11,376
2,333	Interest and investment income	B2-5	3,127	2,925
-	Other income	B2-6	-	-
-	Net gain from the disposal of assets	B4-1	-	-
<b>124,034</b>	<b>Total income from continuing operations</b>		<b>130,826</b>	<b>129,154</b>
	<b>Expenses from continuing operations</b>			
38,956	Employee benefits and on-costs	B3-1	39,437	39,135
37,424	Materials and services	B3-2	24,025	29,714
8,487	Borrowing costs	B3-3	8,619	9,163
35,137	Depreciation, amortisation and impairment of non-financial assets	B3-4	41,972	36,173
5,124	Other expenses	B3-5	4,529	3,714
-	Net loss from the disposal of assets	B4-1	13,809	11,217
<b>125,128</b>	<b>Total expenses from continuing operations</b>		<b>132,391</b>	<b>129,116</b>
<b>(1,094)</b>	<b>Operating result from continuing operations</b>		<b>(1,565)</b>	<b>38</b>
-	<b>Operating result from discontinued operations</b>	D3	-	-
<b>(1,094)</b>	<b>Net operating result for the year attributable to Council</b>		<b>(1,565)</b>	<b>38</b>
<b>(11,497)</b>	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>(6,647)</b>	<b>(11,338)</b>

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





# Income statement

- How do revenue and expenses compare to budget and prior year?
  - Is this consistent with other information received by Councillors?
- Are there any 'one-off' items which may have distorted the result for the year?
- What are the major sources of revenue and significant expenses?

# Statement of Financial Position

Notes  
**2022**  
 \$'000  
 2021  
 \$'000  
 Restated  
 1 July  
 2020  
 \$'000

## ASSETS

### Current assets

Cash and cash equivalents	C1-1	12,666	10,802
Investments	C1-2	61,000	58,005
Receivables	C1-4	16,793	17,178
Inventories	C1-5	1,276	1,576
Contract assets and contract cost assets	C1-6	977	412
Other		418	296
Non-current assets classified as held for sale	C1-7	-	7,592
<b>Total current assets</b>		<b>93,130</b>	<b>95,852</b>

### Non-current assets

Investments	C1-2	28,015	16,004
Receivables	C1-4	765	632
Inventories	C1-5	140	209
Contract assets and contract cost assets	C1-6	-	-
Infrastructure, property, plant and equipment (IPPE)	C1-8	2,009,896	2,078,710
Investment property	C1-9	-	-
Intangible assets	C1-10	319	628
Right of use assets	C2-1	2,083	2,474
Investments accounted for using equity method	D2-	42	47
<b>Total non-current assets</b>		<b>2,041,260</b>	<b>2,098,704</b>
<b>Total assets</b>		<b>2,134,390</b>	<b>2,194,565</b>

## LIABILITIES

### Current liabilities

Payables	C3-1	11,427	9,452
Contract liabilities	C3-2	4,406	3,477
Lease liabilities	C2-1	364	337
Borrowings	C3-3	6,194	5,810
Employee benefit provisions	C3-4	10,088	10,019
Provisions	C3-5	-	-
<b>Total current liabilities</b>		<b>32,479</b>	<b>29,095</b>

### Non-current liabilities

Payables	C3-1	-	-
Contract liabilities	C3-2	801	1,573
Lease liabilities	C2-1	1,921	2,285
Borrowings	C3-3	108,051	123,919
Employee benefit provisions	C3-4	3,004	2,423
Provisions	C3-5	6,254	6,398
<b>Total non-current liabilities</b>		<b>120,031</b>	<b>136,598</b>
<b>Total liabilities</b>		<b>152,510</b>	<b>165,693</b>
<b>Net assets</b>		<b>1,981,880</b>	<b>2,028,872</b>

## EQUITY

Accumulated surplus		845,858	847,423
IPPE revaluation reserve	C4-1	1,136,022	1,181,449
Other reserves (specify)	C4-1	-	-
<b>Total equity</b>		<b>1,981,880</b>	<b>2,028,872</b>





# Balance sheet - assets

- What controls are place to ensure that assets recorded actually exist?
- Are there any assets where the control or ownership is in dispute?
- Were any assets revalued during the year?
  - Was the valuation an external or internal revaluation?
  - What was the quantum of the change?
  - For any assets which weren't revalued, how do we know they are being reflected at their fair value?



