

Berrigan Shire Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2020

"Making an even better Berrigan Shire"



Berrigan Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2020

"Making an even better Berrigan Shire"



General Purpose Financial Statements

for the year ended 30 June 2020

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Overview

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

56 Chanter St
BERRIGAN NSW 2712

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.berriganshire.nsw.gov.au.

General Purpose Financial Statements

for the year ended 30 June 2020

Understanding Council's Financial Statements

Introduction

Each year, individual Local Governments across NSW are required to present a set of audited financial statements to their council and community.

What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2020.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and requirements as set down by the Office of Local Government.

About the Councillor/Management Statement

The financial statements must be certified by senior staff as 'presenting fairly' the Council's financial results for the year and are required to be adopted by Council – ensuring both responsibility for and ownership of the financial statements.

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

Summarises Council's financial performance for the year, listing all income and expenses. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

2. The Statement of Comprehensive Income

Primarily records changes in the fair value of Council's Infrastructure, property, plant and equipment.

3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its assets, liabilities and "net wealth".

4. The Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "net wealth".

5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the five primary financial statements.

About the Auditor's Reports

Council's financial statements are required to be audited by the NSW Audit Office.

In NSW the auditor provides two audit reports:

1. an opinion on whether the financial statements present fairly the Council's financial performance and position, and
2. their observations on the conduct of the audit, including commentary on the Council's financial performance and financial position.

Who uses the Financial Statements?

The financial statements are publicly available documents and must be presented at a Council meeting between seven days and five weeks after the date of the audit report.

The public can make submissions to Council up to seven days subsequent to the public presentation of the financial statements.

Council is required to forward an audited set of financial statements to the Office of Local Government.

Berrigan Shire Council

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 professional pronouncements, and
- 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 16 December 2020.



Cr. Matthew Hannan
Mayor
16 December 2020



Cr. Roger Reynoldson
Councillor
16 December 2020



Rowan Perkins
General Manager
16 December 2020



Tahlia Fry
Responsible Accounting Officer
16 December 2020

Income Statement

for the year ended 30 June 2020

Original unaudited budget 2020	\$ '000	Notes	Actual 2020	Actual 2019
Income from continuing operations				
10,265	Rates and annual charges	3a	10,570	10,235
1,720	User charges and fees	3b	2,648	2,571
578	Other revenues	3c	1,010	1,217
6,863	Grants and contributions provided for operating purposes	3d,3e	7,834	6,589
6,074	Grants and contributions provided for capital purposes	3d,3e	3,631	3,569
714	Interest and investment income	4	669	772
–	Rental income	12c	152	–
<u>26,214</u>	Total income from continuing operations		<u>26,514</u>	<u>24,953</u>
Expenses from continuing operations				
4,592	Employee benefits and on-costs	5a	7,617	8,095
170	Borrowing costs	5b	257	53
6,272	Materials and contracts	5c	5,109	3,119
6,040	Depreciation and amortisation	5d	6,225	6,081
2,299	Other expenses	5e	2,394	2,839
–	Net losses from the disposal of assets	6	558	651
<u>19,373</u>	Total expenses from continuing operations		<u>22,160</u>	<u>20,838</u>
<u>6,841</u>	Operating result from continuing operations		<u>4,354</u>	<u>4,115</u>
<u>6,841</u>	Net operating result for the year		<u>4,354</u>	<u>4,115</u>
6,841	Net operating result attributable to council		4,354	4,115
<u>767</u>	Net operating result for the year before grants and contributions provided for capital purposes		<u>723</u>	<u>546</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 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)		4,354	4,115
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	10(a)	53,886	3,980
Impairment (loss) reversal / (Revaluation decrement) relating to IPP&E	10(a)	—	(652)
Total items which will not be reclassified subsequently to the operating result		53,886	3,328
Total other comprehensive income for the year		53,886	3,328
Total comprehensive income for the year		58,240	7,443
Total comprehensive income attributable to Council		58,240	7,443

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)	11,245	7,378
Investments	7(b)	27,046	28,000
Receivables	8	1,743	1,753
Inventories	9a	275	289
Other	9b	51	37
Total current assets		<u>40,360</u>	<u>37,457</u>
Non-current assets			
Inventories	9a	–	185
Infrastructure, property, plant and equipment	10(a)	302,964	244,930
Right of use assets		–	–
Total non-current assets		<u>302,964</u>	<u>245,115</u>
Total assets		<u>343,324</u>	<u>282,572</u>
LIABILITIES			
Current liabilities			
Payables	13	1,975	837
Income received in advance	13	–	235
Contract liabilities	11	622	–
Borrowings	13	259	161
Provisions	14	2,702	2,337
Total current liabilities		<u>5,558</u>	<u>3,570</u>
Non-current liabilities			
Borrowings	13	1,567	833
Provisions	14	688	425
Total non-current liabilities		<u>2,255</u>	<u>1,258</u>
Total liabilities		<u>7,813</u>	<u>4,828</u>
Net assets		<u>335,511</u>	<u>277,744</u>
EQUITY			
Accumulated surplus	15	122,304	118,423
Revaluation reserves	15	213,207	159,321
Council equity interest		<u>335,511</u>	<u>277,744</u>
Total equity		<u>335,511</u>	<u>277,744</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		118,423	159,321	277,744	114,308	155,993	270,301
Changes due to AASB 1058 and AASB 15 adoption	15	(473)	–	(473)	–	–	–
Changes due to AASB 16 adoption	15	–	–	–	–	–	–
Net operating result for the year		4,354	–	4,354	4,115	–	4,115
Restated net operating result for the period		4,354	–	4,354	4,115	–	4,115
Other comprehensive income							
– Gain (loss) on revaluation of IPP&E	10(a)	–	53,886	53,886	–	3,980	3,980
– Impairment (loss) reversal / (Revaluation decrement) relating to IPP&E	10(a)	–	–	–	–	(652)	(652)
Other comprehensive income		–	53,886	53,886	–	3,328	3,328
Total comprehensive income		4,354	53,886	58,240	4,115	3,328	7,443
Equity – balance at end of the reporting period		122,304	213,207	335,511	118,423	159,321	277,744

