

Coolamon Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2020



General Purpose Financial Statements

for the year ended 30 June 2020

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Overview

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

55 Cowabbie Street
COOLAMON NSW 2701

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 2(b).

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.coolamon.nsw.gov.au.

General Purpose Financial Statements
for the year ended 30 June 2020

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 15 October 2020.



John Seymour
Mayor
15 October 2020



Bruce Hutcheon
Councillor
15 October 2020



Tony Donoghue
General Manager
15 October 2020



Samantha Jennings
Responsible Accounting Officer
15 October 2020

Income Statement

for the year ended 30 June 2020

Original unaudited budget 2020	\$ '000	Notes	Actual 2020	Actual 2019
Income from continuing operations				
3,577	Rates and annual charges	3a	3,742	3,587
3,848	User charges and fees	3b	4,336	3,806
180	Other revenues	3c	550	753
5,435	Grants and contributions provided for operating purposes	3d,3e	6,899	7,010
3,021	Grants and contributions provided for capital purposes	3d,3e	5,937	2,294
476	Interest and investment income	4	378	503
168	Net gains from the disposal of assets	6	197	–
363	Rental income	12	359	–
5	Net share of interests in joint ventures and associates using the equity method	17	3	8
17,073	Total income from continuing operations		22,401	17,961
Expenses from continuing operations				
6,405	Employee benefits and on-costs	5a	6,309	6,277
6	Borrowing costs	5b	53	16
3,949	Materials and contracts	5c	3,791	3,261
4,069	Depreciation and amortisation	5d	3,883	3,827
1,474	Other expenses	5e	1,638	1,583
–	Net losses from the disposal of assets	6	–	117
15,903	Total expenses from continuing operations		15,674	15,081
1,170	Operating result from continuing operations		6,727	2,880
1,170	Net operating result for the year		6,727	2,880
1,170	Net operating result attributable to council		6,727	2,880
(1,851)	Net operating result for the year before grants and contributions provided for capital purposes		790	586

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

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

Statement of Comprehensive Income

for the year ended 30 June 2020

\$ '000	Notes	2020	2019
Net operating result for the year (as per Income Statement)		6,727	2,880
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	10(a)	291	(214)
Total items which will not be reclassified subsequently to the operating result		291	(214)
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Other movements		–	3
Total items which will be reclassified subsequently to the operating result when specific conditions are met		–	3
Total other comprehensive income for the year		291	(211)
Total comprehensive income for the year		7,018	2,669
Total comprehensive income attributable to Council		7,018	2,669

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

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

Statement of Financial Position

as at 30 June 2020

\$ '000	Notes	2020	2019
ASSETS			
Current assets			
Cash and cash equivalents	7(a)	1,415	2,724
Investments	7(b)	22,000	17,700
Receivables	8	743	1,318
Inventories	9	260	344
Total current assets		<u>24,418</u>	<u>22,086</u>
Non-current assets			
Inventories	9	454	102
Infrastructure, property, plant and equipment	10(a)	181,167	176,088
Right of use assets		–	–
Investments accounted for using the equity method	17	173	170
Total non-current assets		<u>181,794</u>	<u>176,360</u>
Total assets		<u>206,212</u>	<u>198,446</u>
LIABILITIES			
Current liabilities			
Payables	13	8,826	8,249
Contract liabilities	11	1,057	–
Provisions	14	1,893	1,729
Total current liabilities		<u>11,776</u>	<u>9,978</u>
Non-current liabilities			
Payables	13	3	2
Provisions	14	561	481
Total non-current liabilities		<u>564</u>	<u>483</u>
Total liabilities		<u>12,340</u>	<u>10,461</u>
Net assets		<u>193,872</u>	<u>187,985</u>
EQUITY			
Accumulated surplus	15	97,418	91,822
Revaluation reserves	15	96,454	96,163
Council equity interest		<u>193,872</u>	<u>187,985</u>
Total equity		<u>193,872</u>	<u>187,985</u>

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

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

Statement of Changes in Equity

for the year ended 30 June 2020

\$ '000	Notes	as at 30/06/20			as at 30/06/19		
		Accumulated surplus	IPP&E revaluation reserve	Total equity	Accumulated surplus	IPP&E revaluation reserve	Total equity
Opening balance		91,822	96,163	187,985	88,942	96,374	185,316
Changes due to AASB 1058 and AASB 15 adoption	15	(1,131)	–	(1,131)	–	–	–
Changes due to AASB 16 adoption		–	–	–	–	–	–
Restated opening balance		90,691	96,163	186,854	88,942	96,374	185,316
Net operating result for the year		6,727	–	6,727	2,880	–	2,880
Restated net operating result for the period		6,727	–	6,727	2,880	–	2,880
Other comprehensive income							
– Gain (loss) on revaluation of IPP&E	10(a)	–	291	291	–	(211)	(211)
Other comprehensive income		–	291	291	–	(211)	(211)
Total comprehensive income		6,727	291	7,018	2,880	(211)	2,669
Equity – balance at end of the reporting period		97,418	96,454	193,872	91,822	96,163	187,985

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

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

Statement of Cash Flows

for the year ended 30 June 2020

Original unaudited budget 2020	\$ '000	Notes	Actual 2020	Actual 2019
Cash flows from operating activities				
Receipts:				
3,564	Rates and annual charges		3,559	3,563
3,848	User charges and fees		4,459	4,000
476	Investment and interest revenue received		594	408
8,456	Grants and contributions		12,871	9,120
–	Bonds, deposits and retention amounts received		96	–
543	Other		897	636
Payments:				
(6,261)	Employee benefits and on-costs		(6,107)	(6,109)
(3,799)	Materials and contracts		(3,736)	(3,063)
–	Borrowing costs		(53)	(16)
–	Bonds, deposits and retention amounts refunded		–	(183)
(1,565)	Other		(1,107)	(2,251)
5,262	Net cash provided (or used in) operating activities	16b	11,473	6,105
Cash flows from investing activities				
Receipts:				
1,000	Sale of investment securities		48,705	16,200
341	Sale of real estate assets		145	282
1,046	Sale of infrastructure, property, plant and equipment		323	381
35	Deferred debtors receipts		–	2
Payments:				
–	Purchase of investment securities		(53,005)	(17,700)
(9,286)	Purchase of infrastructure, property, plant and equipment		(8,595)	(5,332)
(200)	Purchase of real estate assets		(355)	(6)
(815)	Deferred debtors and advances made		–	–
(7,879)	Net cash provided (or used in) investing activities		(12,782)	(6,173)
(2,617)	Net increase/(decrease) in cash and cash equivalents		(1,309)	(68)
2,965	Plus: cash and cash equivalents – beginning of year	16a	2,724	2,792
348	Cash and cash equivalents – end of the year	16a	1,415	2,724
15,200	plus: Investments on hand – end of year	7(b)	22,000	17,700
15,548	Total cash, cash equivalents and investments		23,415	20,424

The Council has not restated comparatives when initially applying AASB 1058 *Income of Not-for-Profit Entities*, AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases*. The comparative information has been prepared under AASB 111 *Construction Contracts*, AASB 118 *Revenue*, AASB 1004 *Contributions*, AASB 117 *Leases* and related Accounting Interpretations.

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

Notes to the Financial Statements

for the year ended 30 June 2020

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Basis of preparation

These financial statements were authorised for issue by Council on 15 October 2020. Council has the power to amend and reissue these financial statements.

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

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

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (NSW)* and Regulations, 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.

(a) Historical cost convention

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

(b) 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 10
- (ii) estimated tip remediation provisions – refer Note 14
- (iii) employee benefit provisions – refer Note 14

COVID-19 Impacts

COVID-19 has caused minimal disruption to Council's business practices. A number of staff did work remotely or from a secondary office during the lockdown period. Whilst this did cause some inconvenience it did not result in significant additional cost. Some costs have been incurred to ensure social distancing of works staff and increased infection control at Allawah Lodge but these have not been accounted for separately. There was concern that Council would be required to stand down staff at the Coolamon Early Childhood Centre, but Federal and State government funding ensured that the facility continued to receive comparable income to previous years.

Council has provided some rent relief to a small number of "commercial" lessees to compensate for lost income due to the compulsory lockdown.

Rate collections have been marginally affected, however it is not known if this is a consequence of COVID-19 or attributable to the prolonged drought. Other receivables have not been impacted.

Overall the financial impact has not been significant and is not anticipated to increase in future years. Council is of the view 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.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Basis of preparation (continued)

Monies and other assets received by Council

(a) 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.

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

- General purpose operations including Allawah Lodge, Allawah Retirement Village and Coolamon Early Childhood Centre
- Domestic Waste Management Services
- Sewerage Services and
- Council's entitlements of the Riverina Regional Library.

Due to their immaterial value and nature, the following committees, entities and operations have been excluded from consolidation:

- Advance Ardlethan Committee
- Beckom Hall & Community Committee
- Coolamon Showground Committee
- Advance Ganmain Committee
- Advance Marrar Committee
- Rannock Community Centre Committee

(b) 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 not 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 net basis. The GST components of cash flows arising from investing or financing activities that are recoverable from, or payable to, the taxation authority are presented as operating cash flows.

Volunteer services

Council has not recorded the value of volunteer services as they can not be reliably measured.

New accounting standards and interpretations issued not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2020 reporting periods (and which have not been early adopted by Council).

As at the date of authorisation of these financial statements, Council does not consider that any of those standards are likely to have a material impact on the Council's future financial statements, financial position, financial performance or cash flows.

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Basis of preparation (continued)

New accounting standards adopted during the year

During the year Council adopted the following accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from 1 July 2019:

- AASB 16 Leases
- AASB 15 Revenue from contracts with customers and associated amending standards.
- AASB 1058 Income of Not-for-profit entities

Further information on the newly adopted standards which had a material impact on Council's reported financial position, financial performance and/or associated financial statement disclosures can be found at Note 15.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 2(a). Council functions/activities – financial information

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

\$ '000	Income from continuing operations		Expenses from continuing operations		Operating result from continuing operations		Grants included in income from continuing operations		Carrying amount of assets	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Functions or activities										
Governance	–	–	704	654	(704)	(654)	–	–	–	–
Administration	464	196	–	85	464	111	–	–	16,833	14,443
Public Order & Safety	97	13	430	339	(333)	(326)	4	–	740	688
Health	22	20	300	280	(278)	(260)	–	–	814	1,029
Environment	896	896	1,071	1,138	(175)	(242)	48	47	4,802	4,712
Community Services & Education	2,150	1,319	1,858	1,563	292	(244)	624	189	2,372	1,516
Housing & Community Amenities	341	340	695	654	(354)	(314)	84	83	4,227	4,476
Sewerage Services	3,142	863	718	817	2,424	46	2,282	189	14,285	11,778
Recreation & Culture	1,265	1,332	1,642	1,603	(377)	(271)	1,205	1,242	13,897	13,578
Mining, Manufacture & Construction	88	78	307	276	(219)	(198)	–	–	378	360
Transport & Communication	3,176	3,194	4,483	4,392	(1,307)	(1,198)	1,438	748	124,963	123,832
Economic Affairs	4,202	3,166	3,466	3,280	736	(114)	1,247	373	22,728	21,864
Shares of gains or losses in joint venture	3	8	–	–	3	8	–	–	173	170
General Purpose Revenues	6,555	6,536	–	–	6,555	6,536	3,791	3,744	–	–
Total functions and activities	22,401	17,961	15,674	15,081	6,727	2,880	10,723	6,615	206,212	198,446

Notes to the Financial Statements

for the year ended 30 June 2020

Note 2(b). Council functions/activities - component descriptions

Details relating to the Council's functions/activities as reported in Note 2(a) 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 & Safety

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

Health

Includes food control, health centres etc.

Environment

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

Community Services & Education

Includes administration and education, social protection (welfare), other community services and administration, youth services, aged and disabled persons services, children's services, including family day care, child care, and other family and children services.

Housing & 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 reticulated sewerage and common effluent services.

Recreation & Culture

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

Mining, Manufacture & Construction

Includes building control, quarries and pits.

Transport & Communication

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

Economic Affairs

Includes camping areas and caravan parks, tourism and area promotion; industrial development promotion, real estate development, and other business undertakings.

Shares of gains or losses in joint venture

Council's net gain or losses relating to the participation in the Riverina Regional Library.

General Purpose Revenues

General Purpose Revenues include Financial Assistance Grant, Land Rates, Untied Pensioner Concession Subsidy, untied Interest on Investments and untied Extra Charges levied on Land Rates.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations

\$ '000	AASB	2020	2019
(a) Rates and annual charges			
Ordinary rates			
Residential	1058 (1)	694	666
Farmland	1058 (1)	1,665	1,622
Business	1058 (1)	93	92
Less: pensioner rebates (mandatory)	1058 (1)	(52)	(52)
Rates levied to ratepayers		2,400	2,328
Pensioner rate subsidies received	1058 (1)	29	29
Total ordinary rates		2,429	2,357
Annual charges			
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>			
Domestic waste management services	1058 (1)	550	529
Sewerage services	1058 (1)	589	572
Stormwater management services	1058 (1)	45	45
Tip access	1058 (1)	103	100
Waste management services (non-domestic)	1058 (1)	15	14
Less: pensioner rebates (mandatory)	1058 (1)	(65)	(67)
Annual charges levied		1,237	1,193
Pensioner subsidies received:			
– Sewerage	1058 (1)	13	13
– Domestic waste management	1058 (1)	63	24
Total annual charges		1,313	1,230
TOTAL RATES AND ANNUAL CHARGES		3,742	3,587

The **AASB** notation (above) identifies the revenue recognition pattern for material items of Council revenue:

15 (1) indicates income recognised under AASB 15 “at a point in time”,

15 (2) indicates income recognised under AASB 15 “over time”,

1058 (1) indicates income recognised under AASB 1058 “at a point in time”, while

1058 (2) indicates income recognised under AASB 1058 “over time”.

Council has used 2016 year valuations provided by the NSW Valuer General in calculating its rates.

Accounting policy for rates and charges**Accounting Policy prior to 1 July 2019**

Control over assets acquired from rates and annual charges is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

Accounting Policy from to 1 July 2019

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

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

\$ '000	AASB	2020	2019
(b) User charges and fees			
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Ardlethan effluent	15 (1)	9	9
Total specific user charges		9	9
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Building regulation	15 (1)	54	46
Inspection services	15 (1)	35	33
Private works – section 67	15 (1)	88	165
Regulatory and statutory fees	15 (1)	5	6
Section 10.7 certificates (EP&A Act)	15 (1)	10	9
Section 603 certificates	15 (1)	11	10
Town planning	15 (1)	53	48
Total fees and charges – statutory/regulatory		256	317
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Aged care	15 (1)	2,382	2,210
Caravan park	15 (1)	38	42
Cemeteries	15 (1)	74	74
Child care	15 (1)	627	558
Waste disposal tipping fees	15 (1)	64	40
Allawah Community Care inc. Community Transport	15 (1)	306	285
Home care packages	15 (1)	564	254
Other	15 (1)	16	17
Total fees and charges – other		4,071	3,480
TOTAL USER CHARGES AND FEES		4,336	3,806

The **AASB** notation (above) identifies the revenue recognition pattern for material items of Council revenue:

15 (1) indicates income recognised under AASB 15 “at a point in time”,

15 (2) indicates income recognised under AASB 15 “over time”,

1058 (1) indicates income recognised under AASB 1058 “at a point in time”, while

1058 (2) indicates income recognised under AASB 1058 “over time”.