# Balance sheet - liabilities

- What controls are in place to ensure that all liabilities are recorded on the balance sheet?
- Are there likely to be any concerns with paying debts as and when they fall due?
- Are the levels of provisions adequate?
  - Significant judgement involved
- Are balances moving as expected, for example:
  - Superannuation payable should clear quarterly
  - Income in advance increases when grant funding received and drops when funding is expended.

# Statement of cash flows

Original  
unaudited  
budget 2022  
\$'000

Notes

Actual  
2022  
\$'000

Actual  
2021  
\$'000

## Cash flows from operating activities

### Receipts:

53,861	Rates and annual charges	54,339	53,022
31,262	User charges and fees	35,058	29,020
2,504	Interest received	3,127	2,925
35,377	Grants and contributions	36,566	38,192
-	Bonds, deposits and retentions received	-	-
2,116	Other (specify if material)	2,140	2,228

### Payments:

(38,935)	Payments to employees	(38,787)	(38,575)
(29,895)	Payments for materials and services	(22,508)	(31,165)
(8,534)	Borrowing costs	(8,619)	(9,163)
-	Bonds, deposits and retentions refunded	-	-
(12,912)	Other (specify if material)	(4,259)	(3,560)

**Net Cash flows from operating activities**

G1-1

**57,057**      **42,924**

## Cash flow from investing activities

### Receipts:

7,373	Proceeds from sale of PPE	4,612	564
-	Sale of investment property	-	-
-	Redemption of term deposits	-	-
-	Sale of investments	-	-
-	Other (specify if material)	-	-

### Payments:

(40,973)	Payments for PPE	(23,381)	(37,820)
-	Purchase of intangible assets	(232)	(74)
-	Purchase of investment property	-	-
-	Acquisition of term deposits	(2,885)	(3,580)
-	Purchase of investments	-	-
-	Other (specify if material)	-	-

**Net Cash flows from investing activities**

**(27,098)**      **(40,490)**

## Cash flow from financing activities

### Receipts:

-	Proceeds from borrowings	-	-
-	Other (specify if material)	-	-

### Payments:

(6,625)	Repayment of borrowings	(27,490)	(1,938)
-	Principal component of lease payments	(337)	(222)
-	Other (specify if material)	-	-