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:				
10,256	Rates and annual charges		10,927	9,949
1,748	User charges and fees		2,582	3,254
709	Investment and interest revenue received		814	708
12,937	Grants and contributions		11,381	10,158
–	Bonds, deposits and retention amounts received		187	26
–	Other		2,634	1,988
Payments:				
(4,576)	Employee benefits and on-costs		(8,910)	(8,584)
(6,319)	Materials and contracts		(4,978)	(3,364)
(170)	Borrowing costs		(41)	(46)
(1,670)	Other		(2,386)	(2,326)
<u>12,915</u>	Net cash provided (or used in) operating activities	16b	<u>12,210</u>	<u>11,763</u>
Cash flows from investing activities				
Receipts:				
2,966	Sale of investment securities		954	–
–	Sale of real estate assets		870	302
546	Sale of infrastructure, property, plant and equipment		291	282
Payments:				
–	Purchase of investment securities		–	(2,000)
(21,192)	Purchase of infrastructure, property, plant and equipment		(11,290)	(8,542)
–	Purchase of real estate assets		–	(238)
<u>(17,680)</u>	Net cash provided (or used in) investing activities		<u>(9,175)</u>	<u>(10,196)</u>
Cash flows from financing activities				
Receipts:				
–	Proceeds from borrowings and advances		1,000	–
Payments:				
4,439	Repayment of borrowings and advances		(168)	(156)
<u>4,439</u>	Net cash flow provided (used in) financing activities		<u>832</u>	<u>(156)</u>
<u>(326)</u>	Net increase/(decrease) in cash and cash equivalents		<u>3,867</u>	<u>1,411</u>
2,000	Plus: cash and cash equivalents – beginning of year	16a	7,378	5,967
<u>1,674</u>	Cash and cash equivalents – end of the year	16a	<u>11,245</u>	<u>7,378</u>
18,826	plus: Investments on hand – end of year	7(b)	27,046	28,000
<u>20,500</u>	Total cash, cash equivalents and investments		<u>38,291</u>	<u>35,378</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 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 16 December 2020. Council has the power to amend and reissue these financial statements.

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

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

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

(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

Significant judgements in applying the council's accounting policies

- (i) Impairment of receivables

Council has made a significant judgement about the impairment of a number of its receivables – refer Note 8.

Council monitors its receivables closely and currently considered all of them recoverable, with debt collection processes ongoing where necessary.

COVID-19 Impacts

While the COVID-19 pandemic has had an impact on the Council and its operations, this has not been material in nature.

The major impact of the pandemic and the associated response from all levels of government has been on the Council's staff resources. Many staff, across all functions of the Council, were required to work from home, creating some minor delays to project delivery.

In particular, the Council's financial systems do not allow for simple access from remote locations. This has the advantage of not creating any additional security vulnerabilities or opportunities for fraud. On the other hand, it did impact on the Council's ability to meet its timeframes for preparation of statutory financial reports.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Basis of preparation (continued)

There has been some minor increases in costs relating to additional equipment to meet hygiene requirements. On the other hand, the closure for a time of facilities such as libraries has seen a reduction in power use.

Collections of outstanding rates remain strong and remain at pre-COVID-19 levels. This will need to be continually monitored over the recovery period.

In an overall sense, the financial impact of the COVID-19 pandemic has not been significant and is not expected to be significant.

For assets where fair value is determined by market value Council has no evidence of material changes to these values. With COVID-19 emerging late in the financial reporting cycle it is not practical to obtain external valuations of these assets at 30 June 2020.

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
- Water service
- Sewerage service

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

- Australia Day Committee
- Barooga Advancement Group
- Barooga Community Botanical Gardens Committee
- Barooga Recreation Reserve
- Berrigan Conservation & Tidy Town
- Berrigan Sportsground Committee
- Berrigan War Memorial Hall
- Berrigan War Memorial Swimming Pool
- Boomanoomana Landcare Committee
- Finley Railway Park
- Finley Recreation Reserve Committee of Management
- Finley School of Arts
- Finley Showground Sporting Complex Committee
- Finley Tidy Towns
- Finley War Memorial Hall
- Finley War Memorial Swimming Pool
- Fullers Road Landcare
- Mary Lawson Memorial Wayside Rest Committee
- Native Dog Landcare Group
- Retreat Public Hall
- Tocumwal Foreshore
- Tocumwal Friends of the Library Group
- Tocumwal Historic Aerodrome Museum
- Tocumwal Rail Preservation Committee
- Tocumwal Recreation Reserve Committee
- Tocumwal Swimming Pool Committee
- Tocumwal War Memorial Hall

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Basis of preparation (continued)

(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.

Council currently considers it holds no trust funds that are applicable in accordance with Section 411 of the *Local Government Act 1993 (NSW)*.

Goods and Services Tax (GST)

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

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

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

Volunteer services

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

New accounting standards and interpretations issued not yet effective

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2020 reporting period.

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

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

AASB 1059 Service Concession Arrangements: Grantors

AASB 2018-5 Amendments to Australian Accounting Standards - Deferral of AASB 1059

AASB 2019-2 Amendments to Australian Accounting Standards – Implementation of AASB 1059

This standard provides guidance for public sector entities (grantors) who have entered into service concession arrangements with private sector operators.

AASB 1059 requires grantors to recognise a service concession asset and, in most cases, a corresponding liability on the balance sheet.

A control approach is used to assess the service concession arrangements in place.

On initial recognition the asset is measured at current replacement cost based on AASB 13 Fair Value Measurement and existing assets of the grantors are reclassified at the date of transition.

After initial recognition, the grantor accounts for the assets under either AASB 116 Property, Plant and Equipment or AASB 138 Intangible Assets.

The nature of the consideration given to the operator will affect whether the grantor applies either the 'financial liability' or the 'grant of right' model for the recognition of the liability.

AASB 2019-2 makes amendments to the recognition and measurement of the asset and liability where the modified retrospective approach to transition is being used and provides a practical expedient due to the different effective dates of AASB 16 and AASB 1059.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Basis of preparation (continued)

Council does not expect any material impact to future financial statements as we do not generally enter into service concession arrangements.

This standard has an effective date for the 30 June 2021 reporting period

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										
Sustainable and Natural Built Landscapes	13,725	9,713	16,193	10,024	(2,468)	(311)	3,161	1,554	270,540	177,816
Good Government	9,006	10,537	1,844	2,509	7,162	8,028	3,569	415	28,088	29,145
Supported and Engaged communities	3,194	4,109	3,398	7,146	(204)	(3,037)	2,989	5,617	40,013	70,871
Diverse and resilient business	589	594	725	1,159	(136)	(565)	265	484	4,683	4,740
Total functions and activities	26,514	24,953	22,160	20,838	4,354	4,115	9,984	8,070	343,324	282,572

Notes to the Financial Statements

for the year ended 30 June 2020

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

Sustainable and Natural Built Landscapes

Development decisions made today about how we move around and between our communities and use our natural resources - the River, wildlife, forests, agricultural and urban land, and water shape the future of our communities. Council's Delivery Program and strategic objectives are:

- 1.1 Support sustainable use of natural resources and built landscapes
- 1.2 Retain the diversity and preserve the health of our natural landscapes and wildlife
- 1.3 Connect and protect our communities

Sustainable and natural built landscapes include the Council functions of Housing, Environment, Water Supply, Sewerage Services, Mining, Manufacture and Construction, and Transport and Communication.