Accounting policy for user charges and fees**Accounting Policy prior to 1 July 2019**

User charges and fees are recognised as revenue when the service has been provided.

Accounting Policy prior from 1 July 2019

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

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

\$ '000	AASB	2020	2019
(c) Other revenues			
Rental income – other council properties (2019 only)	15 (1)	–	361
Legal fees recovery – rates and charges (extra charges)	15 (1)	6	15
Commissions and agency fees	15 (1)	5	6
Diesel rebate	1058 (1)	57	49
Insurance claims recoveries	15 (1)	5	7
Allawah Lodge & Allawah Retirement Village	1058 (1)	168	154
Insurance incentives	15 (1)	41	34
Zone rural fire service administration	15 (1)	29	29
SCCF Community Projects Administration	15 (1)	77	16
NYE Fest Income	15 (1)	11	9
Other	15 (1)	73	73
Canola Trail Contributions	15 (1)	78	–
<u>TOTAL OTHER REVENUE</u>		<u>550</u>	<u>753</u>

The **AASB** notation (above) identifies the revenue recognition pattern for material items of Council revenue:

15 (1) indicates income recognised under AASB 15 “at a point in time”,

15 (2) indicates income recognised under AASB 15 “over time”,

1058 (1) indicates income recognised under AASB 1058 “at a point in time”, while

1058 (2) indicates income recognised under AASB 1058 “over time”.

Accounting policy for other revenue**Accounting Policy prior to 1 July 2019**

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Council and specific criteria have been met for each of the Council’s activities as described below. Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Parking fees and fines are recognised as revenue when the service has been provided, or when the penalty has been applied, whichever occurs first.

Accounting Policy from 1 July 2019

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, whichever is earlier.

Rental income is accounted for on a straight-line basis over the lease term.

Miscellaneous sales are recognised when physical possession has transferred to the customer which is deemed to be the point of transfer of risks and rewards.

Other income is recorded when the payment is due, the value of the payment is notified, or the payment is received, whichever occurs first.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

\$ '000	AASB	Operating 2020	Operating 2019	Capital 2020	Capital 2019
(d) Grants					
General purpose (untied)					
Current year allocation					
Financial assistance	1058 (1)	1,841	1,838	–	–
Payment in advance - future year allocation					
Financial assistance	1058 (1)	1,951	1,906	–	–
Total general purpose		3,792	3,744	–	–
Specific purpose					
Sewerage services	1058 (2)	–	189	2,282	–
Child care	1058 (1)	117	32	–	–
Heritage and cultural	1058 (1)	51	47	–	–
Library	1058 (1)	71	31	–	–
Noxious weeds	1058 (1)	48	47	–	–
Recreation and culture	1058 (2)	–	–	–	46
Street lighting	1058 (1)	18	17	–	–
Transport (roads to recovery)	1058 (2)	1,159	748	–	–
Ardlethan preschool	1058 (1)	175	153	–	–
Stronger Country Communities	1058 (2)	–	601	849	506
Aged Care Regional, Rural & Remote Infrastructure	1058 (2)	–	–	497	373
Other	1058 (1)	47	70	–	11
OLG Crown Land Management	1058 (1)	66	–	–	–
Drought Communities Program	1058 (1)	–	–	1,551	–
Total specific purpose		1,752	1,935	5,179	936
Total grants		5,544	5,679	5,179	936
Grant revenue is attributable to:					
– Commonwealth funding		4,951	4,524	2,048	430
– State funding		550	1,151	3,131	506
– Other funding		43	4	–	–
		5,544	5,679	5,179	936

The **AASB** notation (above) identifies the revenue recognition pattern for material items of Council revenue:

15 (1) indicates income recognised under AASB 15 “at a point in time”,

15 (2) indicates income recognised under AASB 15 “over time”,

1058 (1) indicates income recognised under AASB 1058 “at a point in time”, while

1058 (2) indicates income recognised under AASB 1058 “over time”.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

\$ '000	Notes	AASB	Operating 2020	Operating 2019	Capital 2020	Capital 2019
(e) Contributions						
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
Cash contributions						
S 7.11 – contributions towards amenities/services		15 (1)	–	–	75	42
Total developer contributions – cash			–	–	75	42
Total developer contributions	25		–	–	75	42
Other contributions:						
Cash contributions						
Bushfire services		15 (1)	66	–	–	–
Recreation and culture		1058 (1)	32	2	–	30
RMS contributions (regional roads, block grant)		1058 (2)	1,185	1,156	222	1,231
Sewerage (excl. section 64 contributions)		15 (1)	–	–	231	42
Other		1058 (1)	72	51	–	13
Child care		1058 (1)	–	9	–	–
Regional Biodiversity Officer		1058 (2)	–	113	–	–
Total other contributions – cash			1,355	1,331	453	1,316
Non-cash contributions						
Dedications – subdivisions (other than by s7.11)		1058 (1)	–	–	177	–
Roads and bridges		1058 (1)	–	–	53	–
Total other contributions – non-cash			–	–	230	–
Total other contributions			1,355	1,331	683	1,316
Total contributions			1,355	1,331	758	1,358
TOTAL GRANTS AND CONTRIBUTIONS			6,899	7,010	5,937	2,294

The **AASB** notation (above) identifies the revenue recognition pattern for material items of Council revenue:

15 (1) indicates income recognised under AASB 15 “at a point in time”,

15 (2) indicates income recognised under AASB 15 “over time”,

1058 (1) indicates income recognised under AASB 1058 “at a point in time”, while

1058 (2) indicates income recognised under AASB 1058 “over time”.

Accounting policy for grants and contributions**Accounting policy from 1 July 2019****Grant income under AASB 15**

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue are recognised when control of each performance obligations is satisfied.

The performance obligations are varied based on the agreement but include completion of milestones or meeting outputs. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

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

Grant income

Assets arising from grants in the scope of AASB 1058 are recognised at the assets fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

Capital grants

Capital grants received to enable Council to acquire or construct an item of infrastructure, property, plant and equipment to identified specifications which will be under Council's control and which is enforceable are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

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

Contributions

Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of sections 7.4, 7.11 and 7.12 of the *Environmental Planning and Assessment Act 1979*.

While Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon receipt by Council, due to the possibility that individual development consents may not be acted upon by the applicant and, accordingly, would not be payable to Council.

Developer contributions may only be expended for the purposes for which the contributions were required, but the Council may apply contributions according to the priorities established in work schedules.

Accounting policy prior to 1 July 2019

Control over grants and contributions is normally obtained upon their receipt (or acquittal) and revenue is recognised at this time 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.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

\$ '000	2020	2019
(f) Unspent grants and contributions – external restrictions		
Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner due to externally imposed restrictions.		
Operating grants		
Unexpended at the close of the previous reporting period	–	31
Add: operating grants recognised as income in the current period but not yet spent (2019 only)	–	–
Add: operating grants received for the provision of goods and services in a future period	–	–
Less: operating grants recognised in a previous reporting period now spent (2019 only)	–	(31)
Less: operating grants received in a previous reporting period now spent and recognised as income	–	–
Unexpended and held as externally restricted assets (operating grants)	–	–
Capital grants		
Unexpended at the close of the previous reporting period	77	254
Add: capital grants recognised as income in the current period but not yet spent (2019 only)	–	77
Add: capital grants received for the provision of goods and services in a future period	993	–
Less: capital grants recognised in a previous reporting period now spent (2019 only)	–	(254)
Less: capital grants received in a previous reporting period now spent and recognised as income	(77)	–
Unexpended and held as externally restricted assets (capital grants)	993	77
Contributions		
Unexpended at the close of the previous reporting period	–	12
Add: contributions recognised as income in the current period but not yet spent	–	–
Add: contributions received for the provision of goods and services in a future period	65	–
Add: contributions recognised as income in the current period obtained in respect of a future rating identified by Council for the purpose of establishing a rate (2019 only)	–	–
Less: contributions recognised in a previous reporting period now spent	–	(12)
Unexpended and held as externally restricted assets (contributions)	65	–

Notes to the Financial Statements

for the year ended 30 June 2020

Note 4. Interest and investment income

\$ '000	2020	2019
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	21	21
– Cash and investments	357	482
Finance income on the net investment in the lease	–	–
Total Interest and investment income	378	503
Interest revenue is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	16	15
General Council cash and investments	160	200
Restricted investments/funds – external:		
Sewerage fund operations	33	55
Domestic waste management operations	18	28
Restricted investments/funds – internal:		
Internally restricted assets	151	205
Total interest and investment revenue	378	503

Accounting policy for interest and investment revenue

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

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations

\$ '000	2020	2019
(a) Employee benefits and on-costs		
Salaries and wages	5,235	5,001
Travel expenses	47	66
Employee leave entitlements (ELE)	986	970
Superannuation	561	553
Workers' compensation insurance	130	153
Fringe benefit tax (FBT)	(59)	117
Training costs (other than salaries and wages)	61	83
Other	28	15
Total employee costs	6,989	6,958
Less: capitalised costs	(680)	(681)
TOTAL EMPLOYEE COSTS EXPENSED	6,309	6,277
Number of 'full-time equivalent' employees (FTE) at year end	79	75

Accounting policy for employee benefits and on-costs

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

Retirement benefit obligations

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

Superannuation plans

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

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note 19 for more information.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

\$ '000	Notes	2020	2019
(b) Borrowing costs			
(i) Interest bearing liability costs			
Interest on leases		–	–
Interest on advances		11	16
Total interest bearing liability costs		11	16
Total interest bearing liability costs expensed		11	16
(ii) Other borrowing costs			
– Remediation liabilities	14	42	–
Total other borrowing costs		42	–
TOTAL BORROWING COSTS EXPENSED		53	16

Accounting policy for borrowing costs

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.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

\$ '000	2020	2019
(c) Materials and contracts		
Raw materials and consumables	3,525	2,832
Contractor and consultancy costs	169	345
Auditors remuneration ²	33	32
Legal expenses:		
– Legal expenses: planning and development	3	26
– Legal expenses: debt recovery	43	18
– Legal expenses: other	18	8
Variable lease expense relating to usage (2020 only)	–	–
Total materials and contracts	<u>3,791</u>	<u>3,261</u>
<u>TOTAL MATERIALS AND CONTRACTS</u>	<u>3,791</u>	<u>3,261</u>
2. Auditor remuneration		
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	29	28
Remuneration for audit and other assurance services	<u>29</u>	<u>28</u>
Total Auditor-General remuneration	<u>29</u>	<u>28</u>
Non NSW Auditor-General audit firms		
(ii) Non-assurance services		
Other services	4	4
Remuneration for non-assurance services	<u>4</u>	<u>4</u>
Total remuneration of non NSW Auditor-General audit firms	<u>4</u>	<u>4</u>
Total Auditor remuneration	<u>33</u>	<u>32</u>

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

\$ '000	Notes	2020	2019
(d) Depreciation, amortisation and impairment of non-financial assets			
Depreciation and amortisation			
Plant and equipment		523	515
Office equipment		53	44
Land improvements (depreciable)		29	20
Infrastructure:	10(a)		
– Buildings – non-specialised		49	49
– Buildings – specialised		978	953
– Other structures		210	141
– Roads		1,850	1,967
– Bridges		27	33
– Footpaths		39	29
– Stormwater drainage		37	39
– Sewerage network		206	206
– Swimming pools		54	63
Reinstatement, rehabilitation and restoration assets:			
– Quarry assets	14,10(a)	15	18
Total gross depreciation and amortisation costs		<u>4,070</u>	<u>4,077</u>
Less: capitalised costs		(187)	(250)
Total depreciation and amortisation costs		<u>3,883</u>	<u>3,827</u>
<u>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT FOR NON-FINANCIAL ASSETS</u>		<u>3,883</u>	<u>3,827</u>

Accounting policy for depreciation, amortisation and impairment expenses of non-financial assets**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 10 for IPPE 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 no longer required to be tested for impairment under AASB 136. This is because 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.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

\$ '000	2020	2019
(e) Other expenses		
Advertising	33	27
Bad and doubtful debts	31	22
Bank charges	22	21
Computer / office equipment maintenance	169	155
Contributions/levies to other levels of government		
– NSW State Emergency Service Levy	6	6
– NSW Fire & Rescue Levy	19	17
– NSW Rural Fire Service levy	203	165
– Riverina Regional Library	102	100
– Riverina Joint Organisation	5	–
Councillor expenses – mayoral fee	14	14
Councillor expenses – councillors' fees	82	80
Councillors' expenses (incl. mayor) – other (excluding fees above)	9	9
Donations, contributions and assistance to other organisations (Section 356)	64	18
Donations, contributions and assistance to other organisations (Section 356) – REROC	25	19
Electricity and heating	175	156
Insurance	270	265
Postage	22	22
Printing and stationery	39	39
Street lighting	65	90
Subscriptions and publications	25	95
Telephone and communications	48	49
Valuation fees	23	24
Water charges	187	190
Total other expenses	1,638	1,583
<u>TOTAL OTHER EXPENSES</u>	<u>1,638</u>	<u>1,583</u>

Accounting policy for other expenses

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 6. Gain or loss from disposal of assets

\$ '000	Notes	2020	2019
Property (excl. investment property)			
Proceeds from disposal – property		–	173
Less: carrying amount of property assets sold/written off		–	(310)
Net gain/(loss) on disposal		–	(137)
Plant and equipment			
	10(a)		
Proceeds from disposal – plant and equipment		304	208
Less: carrying amount of plant and equipment assets sold/written off		(140)	(150)
Net gain/(loss) on disposal		164	58
Real estate assets held for sale			
	9		
Proceeds from disposal – real estate assets		145	282
Less: carrying amount of real estate assets sold/written off		(117)	(232)
Net gain/(loss) on disposal		28	50
Investments			
	7(b)		
Proceeds from disposal/redemptions/maturities – investments		48,705	16,200
Less: carrying amount of investments sold/redeemed/matured		(48,705)	(16,200)
Net gain/(loss) on disposal		–	–
Other (Infrastructure, Other Structures & Sewerage Assets)			
Proceeds from disposal – Other Structures		19	–
Less: carrying amount of Other Structures & Sewerage assets sold/written off		(14)	(88)
Net gain/(loss) on disposal		5	(88)
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		197	(117)

Accounting policy for disposal of assets

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement.

The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer and the asset is de-recognised.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 7(a). Cash and cash equivalents

\$ '000	2020	2019
Cash and cash equivalents		
Cash on hand and at bank	1,415	2,724
Total cash and cash equivalents	1,415	2,724

Accounting policy for cash and cash equivalents

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.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 7(b). Investments

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Investments				
a. 'Financial assets at fair value through profit and loss'				
b. 'Financial assets at amortised cost'	22,000	–	17,700	–
Total Investments	22,000	–	17,700	–
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS				
	23,415	–	20,424	–
Financial assets at amortised cost				
Long term deposits	22,000	–	17,700	–
Total	22,000	–	17,700	–

Accounting policy for investments

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

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

Council's financial assets measured at amortised cost comprise trade and other receivables, term deposits and cash and cash equivalents in the Statement of Financial Position.

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

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

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss.

Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

Council's financial assets measured at fair value through profit or loss comprise investments in FRNs and NCDs in the Statement of Financial Position.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 7(c). Restricted cash, cash equivalents and investments

\$ '000	2020		2019	
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	23,415	–	20,424	–
attributable to:				
External restrictions	13,058	–	11,037	–
Internal restrictions	10,006	–	9,085	–
Unrestricted	351	–	302	–
	23,415	–	20,424	–

\$ '000	2020	2019
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Details of restrictions

External restrictions – included in liabilities

Specific purpose unexpended grants – general fund (2020 only)	1,057	–
Allawah Lodge Accommodation Bonds & Payments	4,148	4,097
Allawah Village Loan Licence	3,503	3,458
Home Care Packages	484	–
Specific purpose unexpended grants – water fund (2020 only)	–	–
Specific purpose unexpended grants – sewer fund (2020 only)	–	–
External restrictions – included in liabilities	9,192	7,555

External restrictions – other

Developer contributions – general	65	7
Specific purpose unexpended grants (recognised as revenue) – general fund	993	77
Sewerage services	1,624	2,099
Domestic waste management	889	768
Stormwater management	64	93
Other	231	438
External restrictions – other	3,866	3,482

Total external restrictions

13,058	11,037
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Internal restrictions

Plant and vehicle replacement	1,000	1,000
Employees leave entitlement	1,420	1,260
Carry over works	128	402
Ardlethan Preschool	20	67
Asset Management - General Fund	3,500	2,500
Financial Assistance Grant Advance	1,951	1,906
Swimming pools	35	15
Rehabilitation of gravel pits	148	128
Asset Management - Coolamon Early Childhood Centre	343	235
Asset Management - Allawah Lodge	920	979
Asset Management - Allawah Village	541	593
Total internal restrictions	10,006	9,085

TOTAL RESTRICTIONS

23,064	20,122
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Notes to the Financial Statements

for the year ended 30 June 2020

Note 8. Receivables

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Purpose				
Rates and annual charges	338	–	325	–
Interest and extra charges	77	–	96	–
Private works	9	–	37	–
Accrued revenues				
– Interest on investments	66	–	252	–
– Other income accruals	–	–	1	–
Accommodation Bonds/Payments	–	–	2	–
Allawah Community Care fees	21	–	9	–
Net investment in finance lease	–	–	–	–
Cemetery	7	–	8	–
Deferred debtors	8	–	8	–
Government grants and subsidies	277	–	616	–
Sewerage connections	26	–	9	–
Rents	26	–	–	–
Coolamon Early Childhood Centre	5	–	–	–
REROC - Biodiversity Officer	36	–	–	–
Other debtors	66	–	146	–
Total	962	–	1,509	–
Less: provision of impairment				
Rates and annual charges	(146)	–	(129)	–
Interest and extra charges	(73)	–	(62)	–
Total provision for impairment – receivables	(219)	–	(191)	–
TOTAL NET RECEIVABLES	743	–	1,318	–
Externally restricted receivables				
Sewerage services				
– Rates and availability charges	35	–	42	–
– Other	33	–	9	–
Domestic waste management	46	–	44	–
Total external restrictions	114	–	95	–
Internally restricted receivables				
– Internal restricted receivables (Coolamon Early Childhood Centre & Allawah Complex)	10	–	4	–
Internally restricted receivables	10	–	4	–
Unrestricted receivables	619	–	1,219	–
TOTAL NET RECEIVABLES	743	–	1,318	–

Notes to the Financial Statements

for the year ended 30 June 2020

Note 8. Receivables (continued)

\$ '000	2020	2019
Movement in provision for impairment of receivables		
Balance at the beginning of the year	191	169
+ new provisions recognised during the year	32	22
– amounts provided for but recovered during the year	(4)	–
Balance at the end of the year	219	191

Accounting policy for receivables**Recognition and measurement**

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.

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

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

Rates and annual charges outstanding are secured against the property.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 9. Inventories and other assets

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Inventories				
(i) Inventories at cost				
Real estate for resale	176	454	290	102
Stores and materials	84	–	54	–
Total inventories at cost	<u>260</u>	<u>454</u>	<u>344</u>	<u>102</u>
<u>TOTAL INVENTORIES</u>	<u>260</u>	<u>454</u>	<u>344</u>	<u>102</u>

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Total externally restricted assets	–	–	–	–
Total internally restricted assets	–	–	–	–
Total unrestricted assets	<u>260</u>	<u>454</u>	<u>344</u>	<u>102</u>
<u>TOTAL INVENTORIES AND OTHER ASSETS</u>	<u>260</u>	<u>454</u>	<u>344</u>	<u>102</u>

Notes to the Financial Statements

for the year ended 30 June 2020

Note 9. Inventories and other assets (continued)

(i) Other disclosures

\$ '000	Notes	2020 Current	2020 Non-current	2019 Current	2019 Non-current
(a) Details for real estate development					
Residential		176	454	290	102
Total real estate for resale		176	454	290	102
(Valued at the lower of cost and net realisable value)					
Represented by:					
Acquisition costs		172	445	31	72
Development costs		4	9	259	30
Total costs		176	454	290	102
Total real estate for resale		176	454	290	102
Movements:					
Real estate assets at beginning of the year		290	102	516	102
– Purchases and other costs		3	352	6	–
– WDV of sales (expense)	6	(117)	–	(232)	–
Total real estate for resale		176	454	290	102

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

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

\$ '000	2020	2019
Real estate for resale	–	–

Accounting policy for inventories and other assets

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/capitalisation of borrowing costs

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.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 10(a). Infrastructure, property, plant and equipment

\$ '000	as at 30/06/19			Asset movements during the reporting period						as at 30/06/20		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
Capital work in progress	499	–	499	133	3,783	–	–	(168)	–	4,247	–	4,247
Plant and equipment	5,640	(3,064)	2,576	989	–	(138)	(523)	32	–	5,854	(2,918)	2,936
Office equipment	761	(501)	260	22	34	(1)	(53)	–	–	703	(441)	262
Land:												
– Operational land	4,043	–	4,043	–	–	–	–	–	–	4,043	–	4,043
– Community land	1,690	–	1,690	–	49	–	–	–	209	1,948	–	1,948
Land improvements – depreciable	285	(83)	202	85	23	(10)	(29)	1	–	377	(105)	272
Infrastructure:												
– Buildings – non-specialised	1,688	(249)	1,439	4	–	–	(49)	–	–	1,692	(298)	1,394
– Buildings – specialised	41,540	(18,427)	23,113	673	98	–	(978)	130	–	42,372	(19,336)	23,036
– Other structures	4,397	(804)	3,593	86	124	–	(210)	5	–	4,613	(1,015)	3,598
– Roads	72,092	(12,446)	59,646	2,359	289	–	(1,850)	–	–	74,740	(14,296)	60,444
– Bridges	2,718	(612)	2,106	–	–	–	(27)	–	–	2,718	(639)	2,079
– Footpaths	2,606	(362)	2,244	–	125	(2)	(39)	–	–	2,728	(400)	2,328
– Bulk earthworks (non-depreciable)	59,197	–	59,197	–	106	(3)	–	–	–	59,300	–	59,300
– Stormwater drainage	3,700	(652)	3,048	28	–	–	(37)	–	–	3,728	(689)	3,039
– Sewerage network	15,830	(6,684)	9,146	–	2	–	(206)	–	82	15,985	(6,961)	9,024
– Swimming pools	4,301	(1,375)	2,926	–	–	–	(54)	–	–	4,301	(1,429)	2,872
Reinstatement, rehabilitation and restoration assets (refer Note 17):												
– Quarry assets	385	(25)	360	–	–	–	(15)	–	–	385	(40)	345
Total Infrastructure, property, plant and equipment	221,372	(45,284)	176,088	4,379	4,633	(154)	(4,070)	–	291	229,734	(48,567)	181,167

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 10(a). Infrastructure, property, plant and equipment (continued)

	as at 30/06/18			Asset movements during the reporting period									as at 30/06/19		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals ¹	Additions new assets	Reinstatement costs for impaired 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	Net carrying amount
\$ '000															
Capital work in progress	337	–	337	127	129	–	–	–	(94)	–	–	–	499	–	499
Plant and equipment	5,282	(2,767)	2,515	456	270	–	(150)	(515)	–	–	–	–	5,640	(3,064)	2,576
Office equipment	693	(457)	236	20	–	–	–	(44)	48	–	–	–	761	(501)	260
Land:															
– Operational land	4,165	–	4,165	–	–	–	(122)	–	–	–	–	–	4,043	–	4,043
– Community land	1,617	–	1,617	–	–	–	–	–	–	–	–	73	1,690	–	1,690
Land improvements – depreciable	640	(231)	409	–	–	–	–	(20)	–	(1)	(186)	–	285	(83)	202
Infrastructure:															
– Buildings – non-specialised	1,878	(219)	1,659	–	–	–	(171)	(49)	–	–	–	–	1,688	(249)	1,439
– Buildings – specialised	41,157	(17,477)	23,680	303	92	–	(17)	(953)	7	1	–	–	41,540	(18,427)	23,113
– Other structures	6,034	(2,354)	3,680	496	–	–	(77)	(141)	23	(2)	(386)	–	4,397	(804)	3,593
– Roads	77,463	(14,529)	62,934	2,631	–	444	–	(1,967)	–	(1)	(4,395)	–	72,092	(12,446)	59,646
– Bridges	2,601	(828)	1,773	336	–	–	–	(33)	16	–	–	14	2,718	(612)	2,106
– Footpaths	2,326	(305)	2,021	172	–	–	–	(29)	–	–	–	80	2,606	(362)	2,244
– Bulk earthworks (non-depreciable)	56,500	–	56,500	–	–	–	–	–	–	–	–	2,697	59,197	–	59,197
– Stormwater drainage	3,934	(622)	3,312	29	–	–	–	(39)	–	1	(255)	–	3,700	(652)	3,048
– Sewerage network	15,775	(6,490)	9,285	77	–	–	(11)	(206)	–	1	–	–	15,830	(6,684)	9,146
– Swimming pools	3,801	(2,775)	1,026	–	–	–	–	(63)	–	–	–	1,963	4,301	(1,375)	2,926
Reinstatement, rehabilitation and restoration assets (refer Note 17):															
– Quarry assets	440	(247)	193	–	–	–	–	(18)	–	1	–	184	385	(25)	360
Total Infrastructure, property, plant and equipment	224,643	(49,301)	175,342	4,647	491	444	(548)	(4,077)	–	–	(5,222)	5,011	221,372	(45,284)	176,088

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 10(a). Infrastructure, property, plant and equipment (continued)

Accounting policy for infrastructure, property, plant and equipment

Infrastructure, property, plant and equipment are held at fair value. Independent 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 have been 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. 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	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 8	Buildings	
Heavy plant/road making equipment	5 to 10	Buildings: masonry	50 to 100
Other plant and equipment	5 to 10	Buildings: other	20 to 40
		Other infrastructure assets	
Sewer assets		Swimming pools	30 to 60
Dams and reservoirs	80 to 100		
Reticulation pipes: PVC	62 to 70	Transportation assets	
Reticulation pipes: other	40 to 44	Sealed roads: surface	20 to 25
Pumps and telemetry	25 to 50	Sealed roads: structure	60 to 50
		Unsealed roads	15
Stormwater assets		Bridge: concrete	80
Drains	80 to 100	Kerb, gutter and footpaths	80
Culverts	50 to 80		

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 in accordance with AASB 1051 Land Under Roads.

Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 Property, Plant and Equipment.

Crown reserves

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 10(a). Infrastructure, property, plant and equipment (continued)

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

Rural Fire Service assets

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

Until such time as discussions on this matter have concluded and legislation changed, Council will not recognise Rural Fire Service assets including buildings and plant and vehicles, except those buildings located on Council owned or controlled land.

Note 10(b). Externally restricted infrastructure, property, plant and equipment

	as at 30/06/20			as at 30/06/19		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
\$ '000						
Sewerage services						
WIP	3,159	–	3,159	64	–	64
Plant and equipment	61	8	53	61	5	56
Land						
– Operational land	261	–	261	261	–	261
Buildings	59	27	32	59	25	34
Other structures	71	7	64	71	4	67
Infrastructure	15,985	6,961	9,024	15,830	6,684	9,146
Total sewerage services	19,596	7,003	12,593	16,346	6,718	9,628
Domestic waste management						
Plant and equipment	283	60	223	283	27	256
Land						
– Operational land	78	–	78	78	–	78
Buildings	376	103	273	376	95	281
Other structures	339	119	220	339	102	237
Total DWM	1,076	282	794	1,076	224	852
TOTAL RESTRICTED IPP&E	20,672	7,285	13,387	17,422	6,942	10,480

Notes to the Financial Statements

for the year ended 30 June 2020

Note 11. Contract assets and liabilities

\$ '000	Notes	2020 Current	2020 Non-current
Contract liabilities			
Grants and contributions received in advance:			
Unexpended capital grants (to construct Council controlled assets)	(i)	810	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	247	–
Total grants received in advance		1,057	–
Total contract liabilities		1,057	–

Notes

(i) Council has received funding to construct/refurbish various assets including halls, parks 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.

\$ '000	2020 Current	2020 Non-current
(i) Contract liabilities relating to restricted assets		
Externally restricted assets		
Unspent grants held as contract liabilities (excl. Water & Sewer)	1,057	–
Contract liabilities relating to externally restricted assets	1,057	–
Internally restricted assets		
Other (Third Party Grant Works)	–	–
Contract liabilities relating to internally restricted assets	–	–
Total contract liabilities relating to restricted assets	1,057	–
Total contract liabilities relating to unrestricted assets	–	–
Total contract liabilities	1,057	–

Notes to the Financial Statements

for the year ended 30 June 2020

Note 11. Contract assets and liabilities (continued)

\$ '000	2020
(ii) Revenue recognised (during the financial year) from opening contract liability balances	
Grants and contributions received in advance:	
Capital grants (to construct Council controlled assets)	879
Operating grants (received prior to performance obligation being satisfied)	143
Capital contributions (to construct Council controlled assets)	–
Operating contributions (received prior to performance obligation being satisfied)	–
User Fees and Charges received in advance:	
Upfront fees – leisure centre	–
Total Revenue recognised during the financial year that was included in the contract liability balance at the beginning of the period	1,022

Significant changes in contract assets and liabilities

The contract liabilities have arisen on adoption of AASB 15 and AASB 1058. Previously income received in advance was recognised for reciprocal contracts. The increase in a contract liability is primarily due to grants in the scope of AASB 15 and capital grants received by Council to acquire or construct assets which will be under Council's control. Previously, revenue was recognised on receipt of the funds.

Accounting policy for contract assets and liabilities

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before the payment is due, Council presents the work in progress as a contract asset, unless the rights to that amount of consideration are unconditional, in which case Council recognises a receivable.

When an amount of 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.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 12. Leases

The Council has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

(i) Council as a lessee

Council has leases over a two buildings. Information relating to the leases in place is provided below.

Terms and conditions of leases

Marrar Memorial Hall - January 2017 - December 2020 - for Community Purposes

Coolamon Railway Station - Continuing lease - for Community Purposes

Leases at significantly below market value – concessionary / peppercorn leases

Both leases for the Coolamon Railway Station & the Marrar Memorial Hall are at significantly below market for land and buildings which are used for community purposes.

The leases are generally between 4 and 5 years and require payments of a less than \$1,000 per year. The use of the right-to-use asset is restricted by the lessors to specified community services which Council must provide, these services are detailed in the leases.