**Net Cash flows from financing activities**

**(27,827)**      **(2,160)**

**Net change in cash and cash equivalents**

**1,884**      **274**

**Cash and cash equivalents at beginning of year**

**10,802**      **10,528**

**Cash and cash equivalents at end of year**

**12,686**      **10,802**

C1-1

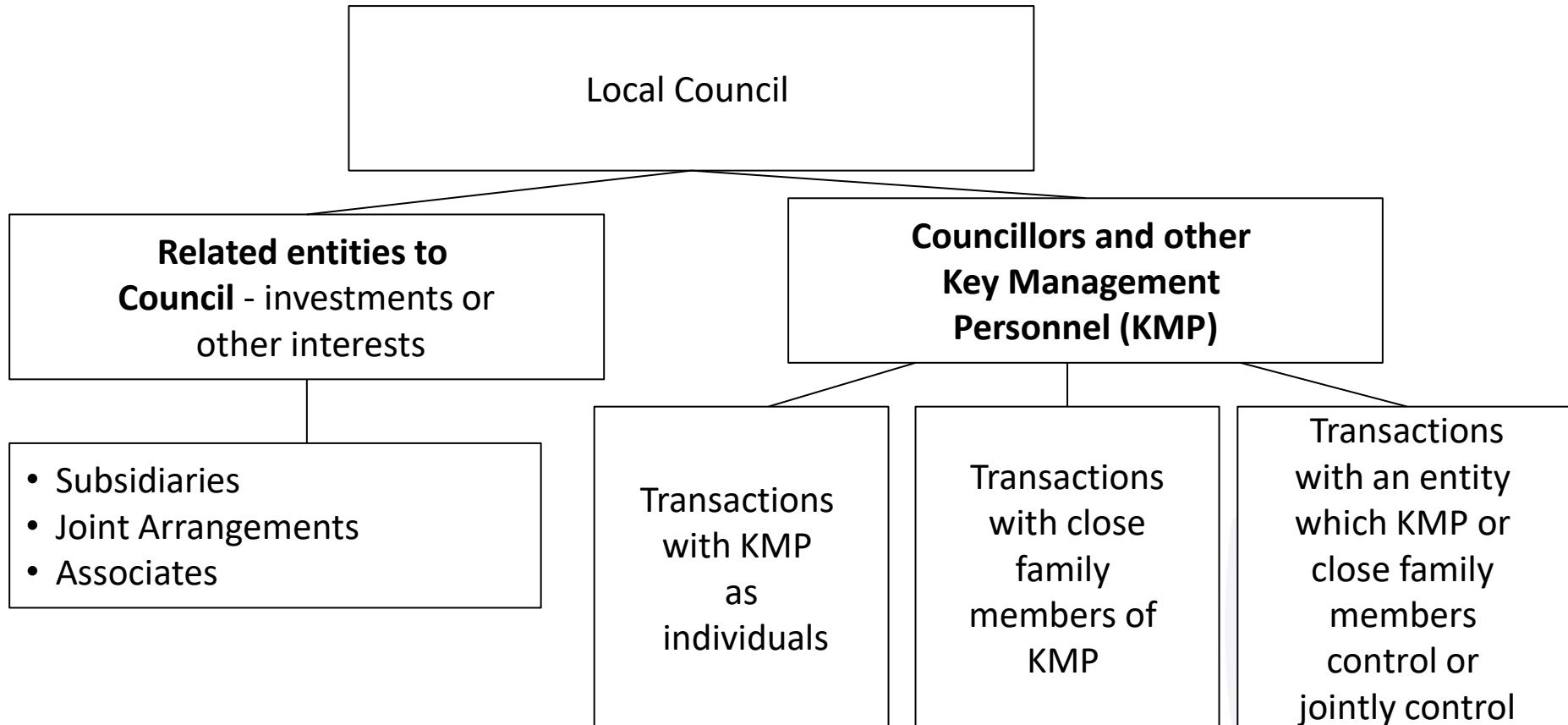




# Solvency and Going Concern

- Has a detailed cash flow forecast for the following year been prepared and reviewed by executive management?
- What are the major assumptions underlying cash flow forecast and are all loan repayments and capital commitments included?
- How do management determine that there has been no breaches of terms and conditions imposed by loan or other agreements (such as grants)?

# Related party disclosure reminders: Council's related parties



KMP - those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly.

# Key management personnel / Councillor and Mayoral fees

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

Compensation	2022 \$'000	2021 \$'000
Short-term benefits	1,387	1,357
Post-employment benefits	89	57
Other long-term benefits	64	61
Termination benefits	-	-
<b>Total</b>	<b>1,540</b>	<b>1,475</b>

## Other transactions with KMP and their related parties

NSW Council has determined that transactions at arm's length between KMP and NSW 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 \$'000	Outstanding balances including commitments \$'000	Terms and conditions	Impairment provision on outstanding balances \$'000	Impairment expense \$'000
<b>2022</b>					
Cleaning services (i)	220	43	14 days	-	-
Heavy machinery (ii)	357	2	14 days	-	-
<b>2021</b>					
Holiday Park management fees (iii)	447	-	14 days	-	-

(i) NSW Council entered into a 3-year contract in 2022 with CleanMyOffice Limited, a company which is controlled by a member of the KMP of Council. The total contract value is \$660,000 and the contract was awarded through a preferred supplier arrangement based on market rates for these services. Amounts are payable on a quarterly basis for the duration of the contract.