Good Government

Good government is about making good decisions over time. These decisions involve managing our financial, economic, and environmental risks and the social implications of decisions made. Council's good government Delivery Program and strategic objectives are:

- 2.1 Berrigan Shire 2027 objectives and strategic actions facilitate the effective governance by Council of Council operations and reporting
- 2.2 Strengthen strategic relationships and partnerships with community, business and government

Good Government includes the Council functions of Administration and Governance.

Supported and Engaged communities

Safe, healthy, accessible and inclusive communities are child and older person friendly. Lifelong learning, cultural expression, services for older residents and recreational activities provide opportunities for people with a diverse range of interests to become involved and engaged in their local communities. Council's Supported and engaged communities Delivery Program and strategic objectives are:

- 3.1 Create safe, friendly and accessible communities
- 3.2 Support community engagement through life-long learning, culture and recreation

Supported and engaged communities includes the Council functions of Public Order and Safety, Health, Community Amenities, Community Services and Education and Recreation and Culture.

Diverse and resilient business

Our lifestyle, climate, existing facilities and proximity to Melbourne present a range of agricultural, tourism, retail and health industry opportunities. Council's Delivery Program and diverse and resilient business strategic objectives include:

- 4.1 Strengthen and diversify the local economy and invest in local job creation and innovation
- 4.2 Diversify and promote local tourism
- 4.3 Connect local, regional and national road and rail infrastructure and networks

Diverse and resilient business include the Council functions of Economic Affairs.

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)	2,820	2,750
Farmland	1058 (1)	1,928	1,882
Business	1058 (1)	530	525
Less: pensioner rebates (mandatory)		(174)	(170)
Rates levied to ratepayers		5,104	4,987
Pensioner rate subsidies received	15 (2)	95	95
Total ordinary rates		5,199	5,082
Annual charges			
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>			
Domestic waste management services	1058 (1)	1,059	1,015
Stormwater management services	1058 (1)	75	73
Water supply services	1058 (1)	2,112	2,029
Sewerage services	1058 (1)	2,142	2,057
Waste management services (non-domestic)	1058 (1)	90	82
Less: pensioner rebates (mandatory)		(238)	(234)
Annual charges levied		5,240	5,022
Pensioner subsidies received:			
– Water	15 (2)	41	46
– Sewerage	15 (2)	44	44
– Domestic waste management	15 (2)	46	41
Total annual charges		5,371	5,153
TOTAL RATES AND ANNUAL CHARGES		10,570	10,235

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

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.

2019 accounting policy

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.

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)			
Domestic waste management services	15 (2)	251	170
Water supply services	15 (2)	1,196	1,268
Sewerage services	15 (2)	61	51
Waste management services (non-domestic)	15 (2)	390	336
Total specific user charges		1,898	1,825
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Building regulation	15 (2)	218	216
Private works – section 67	15 (2)	147	51
Section 10.7 certificates (EP&A Act)	15 (2)	24	19
Section 603 certificates	15 (2)	27	25
Total fees and charges – statutory/regulatory		416	311
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Aerodrome	15 (2)	24	21
Cemeteries	15 (2)	103	134
Leaseback fees – Council vehicles (2019 only)	15 (2)	–	57
Library	15 (2)	3	3
Swimming centres	15 (2)	78	84
Sewerage	15 (2)	9	11
Water supply	15 (2)	64	82
Other	15 (2)	53	43
Total fees and charges – other		334	435
TOTAL USER CHARGES AND FEES		2,648	2,571

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”.

Accounting policy for user charges and fees

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. There is no material obligation for Council in relation to refunds or returns.

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.

2019 accounting policy

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

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)	–	75
Fines	1058 (1)	1	3
Legal fees recovery – rates and charges (extra charges)	15 (2)	24	29
Commissions and agency fees	15 (2)	62	37
Diesel rebate	15 (1)	77	67
Recycling income (non-domestic)	15 (2)	–	4
Sales – general	15 (2)	11	5
Insurance rebate	15 (2)	6	12
Paid parental leave scheme	15 (2)	13	–
Sale of gravel	15 (2)	–	43
Sale of high security water	15 (2)	672	778
Sale of scrap metal	15 (2)	16	–
Statecover OHS incentives	1058 (1)	20	–
Other	1058 (1)	42	98
Workers compensation recovery	15 (2)	66	66
<u>TOTAL OTHER REVENUE</u>		<u>1,010</u>	<u>1,217</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

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

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

2019 accounting policy:

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.

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 – general component	1058 (1)	1,713	1,690	–	–
Financial assistance – local roads component	1058 (1)	701	700	–	–
Payment in advance - future year allocation					
Financial assistance – general component	1058 (1)	1,814	1,752	–	–
Financial assistance – local roads component	1058 (1)	744	726	–	–
Total general purpose		4,972	4,868	–	–
Specific purpose					
Bushfire and emergency services	15 (2)	59	59	–	–
Community care	1058 (1)	2	16	–	–
Economic development	1058 (2)	163	–	9	(14)
ESPL implementation funds	1058 (1)	29	–	–	–
Floodplain management		–	–	103	–
Heritage and cultural	1058 (1)	9	–	–	–
Library	1058 (1)	4	14	159	83
Library – per capita	1058 (1)	64	32	–	–
Library – special projects	1058 (1)	18	7	–	–
LIRS subsidy	1058 (1)	29	33	–	–
Noxious weeds	1058 (1)	62	–	–	–
NSW Recycling Relief		–	(1)	–	–
Recreation and culture	1058 (2)	–	–	2,598	1,613
Sewerage services	1058 (2)	–	–	–	18
Street lighting	1058 (1)	51	50	–	–
Transport (other roads and bridges funding)	1058 (1)	–	6	321	804
Transport (roads to recovery)	1058 (1)	1,316	416	–	–
Other	1058 (1)	16	66	–	–
Total specific purpose		1,822	698	3,190	2,504
Total grants		6,794	5,566	3,190	2,504
Grant revenue is attributable to:					
– Commonwealth funding		6,492	3,858	1,106	(14)
– State funding		302	1,629	2,027	2,253
– Other funding		–	79	57	265
		6,794	5,566	3,190	2,504

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		1058 (1)	–	–	14	23
S 64 – water supply contributions		1058 (1)	–	–	113	176
S 64 – sewerage service contributions		1058 (1)	–	–	17	2
Other developer contributions (assets)		1058 (1)	–	–	–	68
Total developer contributions – cash			–	–	144	269
Total developer contributions	24		–	–	144	269
Other contributions:						
Cash contributions						
Heritage/cultural		1058 (1)	–	–	40	–
Kerb and gutter		15 (2)	–	–	–	114
Paving		15 (2)	–	–	–	53
Recreation and culture		15 (2)	–	–	18	90
Roads and bridges			–	–	60	–
RMS contributions (regional roads, block grant)		1058 (1)	1,040	1,019	179	325
Other		1058 (1)	–	4	–	–
Parks and gardens		1058 (1)	–	–	–	200
Total other contributions – cash			1,040	1,023	297	782
Non-cash contributions						
Recreation and culture		1058 (2)	–	–	–	14
Total other contributions – non-cash			–	–	–	14
Total other contributions			1,040	1,023	297	796
Total contributions			1,040	1,023	441	1,065
TOTAL GRANTS AND CONTRIBUTIONS			7,834	6,589	3,631	3,569

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 performance obligations within AASB 15 grants

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

such as completion of milestones. 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.