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

Accounting policy

Accounting policies under AASB 16 – applicable from 1 July 2019

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

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

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

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

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

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

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

Exceptions to lease accounting

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

Leases at significantly below market value / concessionary leases

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 12. Leases (continued)

(ii) Council as a lessor

Operating leases

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

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

\$ '000	2020
(i) Operating lease income	
Other lease income	
Leaseback fees - council vehicles	23
Other	99
Housing	119
Retirement Village	118
Total income relating to operating leases	359
(ii) Operating lease expenses	
Other leased assets	
Other	712
Total expenses relating to operating leases	712

\$ '000	Plant & Equipment 2020
(v) Reconciliation of IPP&E assets leased out as operating leases	
Opening balance as at 1 July 2019	10,333
Additions renewals	164
Depreciation expense	(360)
Revaluation increments to equity (ARR)	4
Closing balance as at 30 June 2020	10,141

Accounting policy

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

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

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

The lease income is recognised on a straight-line basis over the lease term.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 13. Payables and borrowings

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Payables				
Goods and services – operating expenditure	531	3	447	2
Accrued expenses:				
Advances	95	–	–	–
Security bonds, deposits and retentions	7,651	–	7,555	–
Prepaid Rates	60	–	247	–
Prepaid Allawah Lodge Care Fees	5	–	–	–
Home Care Packages	484	–	–	–
Total payables	8,826	3	8,249	2
<u>TOTAL PAYABLES AND BORROWINGS</u>	<u>8,826</u>	<u>3</u>	<u>8,249</u>	<u>2</u>

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
(a) Payables and borrowings relating to restricted assets				
Externally restricted assets				
Sewer	81	–	–	–
Domestic waste management	70	–	–	–
Accommodation Payments/Loan Licences	7,651	–	7,555	–
Home Care Packages	484	–	–	–
Payables and borrowings relating to externally restricted assets	8,286	–	7,555	–
Internally restricted assets				
Other (CECC Payables)	32	–	–	–
Other (Allawah Lodge Payables)	144	–	–	–
Other (Allawah Village Payables)	33	–	–	–
Payables and borrowings relating to internally restricted assets	209	–	–	–
Total payables and borrowings relating to restricted assets	8,495	–	7,555	–
Total payables and borrowings relating to unrestricted assets	331	3	694	2
<u>TOTAL PAYABLES AND BORROWINGS</u>	<u>8,826</u>	<u>3</u>	<u>8,249</u>	<u>2</u>

Notes to the Financial Statements

for the year ended 30 June 2020

Note 13. Payables and borrowings (continued)

\$ '000	2020	2019
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(b) Current payables and borrowings not anticipated to be settled within the next twelve months

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

Payables – security bonds, deposits and retentions	7,511	7,427
Total payables and borrowings	7,511	7,427

(c) Financing arrangements**(i) Unrestricted access was available at balance date to the following lines of credit:**

Credit cards/purchase cards	30	30
Total financing arrangements	30	30

Undrawn facilities as at balance date:

– Credit cards/purchase cards	30	30
Total undrawn financing arrangements	30	30

Accounting policy for payables and borrowings

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.

The financial liabilities of the Council comprise trade payables, bank and other loans and finance lease liabilities.

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.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 14. Provisions

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Provisions				
Employee benefits				
Annual leave	680	–	615	–
Long service leave	1,202	134	1,104	96
Other leave (RDO/TIL)	11	–	10	–
Sub-total – aggregate employee benefits	1,893	134	1,729	96
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	427	–	385
Sub-total – asset remediation/restoration	–	427	–	385
<u>TOTAL PROVISIONS</u>	<u>1,893</u>	<u>561</u>	<u>1,729</u>	<u>481</u>

(a) Provisions relating to restricted assets

Internally restricted assets				
Other (Employees Leave Entitlements)	1,373	–	1,260	–
Other (CECC Employee Leave Entitlements)	80	–	–	–
Other (Allawah Lodge Employee Leave Entitlements)	204	–	–	–
Other (Gravel Pit Rehabilitation)	148	–	128	–
Provisions relating to internally restricted assets	1,805	–	1,388	–
Total provisions relating to restricted assets	1,805	–	1,388	–
Total provisions relating to unrestricted assets	88	561	341	481
<u>TOTAL PROVISIONS</u>	<u>1,893</u>	<u>561</u>	<u>1,729</u>	<u>481</u>

\$ '000	2020	2019
---------	------	------

(b) Current provisions not anticipated to be settled within the next twelve months

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

Provisions – employees' benefits	1,329	1,104
	<u>1,329</u>	<u>1,104</u>

Notes to the Financial Statements

for the year ended 30 June 2020

Note 14. Provisions (continued)

(c) Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
2020		
At beginning of year	385	385
Other - Unwinding of the discount	42	42
Total other provisions at end of year	427	427
2019		
At beginning of year	1,053	1,053
Other - Unwinding of the discount	(668)	(668)
Total other provisions at end of year	385	385

Notes to the Financial Statements

for the year ended 30 June 2020

Note 14. Provisions (continued)

Nature and purpose of non-employee benefit provisions

Gravel Pit Remediation

Council has a legal/public obligation to make good, restore, rehabilitate and reinstate the Council operated quarries.

Accounting policy for provisions

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

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

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

Employee benefits

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 14. Provisions (continued)

Provisions for close-down and restoration, and environmental clean-up costs – 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 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.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

(a) Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

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

(b) Correction of errors relating to a previous reporting period

Council made no correction of errors during the current reporting period.

(c) Changes in accounting policies due to adoption of new accounting standards (not-retrospective)

During the year ended 30 June 2020, the Council has adopted AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-profit Entities* and AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method and therefore the comparative information for the year ended 30 June 2019 has not been restated and continues to comply with AASB 111 *Construction Contracts*, AASB 117 *Leases*, AASB 118 *Revenue*, AASB 1004 *Contributions* and associated Accounting Interpretations.

All adjustments on adoption of AASB 15 and AASB 1058 have been taken to retained earnings at 1 July 2019.

The impacts of adopting these standards and associated transition disclosures are provided below:

(ii) AASB 15 and AASB 1058

The following approach has been applied on transition to AASB 15 and AASB 1058:

- Council has not adopted the completed contract expedient and therefore has not excluded revenue which was fully recognised in previous years in accordance with the former accounting standards and pronouncements
- Council has retrospectively restated contracts for modifications that occurred before 1 July 2019 unless such contract modification were minor.

Transfer of control to a customer – over time or at a point in time

AASB 15 has specific criteria regarding whether control is transferred over time or at a point in time. The entity has reviewed its contracts and concluded that the criteria for recognition over time is not met in some circumstances. In such cases, revenue and related production costs will be recognised at the delivery of each separate performance obligation instead of over the contract using a single margin.

Principal v agent

Prior to adoption of AASB 15, the Council had assessed that they were a principal in transactions where another party was involved in providing the goods or services including pass-through grants.

Under AASB 15, the indicators of a principal have changed and there are now a number of performance obligations within grant agreements where the Council is acting as an agent since the only obligation is to transfer the funds to a third party. The result is that Council can only recognise the “commission” to which they are entitled rather than the gross revenue and expenses. There is no change to reported profit.

Prepaid rates

Under AASB 1004, rates were recorded as revenue at the earliest of receipt of the funds from the ratepayer and the beginning of the rating period. Under AASB 1058, prepaid rates are recognised as a financial liability until the beginning of the rating period.

Grants – operating

Under AASB 1004, most grant income was recognised as revenue on receipt. Under AASB 15, where an agreement is enforceable and contains sufficiently specific performance obligations, the revenue is either recognised over time as the work is performed, or recognised at the point in time that the control of the services passes to the customer.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)**Grants – capital**

Under AASB 1004, most grant monies were recorded as revenue on receipt. Under AASB 1058, where Council has received assets (including cash) to acquire or construct a non-financial asset, the asset is to be controlled by Council and the contract is enforceable, then the asset is recognised as a contract liability on receipt and recorded as revenue as the performance obligation to acquire or construct the asset is completed.

\$ '000	Balance at 1 July 2019
Opening contract balances at 1 July 2019	
Contract liabilities	
– Under AASB 15	252
– Under AASB 1058	879
Total Contract liabilities	<u>1,131</u>

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

Comparison of financial statement line items under AASB 15 compared to previous standards for the current year

The following tables show the impact of adopting AASB 15 and AASB 1058 on the Council's financial statements for the year ended 30 June 2020.

Statement of Financial Position

\$ '000	Carrying amount per Statement of Financial Position under AASB 15 and AASB 1058	Reclassific- ation	Remeasur- ement	Carrying amount under previous revenue standards	Notes
Current assets					
Cash and cash equivalents	1,415	–	–	1,415	
Investments	22,000	–	–	22,000	
Receivables	743	–	–	743	
Inventories	260	–	–	260	
Total current assets	24,418	–	–	24,418	
Current liabilities					
Payables	8,826	–	–	8,826	
Contract liabilities	1,057	–	(1,057)	–	
Provisions	1,893	–	–	1,893	
Total current liabilities	11,776	–	(1,057)	10,719	
Non-current assets					
Inventories	454	–	–	454	
Infrastructure, property, plant and equipment	181,167	–	–	181,167	
Investments accounted for using equity method	173	–	–	173	
Total non-current assets	181,794	–	–	181,794	
Non-current liabilities					
Payables	3	–	–	3	
Provisions	561	–	–	561	
Total Non-current liabilities	564	–	–	564	
Net assets	193,872	–	1,057	194,929	
Equity					
Accumulated surplus	97,418	–	1,057	98,475	
Revaluation reserves	96,454	–	–	96,454	
Council equity interest	193,872	–	1,057	194,929	
Total equity	193,872	–	1,057	194,929	

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

Income Statement

\$ '000	Income Statement and comprehensive income under AASB 15 and AASB 1058	Reclassification	Remeasurement	Income Statement and comprehensive income under previous revenue standards	Notes
<u>Income from continuing operations</u>					
Rates and annual charges	3,742	–	–	3,742	
User charges and fees	4,336	–	–	4,336	
Other revenues	550	–	–	550	
Grants and contributions provided for operating purposes	6,899	–	1,587	8,486	
Grants and contributions provided for capital purposes	5,937	–	(70)	5,867	
Interest and investment income	378	–	–	378	
Net gains from the disposal of assets	197	–	–	197	
Rental income	359	–	–	359	
Net share of interests in joint ventures and associates using the equity method	6	–	–	6	
Total Income from continuing operations	22,404	–	1,517	23,921	
<u>Expenses from continuing operations</u>					
Employee benefits and on-costs	6,309	–	153	6,462	
Borrowing costs	53	–	–	53	
Materials and contracts	3,791	–	1,439	5,230	
Depreciation and amortisation	3,883	–	–	3,883	
Other expenses	1,638	–	–	1,638	
Total Expenses from continuing operations	15,674	–	1,592	17,266	
Total Operating result from continuing operations	6,730	–	(75)	6,655	
Net operating result for the year	6,730	–	(75)	6,655	
Total comprehensive income	7,018	–	(75)	6,943	

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

Statement of Financial Position

\$ '000	Original Balance 1 July, 2019	Impact Increase/ (decrease)	Restated Balance 1 July, 2019
Contract assets	–	–	–
Total assets	198,446	–	198,446
Contract liabilities	–	1,131	1,131
Total liabilities	10,461	1,131	11,592

continued on next page ...

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

\$ '000	Original Balance 1 July, 2019	Impact Increase/ (decrease)	Restated Balance 1 July, 2019
Accumulated surplus	91,822	(1,131)	90,691
Total equity	187,985	(1,131)	186,854

(d) Changes in accounting policies due to adoption of new accounting standards (retrospective)

Council made no changes in accounting policies due to adoption of new accounting standards – retrospective

(e) Voluntary changes in accounting policies

Council made no voluntary changes in any accounting policies during the year.

(f) Changes in accounting estimates

Council made no changes in accounting estimates during the year.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 16. Statement of cash flow information

\$ '000	Notes	2020	2019
(a) Reconciliation of cash and cash equivalents			
Total cash and cash equivalents per Statement of Financial Position	7(a)	1,415	2,724
Balance as per the Statement of Cash Flows		1,415	2,724
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		6,727	2,880
Adjust for non-cash items:			
Depreciation and amortisation		3,883	3,827
Net losses/(gains) on disposal of assets		(197)	117
Non-cash capital grants and contributions		(230)	–
Adoption of AASB 15/1058		(1,131)	–
Share of net (profits)/losses of associates/joint ventures using the equity method		(3)	(8)
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		547	(446)
Increase/(decrease) in provision for impairment of receivables		28	22
Decrease/(increase) in inventories		(30)	36
Increase/(decrease) in payables		85	162
Increase/(decrease) in other liabilities		493	15
Increase/(decrease) in contract liabilities		1,057	–
Increase/(decrease) in provision for employee benefits		202	168
Increase/(decrease) in other provisions		42	(668)
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		11,473	6,105
(c) Non-cash investing and financing activities			
Developer contributions 'in kind'		177	–
Other dedications		53	–
Total non-cash investing and financing activities		230	–

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Interests in other entities

\$ '000	Council's share of net income		Council's share of net assets	
	2020	2019	2020	2019
Joint ventures	3	8	173	170
Total	3	8	173	170

(a) Controlled entities (subsidiaries) – being entities and operations controlled by Council

Council has no interest in any controlled entities (subsidiaries).

(b) Joint arrangements

(i) Joint ventures

The following information is provided for joint ventures that are individually material to the Council. Included are the total amounts as per the joint venture financial statements, adjusted for fair-value adjustments at acquisition date and differences in accounting policies, rather than the Council's share.

(a) Net carrying amounts – Council's share

\$ '000	Nature of relationship	Measurement method	2019	2018
Riverina Regional Library	Joint venture	Equity method	173	170
Total carrying amounts – material joint ventures			173	170

(b) Details

	Principal activity	Place of business
Riverina Regional Library	Provision of library services	Riverina

(c) Relevant interests and fair values

\$ '000	Interest in outputs		Interest in ownership		Proportion of voting power	
	2020	2019	2020	2019	2020	2019
Riverina Regional Library	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Interests in other entities (continued)

(d) Summarised financial information for joint ventures

\$ '000	Riverina Regional Library	
	2019	2018
Statement of financial position		
Current assets		
Cash and cash equivalents	2,866	2,651
Other current assets	31	26
Non-current assets	2,641	2,742
Current liabilities		
Other current liabilities	981	939
Non-current liabilities		
Non-current financial liabilities (excluding trade and other payables and provisions)	4	3
Net assets	4,553	4,477
Reconciliation of the carrying amount		
Opening net assets (1 July)	4,477	4,253
Profit/(loss) for the period	76	224
Closing net assets	4,553	4,477
Council's share of net assets (%)	3.8%	3.8%
Council's share of net assets (\$)	173	170
Statement of comprehensive income		
Income	3,053	2,954
Interest income	30	26
Depreciation and amortisation	(853)	(828)
Other expenses	(2,154)	(1,928)
Profit/(loss) from continuing operations	76	224
Profit/(loss) for the period	76	224
Total comprehensive income	76	224
Share of income – Council (%)	3.8%	3.8%
Profit/(loss) – Council (\$)	3	8
Total comprehensive income – Council (\$)	3	8
Summarised Statement of cash flows		
Cash flows from operating activities	1,013	1,137
Cash flows from investing activities	(798)	(760)
Net increase (decrease) in cash and cash equivalents	215	377

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Interests in other entities (continued)

(c) Associates

Council has no interest in any associates.

(d) Unconsolidated structured entities

Council has no interest in any unconsolidated structured entities.

(e) Subsidiaries, joint arrangements and associates not recognised

Council has not recognised the following

Goldenfields Water County Council

Council is a member of the Goldenfields Water County Council, a body corporate established under the Local Government Act 1993 (NSW) responsible for the water supply functions within the Local Government Areas of Bland, Coolamon, Junee, Temora and parts of Cootamundra-Gundagai, Hilltops and Narrandera. Council does not have control or a significant influence over the County Council and accordingly the County Council has not been consolidated in the financial statements.