(ii) NSW Council purchased earthmoving services and plant hire during the year from a company that has a close family member of NSW Council's KMP as a major shareholder. Amounts were billed based on normal rates for such supplies and were due and payable under normal payment terms following NSW Council's procurement processes.





# Audit opinion

- Reasonable assurance that financial statements:
  - ‘are not materially misstated’
  - ‘present fairly the financial position, performance and cash flows’
- Financial statements were prepared in accordance with Australian Accounting Standards
- Auditor has gathered sufficient evidence to give an opinion on the statements
- Auditor is independent of the entity being audited
- Auditor has followed the auditing standards.



# Audit does not...

- Take responsibility for the financial statements
- Agree every transaction that has occurred during the period
- Provide a guarantee that Council will continue into the future
- Ensure that all monies has been spent efficiently, effectively and economically
- Ensure that monies have been applied in accordance with budget
- Provide an opinion on the operations of Council
- Hunt for all frauds that may have occurred
- Provide assurance or comfort on the performance of staff



# Questions for external auditors

- What were the high risk areas identified by audit?
- Has the auditor identified any significant deficiencies in internal controls?
  - If so, what action is required by Council?
- What opinion will the auditor be issuing?
- Can the auditor confirm that they have had full cooperation and open discussions with executives?



# Audit, Risk and Improvement Committee (ARIC)

- ARIC is mandatory for all Councils from June 2022 – cover following aspects of council operations:
  - Compliance
  - Risk management
  - Fraud control
  - Financial management, governance
  - IP&R implementation
  - Performance measurement data collection
  - Any other matters prescribed by the regulations
- Can financial responsibilities be delegated to ARIC?





# Role of the internal auditor

- Assists Audit, Risk and Improvement Committee (ARIC) by providing independent and objective monitoring and oversight over:
  - internal corporate governance;
  - risk management;
  - internal control and;
  - compliance
- Internal audit scope set by ARIC

Assurance services –  
opinion / conclusion on  
process or system

Consulting services to  
provide objective advice on  
particular matter



# Questions for internal auditors

Once the internal audit function is operational, Councillor should understand:

- Which operations have been reviewed by internal audit and did any areas receive an unsatisfactory rating?
  - If so, what actions have been taken to rectify the issues?
- Do any matters raised by internal audit cause concerns about the integrity of the financial reporting systems?



# Deeper dive into the financial statements

- Focus on some key aspects of the financial statements
- Not a complete review of all content
- Primary statements
- Notes to the financial statements

**Contents for the notes to the Financial Statements for the year ended 30 June 2022**

<b>A. About Council and these financial statements</b> .....	<b>19</b>
A1-1 Basis of preparation .....	19
<b>B. Financial Performance</b> .....	<b>23</b>
<b>B1. Functions or activities</b> .....	<b>23</b>
B1-1 Functions or activities – income, expenses and assets .....	23
B1-2 Components of functions or activities .....	24
<b>B2. Sources of income</b> .....	<b>25</b>
B2-1 Rates and annual charges .....	25
B2-2 User charges and fees .....	26
B2-3 Other revenue .....	27
B2-4 Grants and contributions .....	28
B2-5 Interest and investment income .....	32
B2-6 Other income .....	32
<b>B3. Costs of providing services</b> .....	<b>33</b>
B3-1 Employee benefits and on-costs .....	33
B3-2 Materials and services .....	33
B3-3 Borrowing costs .....	34
B3-4 Depreciation, amortisation and impairment of non-financial assets .....	34
B3-5 Other expenses .....	35
<b>B4. Gains or losses</b> .....	<b>37</b>
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets .....	37
<b>B5. Performance against budget</b> .....	<b>38</b>
B5-1 Material budget variations .....	38
<b>C. Financial position</b> .....	<b>39</b>
<b>C1. Assets we manage</b> .....	<b>39</b>
C1-1 Cash and cash equivalents .....	39
C1-2 Financial investments .....	40
C1-3 Restricted and allocated cash, cash equivalents and investments .....	42
C1-4 Receivables .....	43
C1-5 Inventories .....	45
C1-6 Contract assets and Contract cost assets .....	47
C1-7 Non-current assets classified as held for sale .....	49
C1-8 Infrastructure, property, plant and equipment .....	50
C1-9 Investment properties .....	55
C1-10 Intangible assets .....	56
<b>C2. Leasing activities</b> .....	<b>57</b>
C2-1 Council as lessee .....	57
C2-2 Council as lessor .....	59
<b>C3. Liabilities of Council</b> .....	<b>62</b>
C3-1 Payables .....	62