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 is recognised at the assets fair value when the asset is received. Councils 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 Consent 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	68	5
Add: operating grants received for the provision of goods and services in a future period	6,794	68
Less: operating grants recognised in a previous reporting period now spent (2019 only)	–	(5)
Less: operating grants recognised in the current period and now spent	(6,582)	–
Unexpended and held as externally restricted assets (operating grants)	280	68
Capital grants		
Unexpended at the close of the previous reporting period	254	505
Add: capital grants recognised as income in the current period but not yet spent (2019 only)	–	254
Add: capital grants received for the provision of goods and services	3,365	–
Less: capital grants recognised in a previous reporting period now spent (2019 only)	–	(505)
Less: capital grants recognised in the current period and now spent	(2,469)	–
Less: capital grants received in a previous reporting period now spent and recognised as income	(473)	–
Unexpended and held as externally restricted assets (capital grants)	677	254
Contributions		
Unexpended at the close of the previous reporting period	456	255
Add: contributions recognised as income in the current period but not yet spent	144	201
Add: contributions received for the provision of goods and services	1,794	–
Less: contributions recognised in the current period now spent	(1,794)	–
Unexpended and held as externally restricted assets (contributions)	600	456

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)	31	33
– Cash and investments	638	739
Total Interest and investment income	669	772
Interest revenue is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	15	33
General Council cash and investments	504	394
Restricted investments/funds – external:		
Water fund operations	101	193
Sewerage fund operations	49	152
Total interest and investment revenue	669	772

Accounting policy for interest and investment revenue

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

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	5,935	6,264
Employee leave entitlements (ELE)	1,206	1,250
ELE on-costs	24	170
Superannuation – defined contribution plans	558	511
Superannuation – defined benefit plans	157	147
Workers' compensation insurance	143	179
Fringe benefit tax (FBT)	34	34
Protective clothing	34	30
Other	57	47
Total employee costs	8,148	8,632
Less: capitalised costs	(531)	(537)
TOTAL EMPLOYEE COSTS EXPENSED	7,617	8,095
Number of 'full-time equivalent' employees (FTE) at year end	98	94

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 18 for more information.

\$ '000	Notes	2020	2019
(b) Borrowing costs			
(i) Interest bearing liability costs			
Interest on loans		41	46
Total interest bearing liability costs		41	46
Total interest bearing liability costs expensed		41	46
(ii) Other borrowing costs			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	14	216	7
Total other borrowing costs		216	7
TOTAL BORROWING COSTS EXPENSED		257	53

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	4,320	2,525
Contractor and consultancy costs	144	5
– Domestic waste and recycling collection contract	491	494
Auditors remuneration ¹	94	40
Legal expenses:		
– Legal expenses: planning and development	18	10
– Legal expenses: debt recovery	42	45
Total materials and contracts	<u>5,109</u>	<u>3,119</u>
<u>TOTAL MATERIALS AND CONTRACTS</u>	<u>5,109</u>	<u>3,119</u>
1. 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	94	40
Remuneration for audit and other assurance services	<u>94</u>	<u>40</u>
Total Auditor-General remuneration	<u>94</u>	<u>40</u>
Non NSW Auditor-General audit firms		
Total Auditor remuneration	<u>94</u>	<u>40</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		819	818
Office equipment		21	31
Land improvements (depreciable)		54	46
Infrastructure:	10(a)		
– Buildings – non-specialised		–	9
– Buildings – specialised		573	572
– Roads		2,641	2,538
– Bridges		107	107
– Footpaths		74	70
– Stormwater drainage		250	240
– Water supply network		681	669
– Sewerage network		610	588
– Swimming pools		65	64
– Other open space/recreational assets		178	158
Other assets:			
– Heritage collections		1	1
– Library books		27	26
– Other		107	129
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	14,10(a)	13	12
– Quarry assets	14,10(a)	4	3
Total gross depreciation and amortisation costs		6,225	6,081
Total depreciation and amortisation costs		6,225	6,081
Impairment / revaluation decrement of IPP&E			
Infrastructure:	10(a)		
– Buildings – specialised		–	652
Total gross IPP&E impairment / revaluation decrement costs / (reversals)		–	652
Amounts taken through revaluation reserve	10(a)	–	(652)
Total IPP&E impairment / revaluation decrement costs / (reversals) charged to Income Statement		–	–
<u>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT FOR NON-FINANCIAL ASSETS</u>		<u>6,225</u>	<u>6,081</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.

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)

Intangible assets that have an indefinite useful life, or are not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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

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

\$ '000	2020	2019
(e) Other expenses		
Advertising	57	89
Training costs (other than salaries and wages)	213	257
Travel expenses	237	229
Bad and doubtful debts	9	7
Bank charges	39	74
Cleaning	6	5
Contributions/levies to other levels of government		
– Emergency services levy (includes FRNSW, SES, and RFS levies)	112	105
– NSW fire brigade levy	12	11
– NSW rural fire service levy	71	46
– Other contributions/levies	10	21
Councillor expenses – mayoral fee	27	26
Councillor expenses – councillors' fees	94	94
Councillors' expenses (incl. mayor) – other (excluding fees above)	98	82
Donations, contributions and assistance to other organisations (Section 356)		
– Central Murray County Council	–	130
– Heritage and cultural programs	18	12
– Public halls and community facilities	28	22
– Riverina and Murray Regional Organisation of Councils	17	27
– Sporting grounds	60	65
– Swimming pools	98	98
– Tourism and area promotion	67	44
– Other	11	7
Election expenses	–	45
Electricity and heating	351	324
Insurance	376	346
Street lighting	186	207
Subscriptions and publications	10	71
Telephone and communications	58	61
Valuation fees	39	78
Other	90	256
Total other expenses	2,394	2,839
TOTAL OTHER EXPENSES	2,394	2,839

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

Note 5. Expenses from continuing operations (continued)

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		–	160
Less: carrying amount of property assets sold/written off		–	(42)
Net gain/(loss) on disposal		–	118
Plant and equipment			
	10(a)		
Proceeds from disposal – plant and equipment		291	122
Less: carrying amount of plant and equipment assets sold/written off		(224)	(4)
Net gain/(loss) on disposal		67	118
Infrastructure			
	10(a)		
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure written off		(1,217)	(969)
Net gain/(loss) on disposal		(1,217)	(969)
Real estate assets held for sale			
	9		
Proceeds from disposal – real estate assets		870	302
Less: carrying amount of real estate assets sold/written off		(278)	(220)
Net gain/(loss) on disposal		592	82
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(558)	(651)

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	11,245	7,378
Total cash and cash equivalents	<u>11,245</u>	<u>7,378</u>

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.