Riverina Joint Organisation

Council is a member of the Riverina Joint Organisation, established under the Local Government Act 1993 (NSW) together with the Bland Shire, Cootamundra-Gundagai Regional, Greater Hume Shire, Junee Shire, Temora Shire, Lockhart Shire & Wagga Wagga City Councils. Council does not have control or a significant influence over the joint organisation and accordingly the joint organisation has not been consolidated in the financial statements.

Riverina Eastern Regional Organisation of Councils

Council is a member of the Riverina Eastern Regional Organisation of Councils, together with the Bland Shire, Cootamundra-Gundagai Regional, Greater Hume Shire, Junee Shire, Temora Shire, Lockhart Shire, Goldenfields Water County Council & Riverina Water County Council. Council does not have control or a significant influence over the joint organisation and accordingly the joint organisation has not been consolidated in the financial statements.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 18. Commitments

\$ '000	2020	2019
Capital commitments (exclusive of GST)		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Buildings	1,391	–
Plant and equipment	35	296
Sewer Infrastructure	401	3,316
Other	117	–
Investment property		
– Buildings	–	113
– Other	–	45
Total commitments	1,944	3,770
These expenditures are payable as follows:		
Within the next year	1,944	3,770
Total payable	1,944	3,770
Sources for funding of capital commitments:		
Unrestricted general funds	173	118
Future grants and contributions	481	2,710
Externally restricted reserves	100	662
Internally restricted reserves	1,190	280
Total sources of funding	1,944	3,770

Details of capital commitments

Council's capital commitments include contracts for the construction of the Ardlethan Sewerage Reticulation, Ardlethan Sewerage Treatment Works and the provision of a pump station for the Ardlethan Sewerage Scheme. Council had on order a loader at year's end and had a number of buildings projects underway including alterations to the Council Chambers and the construction of new toilets at the Beckom Hall.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 19. Contingencies

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

LIABILITIES NOT RECOGNISED**1. Guarantees****(i) Defined benefit superannuation contribution plans**

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

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

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

Description of the funding arrangements.

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 19. Contingencies (continued)

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

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2020 was \$25,382.74. The last valuation of the Scheme was performed by Fund Actuary, Richard Boyfield FIAA as at 30 June 2019.

The amount of additional contributions included in the total employer contribution advised above is \$17,900.04. Council's expected contribution to the plan for the next annual reporting period is \$12,033.96.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2020 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	1,695.2	
Past Service Liabilities	1,773.2	95.6%
Vested Benefits	1,757.5	96.5%

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

The share of this deficit that is broadly attributed to Council is estimated to be in the order of 0.03% as at 30 June 2020.

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

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

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

* Plus promotional increases

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 19. 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.

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.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 20. Financial risk management

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk.

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 Council.

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

Financial risk management is undertaken by Council's finance section under policies approved by Council.

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

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

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.

\$ '000	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
2020				
Possible impact of a 1% movement in interest rates	210	210	(210)	(210)
2019				
Possible impact of a 1% movement in interest rates	198	198	(198)	(198)

Notes to the Financial Statements

for the year ended 30 June 2020

Note 20. Financial risk management (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.

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
2020						
Gross carrying amount	–	134	52	6	–	192
2019						
Gross carrying amount	–	148	29	14	5	196

Receivables - non-rates and annual charges

Council applies the simplified approach for non-rates and annual charges debtors to provide for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision. To measure the expected credit losses, non-rates and annual charges debtors have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance provision as at 30 June 2020 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
2020						
Gross carrying amount	270	5	2	29	245	551
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	3.00%	1.33%
ECL provision	–	–	–	–	7	7
2019						
Gross carrying amount	904	37	–	1	179	1,121
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	5.00%	0.80%
ECL provision	–	–	–	–	9	9

Notes to the Financial Statements

for the year ended 30 June 2020

Note 20. Financial risk management (continued)

(c) Liquidity risk

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

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

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

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk through diversification of borrowing types, maturities and interest rate structures. The finance team regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

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

The amounts disclosed in the table are the undiscounted contracted cash flows for non-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:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
2020							
Trade/other payables	0.00%	8,769	–	–	–	8,769	8,769
Total financial liabilities		8,769	–	–	–	8,769	8,769
2019							
Trade/other payables	0.00%	8,004	–	–	–	8,004	8,004
Total financial liabilities		8,004	–	–	–	8,004	8,004

Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. Material budget variations

Council's original financial budget for 19/20 was adopted by the Council on 20/06/2019 and is unaudited.

While the Income Statement included in this General Purpose Financial Statements must disclose the original budget adopted by Council, the Local Government Act 1993 requires Council to review its financial budget on a quarterly basis, so that it is able to manage the various variations between actuals versus budget that invariably occur throughout the year.

This note sets out the details of **material variations** between Council's original budget and its actual results for the year as per the Income Statement – even though such variations may have been adjusted for during each quarterly budget review.

Material variations represent those variances between the original budget figure and the actual result that amount to **10%** or more.

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

\$ '000	2020 Budget	2020 Actual	2020 ----- Variance -----	
REVENUES				
Rates and annual charges	3,577	3,742	165	5% F
User charges and fees	3,848	4,336	488	13% F
Fees relating to residents in Allawah Lodge exceeded Council's original budget by \$111,000. Council's original budget for income derived from Home Care Packages was \$351,000 but due to additional package clients and changes in level of existing clients income achieved amounted to \$564,000 Council's original budget allowed for \$30,000 in Private Works Income but \$88,000 was raised during the year. Building Regulation and Inspection fees were budgeted to raise \$48,000 but Council raised \$89,000 in FY2020.				
Other revenues	180	550	370	206% F
Council's original budget did not allow for the management fees from the Stronger Country Communities Fund projects managed on behalf of third parties or the incomes related to the Canola Trail Guide production. These incomes account for a \$155,000 favourable variance. Council's received \$41,000 in Insurance Incentives in FY2020. This income was not included in Council's original budget. Retention from Allawah Village Loan Licences exceeded Council's original budget of \$105,000 by \$30,000.				
Operating grants and contributions	5,435	6,899	1,464	27% F
Council's original budget allowed for 1/2 of the annual Financial Assistance Grant due to the prepayment made in FY2019. The Federal Government decided to bring forward 1/2 of the FY2020 grant resulting in a favourable variance of \$1,990,000. Council's original budget allowed for \$773,000 in Roads to Recovery Funding but Council was allocated an additional \$386,000 bringing total income to \$1,159,000. Council original budget accounted for Fixing Country Roads funding for the Marrar South Road as an operating grant but as the works were undertaken in the June Shire the grant was treated as a contract liability until the project was finalised. This resulted in an unfavourable variance of \$797,000.				
Capital grants and contributions	3,021	5,937	2,916	97% F
Council received \$1,551,000 in Drought Communities Program Funding. This funding was not included in Council's original budget and has been allocated to various works including major refurbishment/extensions to Allawah Lodge and the Coolamon Early Childhood Centre as well as works at various other community assets. Changes to accounting standards required Council to account for monies that had been received in previous years as income again in FY2020. This resulted in \$373,000 in Aged Care Regional Rural & Remote Grant being accounted for again and \$612,000 in Stronger Country Communities Funding. Council also received \$230,000 in non-cash donated assets during the year.				
Interest and investment revenue	476	378	(98)	(21)% U
The economic conditions experienced of FY2020 have resulted in the returns on Council's investments to be much lower than anticipated when the original budget was formulated.				
Net gains from disposal of assets	168	197	29	17% F

Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. Material budget variations (continued)

\$ '000	2020 Budget	2020 Actual	2020 ----- Variance -----	
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Council received higher than anticipated proceeds from the sale of plant and equipment resulting in this favourable variance.

Rental income	363	359	(4)	(1)%	U
Joint ventures and associates – net profits	5	3	(2)	(40)%	U

EXPENSES

Employee benefits and on-costs	6,405	6,309	96	1%	F
Borrowing costs	6	53	(47)	(783)%	U

Council's original budget did not allow for any interest to be paid relating to the refund of Accommodation Payments for Allawah Lodge. During FY2020 Council was required to pay \$11,000 in interest.

Council's original budget allowed \$6,000 for the finance expense relating to the restoration of gravel pits. When determining the amount to be expensed for FY2020 the difference between the inflation rate (1.5%) and discount rate (1%) resulted in the unfavourable variance of \$36,000

Materials and contracts	3,949	3,791	158	4%	F
Depreciation and amortisation	4,069	3,883	186	5%	F
Other expenses	1,474	1,638	(164)	(11)%	U

Council's budget for Computer/IT Maintenance was \$90,000. Actual expenditure amounted to \$169,000. This variance was as a result of increased network support required to attend to a number of audit points and the implementation of a number of new software solutions.

Water charges for the year amounted to \$187,000. This exceeded Council's original budget by \$36,000 and can be attributed to the drought conditions.

Council's original budget for the NSW RFS contribution was \$180,000. The actual contribution made amounted to \$203,000. This was offset by a grant from the Office of Local Government.

Net losses from disposal of assets	-	-	-	∞	F
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STATEMENT OF CASH FLOWS

Cash flows from operating activities	5,262	11,473	6,211	118%	F
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The favourable variance from operating activities is mainly attributable to the additional grant/contribution funds received in the current financial year. Some of these grant funds were disclosed as incomes (Drought Communities Program, additional Roads to Recovery) but other funds received have been accounted for as liabilities as the funds have been received by Council but the deed requirements have not yet been met and/or the funds have not yet been expended.

Cash flows from investing activities	(7,879)	(12,782)	(4,903)	62%	U
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The transfer of cash to investments is the primary contributor to this unfavourable variance. Additional grant funds has allowed Council to increase investments at year end from \$17.7 million (FY2019) to \$22 million (FY2020)

Notes to the Financial Statements for the year ended 30 June 2020

Note 22. Fair Value Measurement

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

- Infrastructure, property, plant and equipment
- Financial assets and liabilities

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).

(1) Assets and liabilities that have been measured and recognised at fair values

2020	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring fair value measurements					
Infrastructure, property, plant and equipment					
Plant and equipment	30/06/20	–	–	2,936	2,936
Office furniture	30/06/20	–	–	262	262
Operational land	30/06/18	–	4,043	–	4,043
Community land	30/06/20	–	–	1,948	1,948
Land improvements	30/06/19	–	–	272	272
Buildings – non-specialised	30/06/18	–	1,394	–	1,394
Buildings – specialised	30/06/18	–	–	23,036	23,036
Other structures	30/06/19	–	–	3,598	3,598
Roads, bridge and footpaths	30/06/19	–	–	64,851	64,851
Bulk earthworks	30/06/19	–	–	59,300	59,300
Stormwater drainage	30/06/19	–	–	3,039	3,039
Sewerage network	30/06/18	–	–	9,024	9,024
Swimming pools	30/06/19	–	–	2,872	2,872
Quarry Assets	30/06/19	–	–	345	345
Total infrastructure, property, plant and equipment		–	5,437	171,483	176,920

Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. Fair Value Measurement (continued)

2019	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring fair value measurements					
Infrastructure, property, plant and equipment					
Plant and equipment	30/06/19	–	–	2,576	2,576
Office furniture	30/06/19	–	–	260	260
Operational land	30/06/18	–	4,043	–	4,043
Community land	30/06/19	–	–	1,690	1,690
Land improvements	30/06/19	–	–	202	202
Buildings – non-specialised	30/06/18	–	1,439	–	1,439
Buildings – specialised	30/06/18	–	–	23,113	23,113
Other structures	30/06/19	–	–	3,593	3,593
Roads, bridge and footpaths	30/06/19	–	–	63,996	63,996
Bulk earthworks	30/06/19	–	–	59,197	59,197
Stormwater drainage	30/06/19	–	–	3,048	3,048
Sewerage network	30/06/18	–	–	9,146	9,146
Swimming pools	30/06/19	–	–	2,926	2,926
Quarry Assets	30/06/19	–	–	360	360
Total infrastructure, property, plant and equipment		–	5,482	170,107	175,589

Note that capital WIP is not included above since it is carried at cost.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. Fair Value Measurement (continued)

(2) Valuation techniques used to derive level 2 and level 3 fair values

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

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

Infrastructure, property, plant and equipment (IPP&E)

Roads Infrastructure

This asset class comprises the road surface and pavement, bridges, drainage, kerb & gutter and footpaths. The cost approach was adopted to value these assets based on assessments and calculations from a condition assessment done in house as part of the valuation project undertaken in 2018/2019. Assets have been componentised and a full review of condition, useful lives and unit rates was undertaken. Key inputs such as estimated pattern of consumption, asset condition and useful life required extensive professional judgement and impact significantly on the final determination of fair value.

Stormwater Drainage Infrastructure

This asset class comprises the pits, pipes, open channels and headwalls. The cost approach was adopted to value these assets based on assessments and calculations from a condition assessment done in house as part of the valuation project undertaken in 2018/2019. Assets have been componentised and a full review of condition, useful lives and unit rates was undertaken. Key inputs such as estimated pattern of consumption, asset condition and useful life required extensive professional judgement and impact significantly on the final determination of fair value.

Sewerage Infrastructure

This asset class comprises the treatment works, pumping station, sewerage mains and effluent reuse. The cost approach was adopted to value these assets based on assessments and calculations from condition assessments done in house as part of the valuation project undertaken in 2017/2018. Assets have been componentised and a full review of condition, useful lives and unit rates was undertaken. Key inputs such as estimated pattern of consumption, asset condition and useful life required extensive professional judgement and impact significantly on the final determination of fair value. The valuation process was performed in house as compared to being undertaken by consultants in the past. There has been no change to the valuation process during the period.

Community Land

This asset class comprises all of Council's land classified as Community Land under the NSW Local Government Act 1993. Council has used the Valuer General's Unimproved Capital Land Value (UCV) as the fair value as at 30 June 2020.

Operational Land

This asset class comprises all of Council's land classified as Operational Land under the NSW Local Government Act 1993. Council engaged AssetVal to value all of its operational land with an effective date of 30/06/2018. There has been no change to the valuation process during the period.

Buildings - Specialised & Non-Specialised

This asset class comprises all of Council's buildings, both specialised and non-specialised. Council engaged AssetVal to value all of its buildings with an effective date of 30/06/18. The cost approach was adopted to estimate the fair value of these assets using the depreciated replacement cost allowing for professional fees, demolition, removal of debris and escalation in costs. Inputs such as estimates of residual value and pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value. There has been no change to the valuation process during the period.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. Fair Value Measurement (continued)

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

a. The following tables present the changes in level 3 fair value asset classes.