C3-2 Contract Liabilities .....	63
C3-3 Borrowings .....	64
C3-4 Employee benefit provisions .....	63
C3-5 Provisions .....	67
<b>C4. Reserves</b> .....	<b>70</b>
C4-1 Nature and purpose of reserves .....	70
<b>D. Council structure</b> .....	<b>71</b>
<b>D1. Results by Fund</b> .....	<b>71</b>
D1-1 Income statement by fund .....	71
D1-2 Statement of financial position by fund .....	72
D1-3 Details of internal loans .....	73
<b>D2. Interests in other entities</b> .....	<b>74</b>
D2-1 Subsidiaries .....	74
D2-2 Interests in joint arrangements .....	74
D2-3 Interests in associates .....	77
<b>D3. Discontinued Operations</b> .....	<b>80</b>
<b>E. Risks and accounting uncertainties</b> .....	<b>81</b>
E1-1 Risks relating to financial instruments held .....	81
E2-1 Fair value measurement .....	85
E3-1 Contingencies .....	89
<b>F. People and relationships</b> .....	<b>91</b>
<b>F1. Related party disclosures</b> .....	<b>91</b>
F1-1 Key management personnel (KMP) .....	91
F1-2 Councillor and Mayor fees .....	91
F1-3 Other related parties .....	92
<b>F2. Other relationships</b> .....	<b>92</b>
F2-1 Audit fees .....	92
<b>G. Other matters</b> .....	<b>93</b>
G1-1 Statement of Cash Flows information .....	93
G2-1 Commitments .....	94
G3-1 Events occurring after reporting date .....	95
<b>G4. Changes from prior year statements</b> .....	<b>96</b>
G4-1 Changes in accounting policy .....	96
G4-2 Correction of errors .....	97
G4-3 Changes in accounting estimates .....	98
<b>G5. Statement of developer contributions</b> .....	<b>99</b>
G5-1 Summary of developer contributions .....	99
G5-2 Developer contributions by plan – Plan xx .....	99
G5-3 Contributions not under plans .....	99
<b>G6. Statement of performance measures</b> .....	<b>101</b>
G6-1 Statement of performance measures – consolidated results .....	101
G6-2 Statement of performance measures by fund .....	102



# Basis of preparation: Accounting estimates and judgements

## *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*

NSW 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. fair values of investment properties – refer Note C1-9
- ii. fair values of infrastructure, property, plant and equipment – refer Note C1-8
- iii. tip remediation provisions – refer Note C3-5
- iv. employee benefit provisions – refer Note C3-4.

## *Significant judgements in applying the council's accounting policies*

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

# Restricted cash and investments

## a) Externally restricted cash, cash equivalents and investments

	2022 \$'000	2021 \$'000
Total cash, cash equivalents and investments	101,681	84,811
Less: Externally restricted cash, cash equivalents and investments	(39,393)	(32,882)
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>62,288</b>	<b>51,929</b>

### External restrictions

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

Water fund	13,206	11,674
Sewer fund	2,097	2,358
<i>Developer contributions:</i>		
General fund	4,956	4,134
Water fund	2,928	2,682
Sewer fund	4,004	3,220
<i>Specific purpose unexpended grants:</i>		
General	-	-
Water fund	-	-
Sewer fund	-	-
Transport for NSW contributions	-	-
Domestic waste management	1,427	1,186
Stormwater management	2,773	2,418
Other (specify if material)	8,002	5,210
<b>Total external restrictions</b>	<b>39,393</b>	<b>32,882</b>

Cash, cash equivalents and investments subject to external restrictions are those which are only available for specific use by Council due to a restriction placed by legislation or third-party contractual agreement.