Note 7(b). Investments

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Investments				
'Financial assets at amortised cost'	27,046	–	28,000	–
Total Investments	<u>27,046</u>	<u>–</u>	<u>28,000</u>	<u>–</u>
<u>TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS</u>	<u>38,291</u>	<u>–</u>	<u>35,378</u>	<u>–</u>
Financial assets at amortised cost				
Long term deposits	27,046	–	28,000	–
Total	<u>27,046</u>	<u>–</u>	<u>28,000</u>	<u>–</u>

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.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 7(b). Investments (continued)

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.

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	38,291	–	35,378	–
attributable to:				
External restrictions	24,675	–	21,353	–
Internal restrictions	5,560	–	5,786	–
Unrestricted	8,056	–	8,239	–
	38,291	–	35,378	–

\$ '000	2020	2019
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Details of restrictions

External restrictions – included in liabilities

Specific purpose unexpended grants – general fund (2020 only)	622	–
External restrictions – included in liabilities	622	–

External restrictions – other

Developer contributions – general	600	456
Specific purpose unexpended grants (recognised as revenue) – general fund	335	322
Water supplies	11,829	10,135
Sewerage services	7,108	6,516
Domestic waste management	4,181	3,924
External restrictions – other	24,053	21,353
Total external restrictions	24,675	21,353

Internal restrictions

Plant and vehicle replacement	1,340	1,695
Employees leave entitlement	389	389
Aerodrome	332	282
Capital works reserve	2,491	2,168
Finley saleyard	–	80
Information technology	500	450
Levee bank construction	71	321
Risk management	363	317
Tourism events	74	84
Total internal restrictions	5,560	5,786
TOTAL RESTRICTIONS	30,235	27,139

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	570	–	621	–
User charges and fees	549	–	588	–
Accrued revenues				
– Interest on investments	196	–	341	–
– Other income accruals	180	–	160	–
Government grants and subsidies	248	–	–	–
Net GST receivable	–	–	43	–
Total	1,743	–	1,753	–
TOTAL NET RECEIVABLES	1,743	–	1,753	–
Externally restricted receivables				
Water supply				
– Rates and availability charges	221	–	210	–
Sewerage services				
– Rates and availability charges	93	–	109	–
Total external restrictions	314	–	319	–
Unrestricted receivables	1,429	–	1,434	–
TOTAL NET RECEIVABLES	1,743	–	1,753	–

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

For receivables the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

Collectability of receivables is reviewed on an ongoing basis.

Debts that are known to be uncollectable are written off by reducing the carrying amount directly.

An allowance account (provision for impairment of receivables) is used when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 120 days overdue) are considered indicators that the receivable is impaired.

When a receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against other expenses in the Income Statement.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 8. Receivables (continued)

COVID-19

Council's rate and user charges collections have not been impacted by the COVID-19 pandemic and are comparable to prior years, therefore no adjustment has been made to the impairment provision. Cashflows and interest income may be impacted in 2020/21 due to the State Government legislating that rate instalments can be deferred until September 30 and no interest can be charged for the first 6 months. The impact this may have is not able to be measured at this stage however it is not expected to be significant.

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
(a) Inventories				
(i) Inventories at cost				
Real estate for resale	18	–	111	185
Stores and materials	257	–	178	–
Total inventories at cost	275	–	289	185
<u>TOTAL INVENTORIES</u>	<u>275</u>	<u>–</u>	<u>289</u>	<u>185</u>
(b) Other assets				
Prepayments	51	–	37	–
<u>TOTAL OTHER ASSETS</u>	<u>51</u>	<u>–</u>	<u>37</u>	<u>–</u>
Externally restricted assets				
\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Water				
Stores and materials	109	–	63	–
Total water	109	–	63	–
Sewerage				
Stores and materials	17	–	4	–
Total sewerage	17	–	4	–
Total externally restricted assets	126	–	67	–
Total unrestricted assets	200	–	259	185
<u>TOTAL INVENTORIES AND OTHER ASSETS</u>	<u>326</u>	<u>–</u>	<u>326</u>	<u>185</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		18	–	111	185
Total real estate for resale		18	–	111	185
(Valued at the lower of cost and net realisable value)					
Represented by:					
Acquisition costs		18	–	111	185
Total costs		18	–	111	185
Total real estate for resale		18	–	111	185
Movements:					
Real estate assets at beginning of the year		111	185	93	185
– Purchases and other costs		–	–	238	–
– WDV of sales (expense)	6	(278)	–	(220)	–
– Transfer between current/non-current		185	(185)	–	–
Total real estate for resale		18	–	111	185

Accounting policy for inventories and other assets

Raw materials and stores

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

	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	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	3,508	–	3,508	3,521	90	–	–	(3,345)	–	–	–	3,774	–	3,774
Plant and equipment	7,940	(4,929)	3,011	–	1,534	(224)	(819)	10	–	–	–	8,731	(5,220)	3,511
Office equipment	690	(594)	96	–	22	–	(21)	–	–	–	–	711	(614)	97
Land:														
– Operational land	9,276	–	9,276	–	–	–	–	–	(2,489)	–	477	7,264	–	7,264
– Community land	271	–	271	–	–	–	–	–	(25)	–	37	283	–	283
– Crown land	–	–	–	–	–	–	–	–	2,777	(2)	–	2,775	–	2,775
– Land under roads (post 30/6/08)	234	–	234	–	–	–	–	–	–	(125)	–	109	–	109
Land improvements – depreciable	1,058	(239)	819	–	–	–	(54)	–	(210)	–	–	847	(292)	555
Infrastructure:														
– Buildings – non-specialised	639	(11)	628	–	–	–	–	–	(628)	–	672	677	(5)	672
– Buildings – specialised	41,766	(12,638)	29,128	1,069	1,407	(186)	(573)	536	644	(374)	–	45,130	(13,478)	31,652
– Roads	156,397	(43,296)	113,101	1,870	386	(776)	(2,641)	2,124	(13)	–	–	159,725	(45,674)	114,051
– Bridges	7,987	(4,568)	3,419	–	–	–	(107)	–	(4)	–	–	7,970	(4,662)	3,308
– Footpaths	4,623	(1,239)	3,384	32	199	(71)	(74)	25	–	–	–	4,781	(1,286)	3,495
– Bulk earthworks (non-depreciable)	3,308	–	3,308	108	–	–	–	15	–	–	–	3,431	–	3,431
– Stormwater drainage	23,175	(4,887)	18,288	–	361	(82)	(250)	–	(52)	–	–	23,379	(5,114)	18,265
– Water supply network	48,607	(21,288)	27,319	99	49	–	(681)	132	–	–	18,745	62,652	(16,989)	45,663
– Sewerage network	42,597	(23,828)	18,769	285	–	(85)	(610)	–	–	–	26,564	62,024	(17,101)	44,923
– Swimming pools	2,952	(1,412)	1,540	–	–	–	(65)	–	2	–	493	3,295	(1,325)	1,970
– Other open space/recreational assets	9,767	(4,365)	5,402	587	–	–	(178)	503	(531)	–	1,444	10,125	(2,898)	7,227
Other assets:														
– Heritage collections	70	(3)	67	–	–	–	(1)	–	–	–	2	75	(6)	69
– Library books	274	(116)	158	–	27	(17)	(27)	–	–	–	–	236	(95)	141
– Other	8,838	(6,003)	2,835	168	–	–	(107)	–	529	–	5,936	15,706	(6,345)	9,361
Reinstatement, rehabilitation and restoration assets (refer Note 11):														
– Tip assets	433	(80)	353	–	–	–	(13)	–	–	–	16	449	(93)	356
– Quarry assets	46	(30)	16	–	–	–	(4)	–	–	–	1	46	(34)	12
Total Infrastructure, property, plant and equipment	374,456	(129,526)	244,930	7,739	4,075	(1,441)	(6,225)	–	–	(501)	54,387	424,195	(121,231)	302,964