\$ '000	Total IPP&E (Note 10a)
2019	
Opening balance	169,181
Purchases (GBV)	4,976
Disposals (WDV)	(255)
Depreciation and impairment	(4,028)
FV gains – other comprehensive income	233
Adjustments	–
Closing balance	170,107
2020	
Opening balance	170,107
Purchases (GBV)	5,256
Disposals (WDV)	(154)
Depreciation and impairment	(4,021)
FV gains – other comprehensive income	291
Adjustments	4
Closing balance	171,483

b. Information relating to the transfers into and out of the level 3 fair valuation hierarchy (as disclosed in the table above) includes:

Following the revaluation of Building Assets by AssetVal in 2017/2018, a number of buildings that had previously been identified as Level 2 were reclassified as Level 3 due to the lack of a fair value market. These included Allawah Lodge, Allawah Retirement Village and the Coolamon Early Childhood Centre.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. Fair Value Measurement (continued)

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

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

\$ '000	Fair value (30/6/20)	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment			
PP&E & Office Equipment	3,198	Cost used to approximate fair value (In House)	Gross replacement cost, useful life and residual value
Community Land	1,948	Land values obtained by the NSW Valuer General (In House)	Land value, land area
Land Improvements	272	Cost used to approximate fair value (In House)	Asset condition, remaining lives and residual value
Specialised Buildings	22,941	Unit rates (External Valuer)	Asset condition, remaining lives and residual value
Other Structures	3,599	Cost used to approximate fair value (In House)	Asset condition, remaining lives and residual value
Roads, Bridges, Footpaths & Bulk Earthworks	124,151	Unit rates (In House)	Asset condition, remaining lives and residual value
Stormwater	3,039	Unit rates (In House)	Asset condition, remaining lives and residual value
Sewerage	8,942	Unit rates (In House)	Asset condition, remaining lives and residual value
Swimming Pools	2,872	Cost used to approximate fair value (In House)	Asset condition, remaining lives and residual value
Gravel Pits	345	Cost used to approximate fair value (In House)	Asset condition, remaining lives and residual value

d. The valuation process for level 3 fair value measurements

The inputs used for applying the Cost Approach to the valuation process were

- pattern of consumption
- residual value (where appropriate)
- asset condition
- unit rates
- useful lives

When necessary Council has engaged external consultants with specific expertise to work in conjunction with Council staff to establish the fair value of the assets based on the above inputs Council has applied the five year rolling valuation cycle.

(4) Highest and best use

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 23. Related party disclosures

(a) Key management personnel

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	2020	2019
Compensation:		
Short-term benefits	839	805
Post-employment benefits	66	63
Other long-term benefits	29	28
Total	934	896

Notes to the Financial Statements

for the year ended 30 June 2020

Note 23. Related party disclosures (continued)

(b) Other transactions with KMP and their related parties

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

Nature of the transaction	Ref	Value of transactions during year	Outstanding balance (incl. loans and commitments)	Terms and conditions	Provisions for impairment of receivables outstanding	Expense recognised for impairment of receivables
\$ '000						
2020						
Clr Bruce Hutcheon	1	13	117		–	–
2019						
Clr Bruce Hutcheon	1	95	–		–	–

During the year a related party of the key management personnel of Council donated infrastructure assets as part of a subdivision development.

1 During the year the Council negotiated to purchase land from a related party of the key management personnel of Council.

Prior Year

1 During the year the key management personnel of Council undertook a subdivision where a condition of consent was to construct a road. The key management personnel contracted Council to undertake these works on his behalf.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 24. Events occurring after the reporting date

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 25. Statement of developer contributions

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.

Summary of contributions and levies

	as at 30/06/19			Interest earned in year	Expenditure during year	Internal borrowing (to)/from	as at 30/06/20	
	Opening Balance	Cash	Non-cash				Held as restricted asset	Cumulative internal borrowings due/(payable)
\$ '000								
Footpaths	–	5	–	–	–	–	5	–
Kerb & Gutter	2	10	–	–	–	–	12	–
Roads & Carparking	5	39	–	–	–	–	44	–
Roads Recoupment	–	21	–	–	–	(21)	–	(132)
Plan administration	–	1	–	–	–	–	1	–
Haulage	–	3	–	–	–	–	3	–
S7.11 contributions – under a plan	7	79	–	–	–	(21)	65	(132)
Total S7.11 and S7.12 revenue under plans	7	79	–	–	–	(21)	65	(132)
Total contributions	7	79	–	–	–	(21)	65	(132)

Notes to the Financial Statements

for the year ended 30 June 2020

Note 25. Statement of developer contributions (continued)

\$ '000	as at 30/06/19			Interest earned in year	Expenditure during year	Internal borrowing (to)/from	as at 30/06/20	
	Opening Balance	Contributions received during the year					Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
S7.11 Contributions – under a plan								
CONTRIBUTION PLAN NUMBER 1								
Footpaths	–	5	–	–	–	–	5	–
Kerb & Gutter	2	10	–	–	–	–	12	–
Roads recoupment	–	21	–	–	–	(21)	–	(132)
Plan administration	–	1	–	–	–	–	1	–
Roads & Carparking	5	39	–	–	–	–	44	–
Haulage	–	3	–	–	–	–	3	–
Total	7	79	–	–	–	(21)	65	(132)

Notes to the Financial Statements

for the year ended 30 June 2020

Note 26. Result by fund

\$ '000	General ¹ 2020	Sewer 2020
Income Statement by fund		
Income from continuing operations		
Rates and annual charges	3,163	579
User charges and fees	4,327	9
Interest and investment revenue	345	33
Other revenues	623	8
Grants and contributions provided for operating purposes	6,899	–
Grants and contributions provided for capital purposes	3,424	2,513
Net gains from disposal of assets	197	–
Rental income	359	–
Share of interests in joint ventures and associates using the equity method	3	–
Total income from continuing operations	19,340	3,142
Expenses from continuing operations		
Employee benefits and on-costs	6,132	177
Borrowing costs	53	–
Materials and contracts	3,516	275
Depreciation and amortisation	3,669	214
Other expenses	1,505	133
Total expenses from continuing operations	14,875	799
Operating result from continuing operations	4,465	2,343
Net operating result for the year	4,465	2,343
Net operating result attributable to each council fund	4,465	2,343
Net operating result for the year before grants and contributions provided for capital purposes	1,041	(170)

NB. All amounts disclosed above are gross – that is, they include internal charges and recoveries made between the funds.

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 26. Result by fund (continued)

\$ '000	General ¹ 2020	Sewer 2020
Statement of Financial Position by fund		
ASSETS		
Current assets		
Cash and cash equivalents	(209)	1,624
Investments	22,000	–
Receivables	675	68
Inventories	260	–
Total current assets	22,726	1,692
Non-current assets		
Inventories	454	–
Infrastructure, property, plant and equipment	168,574	12,593
Investments accounted for using the equity method	173	–
Total non-current assets	169,201	12,593
TOTAL ASSETS	191,927	14,285
LIABILITIES		
Current liabilities		
Payables	8,745	81
Contract liabilities	1,057	–
Provisions	1,893	–
Total current liabilities	11,695	81
Non-current liabilities		
Payables	3	–
Provisions	561	–
Total non-current liabilities	564	–
TOTAL LIABILITIES	12,259	81
Net assets	179,668	14,204
EQUITY		
Accumulated surplus	88,921	8,497
Revaluation reserves	90,747	5,707
Council equity interest	179,668	14,204
Total equity	179,668	14,204

NB. All amounts disclosed above are gross – that is, they include internal charges and recoveries made between the funds. Assets and liabilities shown in the water and sewer columns are restricted for use for these activities.

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 27(a). Statement of performance measures – consolidated results

\$ '000	Amounts 2020	Indicator 2020	Prior periods		Benchmark
			2019	2018	
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	590				
Total continuing operating revenue excluding capital grants and contributions ¹	16,264	3.63%	4.44%	9.49%	>0.00%
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	9,365				
Total continuing operating revenue ¹	22,201	42.18%	47.81%	47.89%	>60.00%
3. Unrestricted current ratio					
Current assets less all external restrictions	11,246				
Current liabilities less specific purpose liabilities	1,104	10.19x	8.30x	9.74x	>1.50x
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	4,526				
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	53	85.40x	283.63x	547.63x	>2.00x
5. Rates, annual charges, interest and extra charges outstanding percentage					
Rates, annual and extra charges outstanding	196				
Rates, annual and extra charges collectible	3,999	4.90%	6.12%	5.50%	<10.00%
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	23,415				
Monthly payments from cash flow of operating and financing activities	917	25.54 mths	21.09 mths	21.44 mths	>3.00 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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 27(b). Statement of performance measures – by fund

\$ '000	General Indicators ³		Sewer Indicators		Benchmark
	2020	2019	2020	2019	
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	4.86%	5.24%	(27.03)%	(9.98)%	>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	45.84%	46.52%	20.02%	73.26%	>60.00%
Total continuing operating revenue ¹					
3. Unrestricted current ratio					
Current assets less all external restrictions	12.57x	8.30x	20.89x	∞	>1.50x
Current liabilities less specific purpose liabilities					
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	84.57x	274.31x	∞	∞	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)					
5. Rates, annual charges, interest and extra charges outstanding percentage					
Rates, annual and extra charges outstanding	4.56%	5.93%	6.73%	7.13%	<10.00%
Rates, annual and extra charges collectible					
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	23.77	18.92	∞	∞	>3.00
Payments from cash flow of operating and financing activities	mths	mths			mths

(1) - (2) Refer to Notes at Note 31a above.

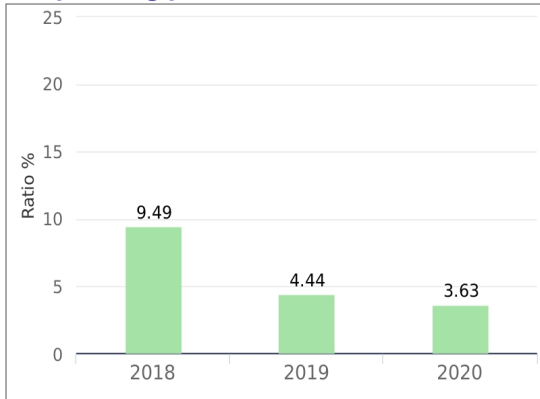
(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

End of Audited Financial Statements.

Notes to the Financial Statements
for the year ended 30 June 2020

Note 27(c). 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 2019/20 result

2019/20 ratio 3.63%

Council has once again achieved a positive Operating Performance Ratio, greater than the benchmark of 0.00%

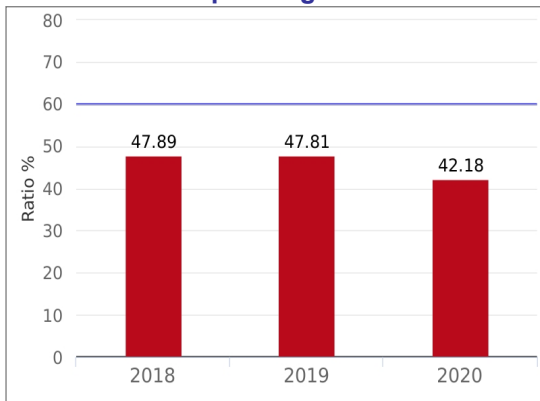
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

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 2019/20 result

2019/20 ratio 42.18%

Council has continued to source government grants where they are available and as a result of receiving such grants this ratio is unfavourably affected.

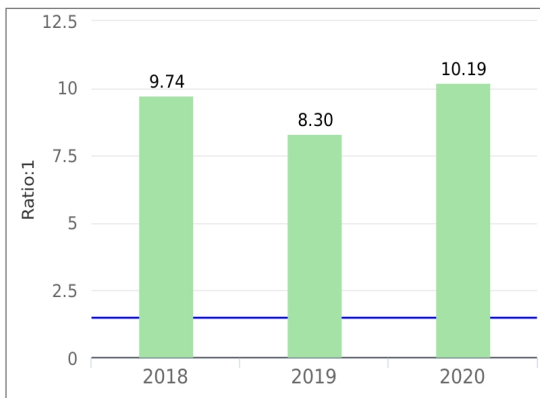
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

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 2019/20 result

2019/20 ratio 10.19x

Council continues to maintain a strong Unrestricted Current Ratio much higher than the benchmark of 1.5x.

Benchmark: — > 1.50x

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

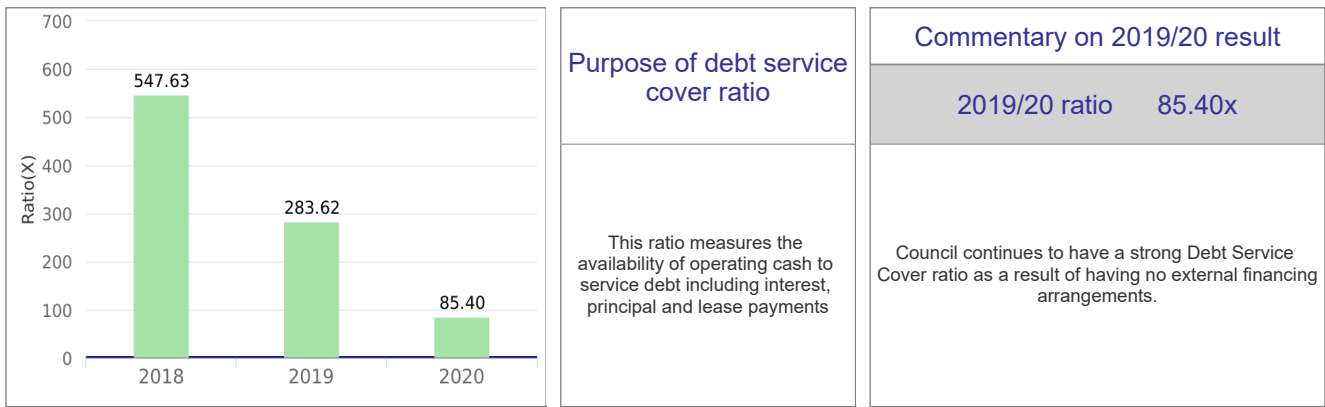
Ratio achieves benchmark

Ratio is outside benchmark

4. Debt service cover ratio

Notes to the Financial Statements
for the year ended 30 June 2020

Note 27(c). Statement of performance measures – consolidated results (graphs)



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 2019/20 result

2019/20 ratio 85.40x

Council continues to have a strong Debt Service Cover ratio as a result of having no external financing arrangements.

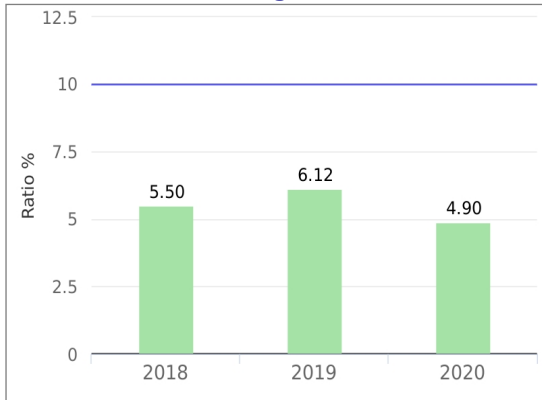
Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates, annual charges, interest and extra charges outstanding percentage



Purpose of rates, annual charges, interest and extra charges outstanding

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

Commentary on 2019/20 result

2019/20 ratio 4.90%

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.

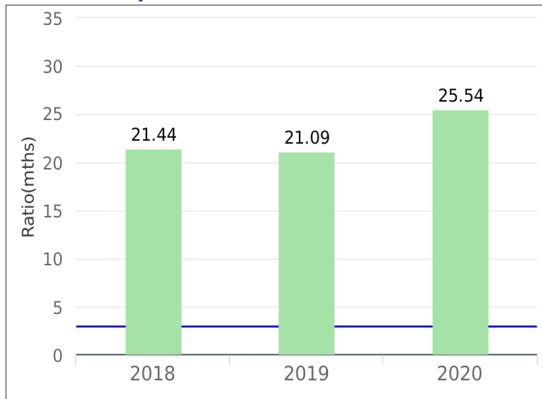
Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

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 2019/20 result

2019/20 ratio 25.54 mths

Council continues to hold adequate cash reserves to cover immediate expenses without having to rely on external financing arrangements.