## b) Internal allocations

At 30 June, Council has internally allocated funds to the following:

<i>Insert nature of internal allocation</i>	-	-
<i>Insert nature of internal allocation</i>	-	-
<b>Total internal allocations</b>	<b>-</b>	<b>-</b>

Cash, cash equivalents and investments not subject to external restrictions may be internally allocated by resolution or policy of the elected Council.





# Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2021			Movements during year						At 30 June 2022		
	Gross carrying amount \$'000	Accum. depreciation and impairment \$'000	Net carrying amount \$'000	Renewals \$'000	New assets \$'000	Carrying value of disposals \$'000	Depreciation \$'000	Transfers \$'000	Revaluation increments/(decrements) \$'000	Gross carrying amount \$'000	Accum. depreciation and impairment \$'000	Net carrying amount \$'000
Capital WIP	7,349	-	7,349	1,728	13,218	-	-	(4,024)	-	18,271	-	18,271
Plant, equipment, furniture and fittings	45,418	(23,321)	22,097	2,155	177	(625)	(4,266)	-	-	47,125	(27,587)	19,538
Land	75,581	-	75,581	-	226	(355)	-	-	(8,637)	66,815	-	66,815
Land improvements	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure:												
- Buildings and other structures	173,989	(30,850)	143,139	211	915	(361)	(2,016)	1,822	4,139	180,715	(32,866)	147,849
- Roads, bridges and footpaths	788,197	(179,562)	608,435	5,256	1,240	5,516	16,572	-	18,026	808,416	196,334	612,082
- Other road assets (incl. Bulk earthworks)	181,008	-	181,008	144	1,166	-	-	-	3,592	185,910	-	185,910
- Stormwater drainage	203,962	(56,833)	147,129	512	298	(171)	(2,677)	-	5,903	210,504	(59,510)	150,994
- Water supply network	464,408	(56,605)	407,803	973	752	(1,144)	(5,771)	-	(44,474)	420,515	(62,376)	358,139
- Sewerage network	340,054	(42,114)	297,940	9	202	(2,395)	(7,829)	-	(29,960)	307,910	(49,943)	257,967
- Open space / recreational assets	54,002	(17,755)	36,247	665	380	(158)	(1,596)	47	2,087	57,023	(19,351)	37,672
- Other infrastructure	172,402	(26,723)	145,679	695	165	-	(1,459)	566	3,897	177,725	(28,182)	149,543
Other assets	7,409	(4,981)	2,428	272	58	(4)	(65)	-	-	7,735	(5,046)	2,689
Tip and quarry assets	6,435	(2,560)	3,875	-	(1,329)	-	(119)	-	-	5,106	(2,679)	2,427
<b>Totals</b>	<b>2,520,214</b>	<b>(441,504)</b>	<b>2,078,710</b>	<b>12,620</b>	<b>17,468</b>	<b>(10,729)</b>	<b>(42,370)</b>	<b>-</b>	<b>(45,427)</b>	<b>2,493,770</b>	<b>(483,874)</b>	<b>2,009,896</b>

# Key takeaways



- 1 Financial data is not just a task for your finance team – it is a source of information to support your decision making
- 2 Statutory financial statements tell the historical story of Council over the last 12 months
- 3 Role of external and internal auditors
- 4 Requirement for ARIC and internal audit
- 5 Existence and purpose of the OLG Code of Accounting Practice and Financial Reporting





# Resources available

## [OLG Website](#)

- Code of Accounting Practice and Financial Reporting
- QBRS guidelines

## [OLG Council portal](#)

- Webinar – Back to basics: Accounting and Financial Reporting
- Webinar – Detailed look at the Code of Accounting Practice and Financial Reporting
- Numerous accounting guidance documents

# Questions



# Thank you



Office of  
Local Government