(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	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in equity)	WIP transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
\$ '000														
Capital work in progress	1,183	–	1,183	–	–	–	–	–	2,325	–	–	3,508	–	3,508
Plant and equipment	7,492	(4,331)	3,161	691	–	(85)	(818)	–	62	–	–	7,940	(4,929)	3,011
Office equipment	1,029	(904)	125	6	–	(4)	(31)	–	–	–	–	690	(594)	96
Land:														
– Operational land	9,299	–	9,299	122	–	(153)	–	–	–	–	8	9,276	–	9,276
– Community land	270	–	270	–	–	–	–	–	–	–	1	271	–	271
– Land under roads (post 30/6/08)	234	–	234	–	–	–	–	–	–	–	–	234	–	234
Land improvements – depreciable	765	(193)	572	131	162	–	(46)	–	–	–	–	1,058	(239)	819
Infrastructure:														
– Buildings – non-specialised	680	(43)	637	–	–	–	(9)	–	–	–	–	639	(11)	628
– Buildings – specialised	41,704	(11,392)	30,312	482	–	–	(572)	(652)	(417)	(25)	–	41,766	(12,638)	29,128
– Roads	157,312	(44,402)	112,910	4,015	–	(893)	(2,538)	–	(1,641)	–	1,248	156,397	(43,296)	113,101
– Bridges	7,969	(4,453)	3,516	8	–	–	(107)	–	–	–	2	7,987	(4,568)	3,419
– Footpaths	4,518	(1,179)	3,339	–	102	(4)	(70)	–	32	(15)	–	4,623	(1,239)	3,384
– Bulk earthworks (non-depreciable)	3,259	–	3,259	29	–	–	–	–	20	–	–	3,308	–	3,308
– Stormwater drainage	21,863	(4,631)	17,232	–	509	(23)	(240)	–	2	–	808	23,175	(4,887)	18,288
– Water supply network	47,638	(21,428)	26,210	207	–	(45)	(669)	–	71	–	1,545	48,607	(21,288)	27,319
– Sewerage network	41,215	(22,170)	19,045	16	–	(4)	(588)	–	–	–	300	42,597	(23,828)	18,769
– Swimming pools	2,952	(1,348)	1,604	–	–	–	(64)	–	–	–	–	2,952	(1,412)	1,540
– Other open space/recreational assets	8,189	(4,221)	3,968	730	1,222	–	(158)	–	(360)	–	–	9,767	(4,365)	5,402
Other assets:														
– Heritage collections	70	(2)	68	–	–	–	(1)	–	–	–	–	70	(3)	67
– Library books	931	(734)	197	18	–	(31)	(26)	–	–	–	–	274	(116)	158
– Other	8,596	(5,857)	2,739	61	157	–	(129)	–	7	–	–	8,838	(6,003)	2,835
Reinstatement, rehabilitation and restoration assets (refer Note 17):														
– Tip assets	324	(68)	256	101	–	–	(12)	–	(101)	–	109	433	(80)	353
– Quarry assets	47	(27)	20	–	–	–	(3)	–	–	(1)	–	46	(30)	16
Total Infrastructure, property, plant and equipment	367,539	(127,383)	240,156	6,617	2,152	(1,242)	(6,081)	(652)	–	(41)	4,021	374,456	(129,526)	244,930

(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 valuations are performed at least every five years, however the carrying amount of assets is assessed at each reporting date to confirm that it is not materially different from current fair value.

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Crown Lands and Water (CLAW).

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

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

Land is not depreciated. 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 8	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 40
Water and sewer assets		Stormwater assets	
Dams and reservoirs	80 to 100	Drains	80 to 100
Bores	20 to 40	Culverts	50 to 80
Reticulation pipes: PVC	70 to 80	Flood control structures	80 to 100
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 20		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	20	Bulk earthworks	20
Sealed roads: structure	50	Swimming pools	50
Unsealed roads	20	Unsealed roads	20
Bridge: concrete	100	Other open space/recreational assets	20
Bridge: other	50	Other infrastructure	20
Road pavements	60		
Kerb, gutter and footpaths	40	Library books	10

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

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

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.

Notes to the Financial Statements

for the year ended 30 June 2020

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

Crown reserves

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

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

Rural Fire Service assets

Under section 119 of the *Rural Fire Services Act 1997 (NSW)*, "all fire fighting 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 fire fighting equipment has been purchased or constructed".

These assets are under the control of RFS to enable that service to comply with the Service Delivery contract with Council and have not been recognised in these statements.