Benchmark: — > 3.00mths

Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio achieves benchmark

Ratio is outside benchmark

Notes to the Financial Statements

for the year ended 30 June 2020

Note 28. Council information and contact details

Principal place of business:

55 Cowabbie Street
COOLAMON NSW 2701

Contact details

Mailing Address:

PO Box 101
COOLAMON NSW 2701

Telephone: 02 6930 1800

Facsimile: 02 6927 3168

Opening hours:

8:30am - 5:00pm
Monday to Friday

Internet: www.coolamon.nsw.gov.au

Email: council@coolamon.nsw.gov.au

Officers

GENERAL MANAGER

Mr Tony Donoghue

RESPONSIBLE ACCOUNTING OFFICER

Ms Samantha Jennings

PUBLIC OFFICER

Mr Tony Donoghue

AUDITORS

Audit Office of New South Wales

CONTRACT AUDIT AGENT

Crowe
491 Smollett Street
ALBURY NSW 2640

Elected members

MAYOR

Clr John Seymour

COUNCILLORS

Clr Bruce Hutcheon

Clr Steve Jones

Clr David McCann

Clr Kerrilee Logan

Clr Kathy Maslin

Clr Colin McKinnon

Clr Alan White

Clr Jeremy Crocker

Other information

ABN: 32 573 173 265



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Coolamon Shire Council

To the Councillors of Coolamon Shire Council

Opinion

I have audited the accompanying financial statements of Coolamon 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 2020, the Statement of Financial Position as at 30 June 2020, 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 2020, 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 2020 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 21 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.



Nathan Carter
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

19 October 2020
SYDNEY

Cr John Seymour
Mayor
Coolamon Shire Council
PO Box 101
COOLAMON NSW 2701

Contact: Nathan Carter
Phone no: (02) 9275 7349
Our ref: FA1716/D2019267

19 October 2020

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2020
Coolamon Shire Council**





I have audited the general purpose financial statements (GPFS) of Coolamon Shire Council (the Council) for the year ended 30 June 2020 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 2020 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

INCOME STATEMENT

Operating result

	2020	2019*	Variance
	\$'000	\$'000	%
Rates and annual charges revenue	3,742	3,587	 4.3
Grants and contributions revenue	12,836	9,304	 38.0
Operating result from continuing operations	6,727	2,880	 133.6
Net operating result before capital grants and contributions	790	586	 34.8

The Council's operating result before capital grants and contributions (\$0.8 million, including depreciation and amortisation expense of \$3.9 million) was \$0.2 million higher than the 2018–19 result. This movement was mainly due to an increase in user charges and fees, related to aged and home care packages.

The net operating result from continuing operations of \$6.7 million was \$3.8 million higher than the 2018–19 result. These movements were mainly due to an increase in capital grants. During 2019-20, Council received a sewerage services grant of \$2.3 million and drought communities program grant of \$1.6 million.

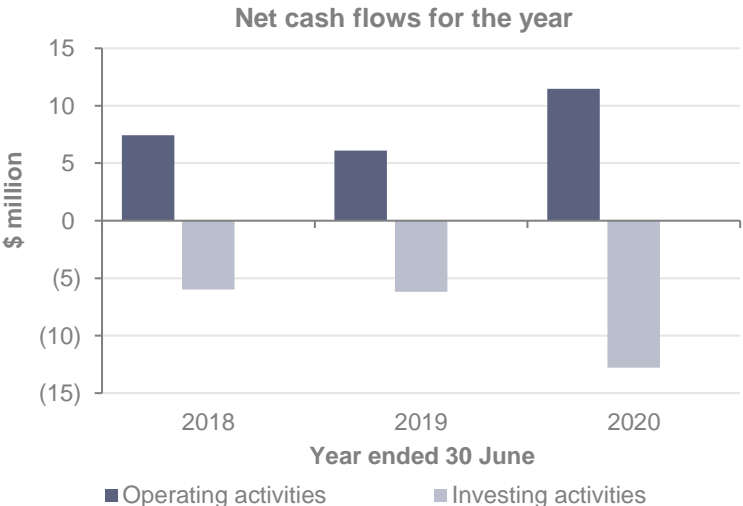
Rates and annual charges revenue of \$3.7 million increased by \$0.16 million (4.3 per cent) in 2019–20 due to:

- the IPART rate peg, which increased general rates revenue by 2.7 per cent in 2019-20; and
- the rise in total number of rateable properties.

Grants and contributions revenue of \$12.8 million increased by \$3.5 million (38.0 per cent), as a result of the two grants noted above.

STATEMENT OF CASH FLOWS

- Council's cash and cash equivalents was \$1.4 million (\$2.7 million for the year ended 30 June 2019). There was a net decrease in cash and cash equivalents of \$1.3 million at 30 June 2020.
- Net cash provided by operating activities has increased by \$5.4 million. This is mainly due to the increase in grants and contributions and user charges and fees noted in 'Income Statement' commentary.
- Net cash used in investing activities increased by \$6.6 million, due to increased purchases of investment securities, offset by sales of investment securities of \$2.8 million compared to 2018-19 and an increase in purchases of infrastructure, property, plant and equipment of \$3.3 million compared to 2018-19.
- Council has no external borrowings as at 30 June 2020.



FINANCIAL POSITION

Cash and investments

Cash and investments	2020	2019	Commentary
	\$'000	\$'000	
External restrictions	13,058	11,037	<ul style="list-style-type: none"> Externally restricted cash and investments are restricted in their use by externally imposed requirements. The increase of \$2 million is primarily due to an increase in unexpended specific purpose grants.
Internal restrictions	10,006	9,085	
Unrestricted	351	302	
Cash and investments	23,415	20,424	<ul style="list-style-type: none"> 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 increase of \$0.9 million is primarily due to additional amounts being set aside for asset management programs and employee leave entitlements. Unrestricted cash and investments remained stable at \$0.3 million, which is available to provide liquidity for day-to-day operations of the Council.

PERFORMANCE

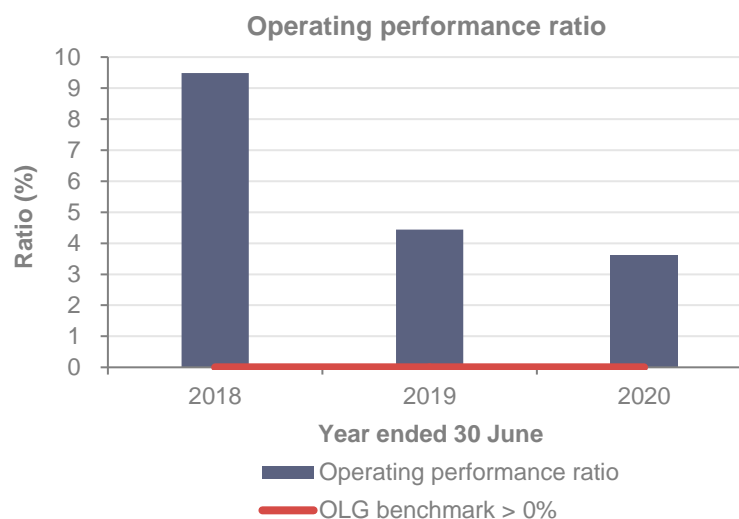
Performance measures

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

Operating performance ratio

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

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

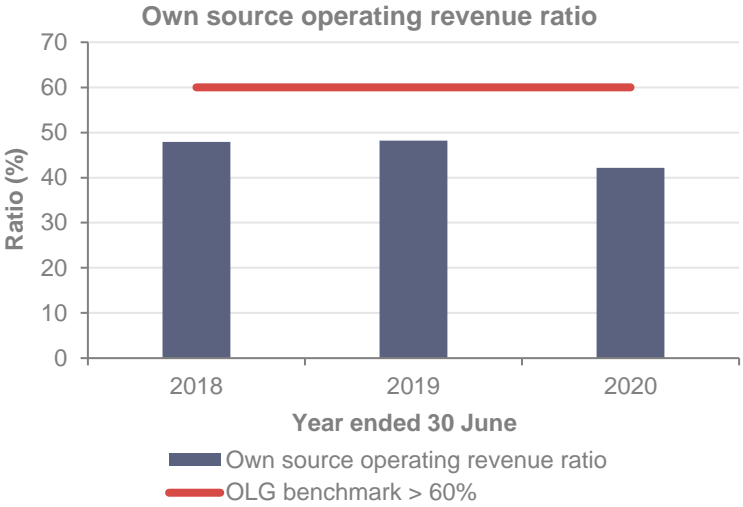


Own source operating revenue ratio

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

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

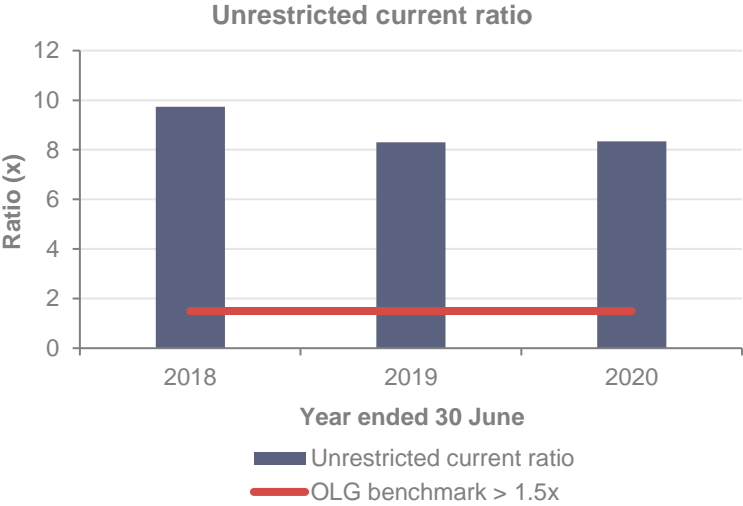
The own source operating revenue ratio decreased to 42.2% from 47.8% due to the increase in capital grants and contributions noted in the 'Income Statement' commentary.



Unrestricted current ratio

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

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

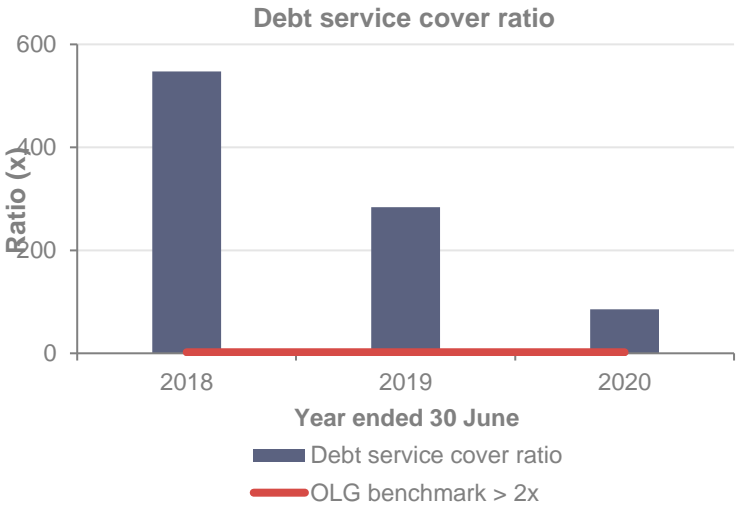


Debt service cover ratio

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

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

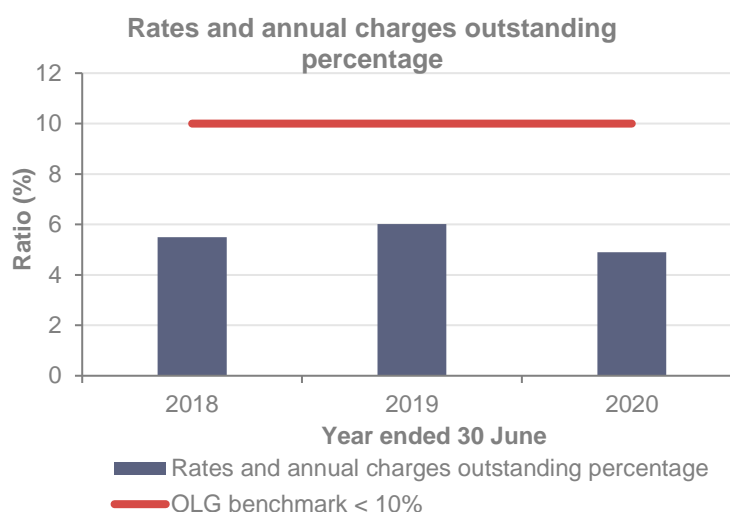
Council holds no external debt as at 30 June 2020, but did pay interest on advances during the year.



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 exceeded the OLG benchmark for the current reporting period.

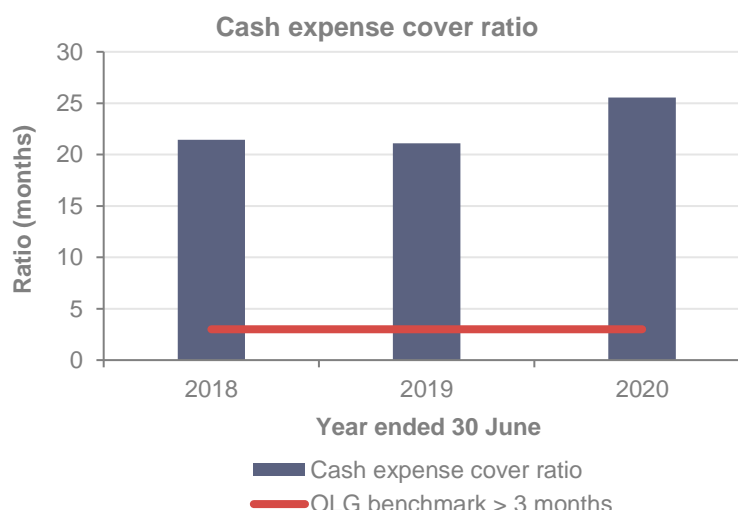


Cash expense cover ratio

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

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

The Council's cash expense cover ratio has increased by 4.4 months due to the increase in investments held.



Infrastructure, property, plant and equipment renewals

The Council has renewed \$4.4 million of infrastructure, property, plant and equipment assets in the 2019-20 financial year, compared to \$4.6 million of assets in the 2018-19 financial year.

OTHER MATTERS

Impact of new accounting standards

AASB 15 'Revenue from Contracts with Customers' and AASB 1058 'Income for Not-for-Profit Entities'

The Council adopted the new accounting standards AASB 15 'Revenue from Contracts with Customers' and AASB 1058 'Income of Not-for-Profit Entities' (collectively referred to as 'the Revenue Standards') for the first time in their 2019–20 financial statements.

AASB 15 introduces a new approach to recognising revenue based on the principle that revenue is recognised when control of a good or service transfers to a customer. AASB 15 can impact the timing

and amount of revenue recorded in a councils' financial statements, particularly for grant revenue. AASB 15 also increases the amount of disclosures required.

AASB 1058 prescribes how not-for-profit entities account for transactions conducted on non-commercial terms and the receipt of volunteer services. AASB 1058 can impact the timing and amount of income recorded in a councils' financial statements, particularly for grant income and rates which are paid before the commencement of the rating period.

The Council recognised a \$1.1 million adjustment to opening accumulated surplus at 1 July 2019 on adoption of the Revenue Standards.

The Council disclosed the impact of adopting the Revenue Standards in Note 15.

AASB 16 'Leases'

The Council adopted the new accounting standard AASB 16 'Leases' for the first time in their 2019–20 financial statements.

AASB 16 changes the way lessees treat operating leases for financial reporting. With a few exceptions, operating leases will now be recorded in the Statement of Financial Position as a right-of-use asset, with a corresponding lease liability.

AASB 16 results in lessees recording more assets and liabilities in the Statement of Financial Position and changes the timing and pattern of expenses recorded in the Income Statement.