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

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

\$ '000	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
Water supply						
WIP	1,694	–	1,694	193	–	193
Plant and equipment	7	7	–	7	7	–
Office equipment	149	–	149	46	46	–
Land						
– Operational land	670	–	670	647	–	647
Buildings	10	8	2	193	66	127
Infrastructure	62,905	17,008	45,897	49,002	21,316	27,686
Total water supply	65,435	17,023	48,412	50,088	21,435	28,653
Sewerage services						
WIP	2	–	2	–	–	–
Plant and equipment	163	152	11	404	246	158
Land						
– Operational land	1,488	–	1,488	1,488	–	1,488
Buildings	254	14	240	429	14	415
Infrastructure	61,428	17,034	44,394	44,403	23,763	20,640
Total sewerage services	63,335	17,200	46,135	46,724	24,023	22,701
Domestic waste management						
Land						
TOTAL RESTRICTED IPP&E	128,770	34,223	94,547	96,812	45,458	51,354

Notes to the Financial Statements

for the year ended 30 June 2020

Note 10(c). Infrastructure, property, plant and equipment – current year impairments

\$ '000	Notes	2020	2019
Impairment losses recognised direct to equity (ARR):			
Memorial Park Public Toilets - Fire Damage		–	75
Berrigan War Memorial Pool Amenities Building - to be demolished and replaced		–	151
Tocumwal Foreshore Building - to be demolished and replaced		–	418
Tocumwal Tip Lunchroom - Fire Damaged		–	8
Total impairment losses		–	652
IMPAIRMENT OF ASSETS – DIRECT to EQUITY (ARR)		–	652

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)	622	–
Total grants received in advance		622	–
Total contract liabilities		622	–

Notes

(i) Council has received funding to construct assets including sporting facilities, library extensions 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 or AASB 1058 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)	622	–
Contract liabilities relating to externally restricted assets	622	–
Total contract liabilities relating to restricted assets	622	–
Total contract liabilities	622	–

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)	473
Total Revenue recognised during the financial year that was included in the contract liability balance at the beginning of the period	473

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.

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 does not have any material leases for the purpose of delivering services to its community. A number of minor leases over Crown lands have been classified as 'peppercorn' leases with annual rentals less than \$2,000 as disclosed in Note 12.

\$ '000	2020
(a) Income Statement	
The amounts recognised in the Income Statement relating to leases where Council is a lessee are shown below:	
Expenses relating to Peppercorn leases	1
	1

(b) Statement of Cash Flows

Total cash outflow for leases	1
	1

Notes to the Financial Statements

for the year ended 30 June 2020

Note 12. Leases (continued)

Leases at significantly below market value – concessionary / peppercorn leases

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

- Community Services
- Second Hand Store/Car Park

The leases are generally between 5 and 30 years and require payments of a maximum amount of \$1,250 per year.

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.

Accounting policy under AASB 117 and associated Accounting Interpretations (2019 only)

Refer to Note 5c and Note 17.

(ii) Council as a lessor

(c) Operating leases

Council leases out a number of properties and plant & vehicles to staff and to community groups. 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:

Notes to the Financial Statements

for the year ended 30 June 2020

Note 12. Leases (continued)

\$ '000	2020
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(i) Operating lease income**Other lease income**

Staff Housing	19
Caravan Park	35
Leaseback fees - council vehicles	61
Other facilities	37
Total income relating to operating leases	152

(ii) Operating lease expenses

	Land	Buildings & Oth Structures
\$ '000	2020	2020

(v) Reconciliation of IPP&E assets leased out as operating leases

Opening balance as at 1 July 2019	784	4,108
Additions renewals	–	20
Depreciation expense	–	12
Revaluation increments to equity (ARR)	–	2,327
Closing balance as at 30 June 2020	784	6,467

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	668	–	458	–
Goods and services – capital expenditure	524	–	–	–
Accrued expenses:				
– Salaries and wages	181	–	292	–
– Other expenditure accruals	23	–	1	–
Security bonds, deposits and retentions	273	–	86	–
Prepaid rates	306	–	–	–
Total payables	1,975	–	837	–
Income received in advance (2019 only)				
Payments received in advance	–	–	235	–
Total income received in advance	–	–	235	–
Borrowings				
Loans – secured ¹	259	1,567	161	833
Total borrowings	259	1,567	161	833
<u>TOTAL PAYABLES AND BORROWINGS</u>	<u>2,234</u>	<u>1,567</u>	<u>1,233</u>	<u>833</u>

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

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 19.

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
(a) Payables and borrowings relating to restricted assets				
Externally restricted assets				
Water	5	–	16	–
Payables and borrowings relating to externally restricted assets	5	–	16	–
Total payables and borrowings relating to restricted assets	5	–	16	–
Total payables and borrowings relating to unrestricted assets	2,229	1,567	1,217	833
<u>TOTAL PAYABLES AND BORROWINGS</u>	<u>2,234</u>	<u>1,567</u>	<u>1,233</u>	<u>833</u>

Notes to the Financial Statements

for the year ended 30 June 2020

Note 13. Payables and borrowings (continued)

(b) Changes in liabilities arising from financing activities

\$ '000	as at 30/06/19		Non-cash changes			as at 30/06/20	
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	994	(168)	1,000	–	–	–	1,826
TOTAL	994	(168)	1,000	–	–	–	1,826

\$ '000	as at 30/06/18		Non-cash changes			as at 30/06/19
	Opening Balance	Cash flows	Acquisition	Fair value changes	Other non-cash movement	Closing balance
Loans – secured	1,150	(156)	–	–	–	994
TOTAL	1,150	(156)	–	–	–	994

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.

Borrowings

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

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

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

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	824	–	794	–
Long service leave	1,562	118	1,487	78
Other leave	94	–	22	–
ELE on-costs	188	7	–	–
Sub-total – aggregate employee benefits	2,668	125	2,303	78
Asset remediation/restoration:				
Asset remediation/restoration (future works)	34	563	34	347
Sub-total – asset remediation/restoration	34	563	34	347
TOTAL PROVISIONS	2,702	688	2,337	425

\$ '000	2020	2019
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(a) 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	1,411	1,240
	<u>1,411</u>	<u>1,240</u>

(b) Description of and movements in provisions

\$ '000	ELE provisions				Total
	Annual leave	Long service leave	ELE on-costs	Other employee benefits	
2020					
At beginning of year	794	1,565	–	22	2,381
Additional provisions	324	428	–	89	841
Amounts used (payments)	(294)	(313)	–	(17)	(624)
Other	–	–	195	–	195
Total ELE provisions at end of year	824	1,680	195	94	2,793
2019					
At beginning of year	773	1,526	–	40	2,339
Other	21	39	–	(18)	42
Total ELE provisions at end of year	794	1,565	–	22	2,381

Notes to the Financial Statements

for the year ended 30 June 2020

Note 14. Provisions (continued)

\$ '000	Other provisions	
	Asset remediation	Total
2020		
At beginning of year	381	381
Unwinding of discount	216	216
Total other provisions at end of year	597	597
2019		
At beginning of year	374	374
Unwinding of discount	7	7
Total other provisions at end of year	381	381

Nature and purpose of non-employee benefit provisions

Asset remediation

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

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.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 14. Provisions (continued)

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.

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.

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

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)

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.

(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.