The Council did not recognise any right-of-use assets and lease liabilities at 1 July 2019 on adoption of AASB 16.

The Council disclosed the impact of adopting AASB 16 in Note 12.

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.



Nathan Carter
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

cc: Mr Tony Donoghue, General Manager
Courtney Armstrong, Executive Manager, Corporate and Community Services
Ray Smith, Chair of the Audit, Risk and Improvement Committee
Jim Betts, Secretary of the Department of Planning, Industry and Environment

Coolamon Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2020



Special Purpose Financial Statements

for the year ended 30 June 2020

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Income Statement – Coolamon Early Childhood Centre	6
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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).

Special Purpose Financial Statements

for the year ended 30 June 2020

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:

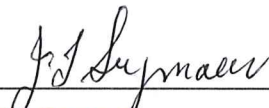
- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,
- 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 15 October 2020.



John Seymour

Mayor

15 October 2020



Bruce Hutcheon

Councillor

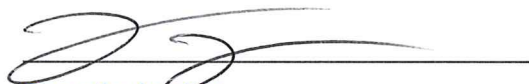
15 October 2020



Tony Donoghue

General Manager

15 October 2020



Samantha Jennings

Responsible Accounting Officer

15 October 2020

Income Statement – Sewerage Business Activity

for the year ended 30 June 2020

\$ '000	2020	2019
Income from continuing operations		
Access charges	579	562
User charges	9	9
Interest	33	55
Grants and contributions provided for non-capital purposes	–	189
Other income	8	7
Total income from continuing operations	629	822
Expenses from continuing operations		
Employee benefits and on-costs	177	174
Materials and contracts	275	347
Depreciation, amortisation and impairment	214	231
Loss on sale of assets	–	11
Other expenses	133	141
Total expenses from continuing operations	799	904
Surplus (deficit) from continuing operations before capital amounts	(170)	(82)
Grants and contributions provided for capital purposes	2,513	42
Surplus (deficit) from continuing operations after capital amounts	2,343	(40)
Surplus (deficit) from all operations before tax	2,343	(40)
Less: corporate taxation equivalent (27.5%) [based on result before capital]	–	–
SURPLUS (DEFICIT) AFTER TAX	2,343	(40)
Plus accumulated surplus	6,154	6,194
Closing accumulated surplus	8,497	6,154
Return on capital %	(1.3)%	(0.9)%
Subsidy from Council	281	209
Calculation of dividend payable:		
Surplus (deficit) after tax	2,343	(40)
Less: capital grants and contributions (excluding developer contributions)	(231)	(42)
Surplus for dividend calculation purposes	2,112	–
Potential dividend calculated from surplus	1,056	–

Income Statement – Allawah Complex

for the year ended 30 June 2020

\$ '000	2020 Category 1	2019 Category 1
Income from continuing operations		
User charges	2,382	2,210
Interest	151	205
Other income	328	268
Total income from continuing operations	2,861	2,683
Expenses from continuing operations		
Employee benefits and on-costs	1,734	1,649
Borrowing costs	11	16
Materials and contracts	509	498
Depreciation, amortisation and impairment	369	359
Loss on sale of assets	7	21
Other expenses	278	290
Total expenses from continuing operations	2,908	2,833
Surplus (deficit) from continuing operations before capital amounts	(47)	(150)
Grants and contributions provided for capital purposes	1,247	373
Surplus (deficit) from continuing operations after capital amounts	1,200	223
Surplus (deficit) from all operations before tax	1,200	223
Less: corporate taxation equivalent (27.5%) [based on result before capital]	–	–
SURPLUS (DEFICIT) AFTER TAX	1,200	223
Plus accumulated surplus	6,408	6,558
Plus adjustments for amounts unpaid:		
Closing accumulated surplus	7,608	6,781
Return on capital %	(0.3)%	(1.3)%
Subsidy from Council	127	265

Income Statement – Coolamon Early Childhood Centre

for the year ended 30 June 2020

\$ '000	2020 Category 2	2019 Category 2
Income from continuing operations		
User charges	624	554
Grants and contributions provided for non-capital purposes	118	41
Other income	14	13
Total income from continuing operations	756	608
Expenses from continuing operations		
Employee benefits and on-costs	579	557
Materials and contracts	56	44
Depreciation, amortisation and impairment	29	29
Other expenses	24	26
Total expenses from continuing operations	688	656
Surplus (deficit) from continuing operations before capital amounts	68	(48)
Grants and contributions provided for capital purposes	330	–
Surplus (deficit) from continuing operations after capital amounts	398	(48)
Surplus (deficit) from all operations before tax	398	(48)
Less: corporate taxation equivalent (27.5%) [based on result before capital]	(19)	–
SURPLUS (DEFICIT) AFTER TAX	379	(48)
Plus accumulated surplus	284	347
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	19	–
Closing accumulated surplus	682	299
Return on capital %	7.4%	(7.4)%
Subsidy from Council	–	57

Statement of Financial Position – Sewerage Business Activity

as at 30 June 2020

\$ '000	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	1,624	2,099
Receivables	68	51
Total current assets	1,692	2,150
Non-current assets		
Infrastructure, property, plant and equipment	12,593	9,628
Total non-current assets	12,593	9,628
TOTAL ASSETS	14,285	11,778
LIABILITIES		
Current liabilities		
Payables	81	–
Total current liabilities	81	–
TOTAL LIABILITIES	81	–
<u>NET ASSETS</u>	<u>14,204</u>	<u>11,778</u>
EQUITY		
Accumulated surplus	8,497	6,154
Revaluation reserves	5,707	5,624
<u>TOTAL EQUITY</u>	<u>14,204</u>	<u>11,778</u>

Statement of Financial Position – Allawah Complex

as at 30 June 2020

\$ '000	2020 Category 1	2019 Category 1
ASSETS		
Current assets		
Cash and cash equivalents	9,862	9,128
Receivables	5	2
Total current assets	9,867	9,130
Non-current assets		
Infrastructure, property, plant and equipment	10,307	9,932
Total non-current assets	10,307	9,932
TOTAL ASSETS	20,174	19,062
LIABILITIES		
Current liabilities		
Payables	7,827	7,568
Provisions	196	172
Total current liabilities	8,023	7,740
Non-current liabilities		
Payables	–	–
Provisions	8	6
Total non-current liabilities	8	6
TOTAL LIABILITIES	8,031	7,746
NET ASSETS	12,143	11,316
EQUITY		
Accumulated surplus	7,608	6,781
Revaluation reserves	4,535	4,535
TOTAL EQUITY	12,143	11,316

Statement of Financial Position – Coolamon Early Childhood Centre

as at 30 June 2020

\$ '000	2020 Category 2	2019 Category 2
ASSETS		
Current assets		
Cash and cash equivalents	377	234
Receivables	6	2
Total current assets	383	236
Non-current assets		
Infrastructure, property, plant and equipment	915	647
Total non-current assets	915	647
TOTAL ASSETS	1,298	883
LIABILITIES		
Current liabilities		
Payables	32	3
Provisions	75	73
Total current liabilities	107	76
Non-current liabilities		
Payables	–	–
Borrowings	305	305
Provisions	5	4
Total non-current liabilities	310	309
TOTAL LIABILITIES	417	385
NET ASSETS	881	498
EQUITY		
Accumulated surplus	682	299
Revaluation reserves	199	199
TOTAL EQUITY	881	498

Notes to the Special Purpose Financial Statements

for the year ended 30 June 2020

Note 1. 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 2093 (NSW), the *Local Government (General) Regulation 2005*, and the Local Government Code of Accounting Practice and Financial Reporting.

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

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

National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 NSW government policy statement titled 'Application of National Competition Policy to Local Government'.

The *Pricing and Costing for Council Businesses, A Guide to Competitive Neutrality* issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements.

These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, return on investments (rate of return), and dividends paid.

Declared business activities

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

Category 1

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

a. Allawah Complex

Provision of Residential Aged Care and Retirement Village accommodation.

Category 2

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

a. Coolamon Shire Sewerage Services

Council's sewerage reticulation and treatment activities

b. Coolamon Early Childhood Centre

Provision of long day care.

Monetary amounts

Amounts shown in the financial statements are in Australian dollars and rounded to the nearest one thousand dollars.

Notes to the Special Purpose Financial Statements

for the year ended 30 June 2020

Note 1. Significant Accounting Policies (continued)

(i) 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%

Land tax – the first \$734,000 of combined land values attracts 0%. For the combined land values in excess of \$734,001 up to \$4,488,000 the rate is 1.6% + \$100. For the remaining combined land value that exceeds \$4,488,000 a premium marginal rate of 2.0% applies.

Payroll tax – 5.45% on the value of taxable salaries and wages in excess of \$900,000.

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 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 payable on all category 1 businesses has been applied to all land assets owned or exclusively used by the business activity.

Loan and debt guarantee fees

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

Notes to the Special Purpose Financial Statements for the year ended 30 June 2020

Note 1. Significant Accounting Policies (continued)

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.

(ii) Subsidies

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

Subsidies occur when Council provides services on a less-than-cost-recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations.

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

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

(iii) 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'.

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 0.88% at 30/6/20.

(iv) 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 sewerage assessments at 30 June 2019 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the 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

Coolamon Shire Council

To the Councillors of Coolamon Shire Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Coolamon Shire Council's (the Council) Declared Business Activities, which comprise the Statement by Councillors and Management, the Income Statement of each Declared Business Activity for the year ended 30 June 2020, the Statement of Financial Position of each Declared Business Activity as at 30 June 2020 and Note 1 Significant accounting policies for the Business Activities declared by Council.

The Declared Business Activities of the Council are:

- Sewerage Business Activity
- Allawah Complex
- Coolamon Early Childhood Centre

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2020, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting – update number 28 (LG Code).

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

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to Note 1 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 2020 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 Note 1 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.



Nathan Carter
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

19 October 2020
SYDNEY

Coolamon Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2020



Special Schedules

for the year ended 30 June 2020

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Permissible income for general rates

\$ '000	Notes	Calculation 2020/21	Calculation 2019/20
Notional general income calculation ¹			
Last year notional general income yield	a	2,451	2,383
Plus or minus adjustments ²	b	—	(2)
Notional general income	c = a + b	2,451	2,381
Permissible income calculation			
Or rate peg percentage	e	2.60%	2.70%
Or plus rate peg amount	i = e x (c + g)	64	64
Sub-total	k = (c + g + h + i + j)	2,515	2,445
Plus (or minus) last year's carry forward total	l	(2)	4
Sub-total	n = (l + m)	(2)	4
Total permissible income	o = k + n	2,513	2,449
Less notional general income yield	p	2,514	2,451
Catch-up or (excess) result	q = o - p	(1)	(2)
Carry forward to next year ⁶	t = q + r + s	(1)	(2)

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.
- (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.

Report on Infrastructure Assets

as at 30 June 2020

Asset Class	Asset Category	Estimated cost		2019/20 Required maintenance ^a	2019/20 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
Buildings	Buildings – non-specialised	–	–	22	21	1,394	1,692	42.8%	57.2%	0.0%	0.0%	0.0%
	Buildings – specialised	–	–	740	990	23,036	42,441	21.9%	21.2%	36.4%	17.2%	3.3%
	Sub-total	–	–	762	1,011	24,430	44,133	22.7%	22.6%	35.0%	16.5%	3.2%
Other structures	Other structures	–	–	339	405	3,598	4,613	52.0%	36.0%	6.0%	4.0%	2.0%
	Sub-total	–	–	339	405	3,598	4,613	52.0%	36.0%	6.0%	4.0%	2.0%
Roads	Sealed Roads - Seal	–	–	714	781	15,203	18,495	58.0%	37.0%	5.0%	0.0%	0.0%
	Sealed Roads - Pavement	–	–	–	–	31,691	40,545	29.0%	62.0%	9.0%	0.0%	0.0%
	Unsealed Roads - Pavement	–	–	526	504	5,276	6,747	47.0%	49.0%	4.0%	0.0%	0.0%
	Kerb & Gutter	–	–	–	–	8,274	8,952	39.0%	58.0%	3.0%	0.0%	0.0%
	Bridges	–	–	–	–	2,079	2,718	12.0%	88.0%	0.0%	0.0%	0.0%
	Footpaths/Cycleways	–	–	10	17	2,328	2,728	60.0%	37.0%	2.0%	1.0%	0.0%
	Bulk earthworks	–	–	–	–	59,300	–	0.0%	0.0%	0.0%	0.0%	0.0%
Sub-total	–	–	1,250	1,302	124,151	80,185	38.8%	54.7%	6.4%	0.0%	0.0%	
Stormwater drainage	Stormwater drainage	–	–	25	34	3,039	3,728	38.0%	61.0%	1.0%	0.0%	0.0%
	Sub-total	–	–	25	34	3,039	3,728	38.0%	61.0%	1.0%	0.0%	0.0%
Sewerage network	Sewerage network	–	–	274	498	9,024	15,830	63.0%	33.0%	4.0%	0.0%	0.0%
	Sub-total	–	–	274	498	9,024	15,830	63.0%	33.0%	4.0%	0.0%	0.0%
Open space / recreational assets	Swimming pools	–	–	148	146	2,872	4,301	65.0%	35.0%	0.0%	0.0%	0.0%
	Other (parks, gardens & recreational assets)	–	–	404	531	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	–	–	552	677	2,872	4,301	65.0%	35.0%	0.0%	0.0%	0.0%
TOTAL - ALL ASSETS		–	–	3,202	3,927	167,114	152,790	37.8%	42.2%	14.1%	4.9%	1.0%

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

Infrastructure asset condition assessment 'key'

1. Excellent - No work required (normal maintenance)	4. Poor - Renewal Required
2. Good - Only minor maintenance work required	5. Very Poor - Urgent renewal/upgrading required
3. Average - Maintenance work required	

Report on Infrastructure Assets (continued)

as at 30 June 2020

\$ '000	Amounts 2020	Indicator 2020	Prior periods		Benchmark
			2019	2018	
Infrastructure asset performance indicators (consolidated) *					
Buildings and infrastructure renewals ratio ¹					
Asset renewals ²	3,150	91.30%	116.72%	157.94%	>=100.00%
Depreciation, amortisation and impairment	3,450				
Infrastructure backlog ratio ¹					
Estimated cost to bring assets to a satisfactory standard	-	0.00%	0.00%	0.40%	<2.00%
Net carrying amount of infrastructure assets	167,114				
Asset maintenance ratio					
Actual asset maintenance	3,927	122.64%	123.99%	109.72%	>100.00%
Required asset maintenance	3,202				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	-	0.00%	0.00%	0.31%	
Gross replacement cost	152,790				

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

(1) Excludes Work In Progress (WIP)

(2) 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.

Report on Infrastructure Assets (continued)

as at 30 June 2020

\$ '000	General fund		Sewer fund		Benchmark
	2020	2019	2020	2019	
Infrastructure asset performance indicators (by fund)					
Buildings and infrastructure renewals ratio ¹					
Asset renewals ²					
Depreciation, amortisation and impairment	97.10%	121.69%	0.00%	37.86%	>=100.00%
Infrastructure backlog ratio ¹					
Estimated cost to bring assets to a satisfactory standard					
Net carrying amount of infrastructure assets	0.00%	0.00%	0.00%	0.00%	<2.00%
Asset maintenance ratio					
Actual asset maintenance					
Required asset maintenance	117.11%	119.39%	181.75%	168.58%	>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	0.00%	0.00%	0.00%	0.00%	

(1) Excludes Work In Progress (WIP)

(2) 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.