Costs incurred in fulfilling customer contracts

Prior to adopting AASB 15 Council would recognise direct costs associated with fulfilling customer contracts as expenses when incurred, as they did not qualify for recognition as assets under any other accounting standards. Under AASB 15, as these costs relate directly to the contracts, generate resources used in satisfying the contracts, and are expected to be recovered, they are capitalised as 'costs to fulfil a contract' assets and released through profit and loss on the same basis as the revenue is recognised.

Revenue recognition from contract modifications

In relation to contract modifications, AASB 15 requires customer approval, which is a more prudent criteria than the probability requirement in the previous standards and has resulted in deferral of revenue where unapproved works have been performed.

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.

Licences

Council has reviewed the licences it grants and considers that all licences are either short-term or low value and elects to recognise all revenue from licences up-front rather than spreading them over the life of the licence.

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.

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

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)

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	–
– Under AASB 1058	473
Total Contract liabilities	473

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-e ment	Carrying amount under previous revenue standards
Current assets				
Cash and cash equivalents	11,245	–	–	11,245
Investments	27,046	–	–	27,046
Receivables	1,743	–	–	1,743
Inventories	275	–	–	275
Other	51	–	–	51
Total current assets	40,360	–	–	40,360
Current liabilities				
Payables	1,975	–	–	1,975
Contract liabilities	622	–	(622)	–
Borrowings	259	–	–	259
Provisions	2,702	–	–	2,702
Total current liabilities	5,558	–	(622)	4,936
Non-current assets				
Infrastructure, property, plant and equipment	302,964	–	–	302,964
Total non-current assets	302,964	–	–	302,964
Non-current liabilities				
Borrowings	1,567	–	–	1,567
Provisions	688	–	–	688
Total Non-current liabilities	2,255	–	–	2,255
Net assets	335,511	–	622	336,133

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	Carrying amount per Statement of Financial Position under AASB 15 and AASB 1058	Reclassific- ation	Remeasur-e ment	Carrying amount under previous revenue standards
Equity				
Accumulated surplus	122,304	–	622	122,926
Revaluation reserves	213,207	–	–	213,207
Council equity interest	335,511	–	622	336,133
Total equity	335,511	–	622	336,133

The introduction of AASB 15 and AASB 1058 has resulted in the reporting of income, largely from government grants, to be presented on the basis of recognition of contract liabilities where income is received in advance of the performance of the obligations associated with the contract at balance date. Such revenues were previously taken to account as income when received.

Income Statement

\$ '000	Income Statement and comprehen- sive income under AASB 15 and AASB 1058	Reclassific- ation	Remeasur- ement	Income Statement and comprehen- sive income under previous revenue standards
<u>Income from continuing operations</u>				
Rates and annual charges	10,570	–	–	10,570
User charges and fees	2,648	–	–	2,648
Other revenues	1,010	–	–	1,010
Grants and contributions provided for operating purposes	7,834	–	–	7,834
Grants and contributions provided for capital purposes	3,631	–	(149)	3,482
Interest and investment income	669	–	–	669
Rental income	152	–	–	152
Total Income from continuing operations	26,514	–	(149)	26,365
<u>Expenses from continuing operations</u>				
Employee benefits and on-costs	7,617	–	–	7,617
Borrowing costs	257	–	–	257
Materials and contracts	5,109	–	–	5,109
Depreciation and amortisation	6,225	–	–	6,225
Other expenses	2,394	–	–	2,394
Net losses from the disposal of assets	558	–	–	558
Total Expenses from continuing operations	22,160	–	–	22,160
Total Operating result from continuing operations	4,354	–	(149)	4,205
Net operating result for the year	4,354	–	(149)	4,205
Total comprehensive income	58,240	–	–	58,240

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)

The introduction of AASB 15 and AASB 1058 has resulted in the reporting of income, largely from government grants, to be presented on the basis of recognition of contract liabilities for certain revenues where income is received in advance of the performance of the obligations associated with the contract at balance date. Such revenues were previously taken to account as income and are now presented as liabilities.

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	282,572	–	282,572
Contract liabilities	–	473	473
Total liabilities	4,828	473	5,301
Accumulated surplus	–	(473)	(473)
Total equity	277,744	(473)	277,271

(iii) AASB 16 Leases**Council as a lessee**

Under AASB 117, Council assessed whether leases were operating or finance leases, based on its assessment of whether the significant risks and rewards of ownership had been transferred to Council or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low-value assets).

Council has used the exception to lease accounting for short-term leases and leases of low-value assets, and the lease expense relating to these leases is recognised in the Income Statement on a straight-line basis.

Practical expedients used on transition

AASB 16 includes a number of practical expedients which can be used on transition. Council has used the following expedients:

- Contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16.
- Lease liabilities have been discounted using the Council's incremental borrowing rate at 1 July 2019.
- Right-of-use assets at 1 July 2019 have been measured at an amount equal to the lease liability adjustment by the any prepaid or accrued lease payments.
- A single discount rate was applied to all leases with similar characteristics.
- The right-of-use asset was adjusted by the existing onerous lease provision (where relevant) at 30 June 2019 rather than perform impairment testing of the right-of-use asset.
- Excluded leases with an expiry date prior to 30 June 2020 from the Statement of Financial Position, and lease expenses for these leases have been recorded on a straight-line basis over the remaining term.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Financial statement impact of adoption of AASB 16

Council has not recognised right-of-use assets or lease liabilities at 1 July 2019 for leases previously classified as operating leases, or leases that are significantly below market value which were previously off balance sheet.

Council as a lessor

For the arrangements where Council is a lessor, there are no significant accounting policy changes on adoption of AASB 16 except for sub-leases, which have now been classified in relation to the right-of-use asset under the head lease rather than the underlying asset.

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)

(c) Voluntary changes in accounting policies

Nature of changes in accounting policies

Council made no voluntary changes to accounting policies during the year ending 30 June 2020.

(d) Changes in accounting estimates

Nature and effect of changes in accounting estimates on current year

Council made no changes to accounting estimates during the year ending 30 June 2020.

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)	11,245	7,378
Balance as per the Statement of Cash Flows		11,245	7,378
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		4,354	4,115
Adjust for non-cash items:			
Depreciation and amortisation		6,225	6,081
Net losses/(gains) on disposal of assets		558	651
Adoption of AASB 15/1058		(473)	–
Unwinding of discount rates on reinstatement provisions		216	7
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		10	1,080
Decrease/(increase) in inventories		(79)	16
Decrease/(increase) in other current assets		(14)	28
Increase/(decrease) in payables		210	(261)
Increase/(decrease) in other accrued expenses payable		(89)	(46)
Increase/(decrease) in other liabilities		258	50
Increase/(decrease) in contract liabilities		622	–
Increase/(decrease) in provision for employee benefits		412	42
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		12,210	11,763

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. 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	–	372
Plant and equipment	1,078	212
Water infrastructure	559	45
Roadworks	81	505
Sewer Infrastructure	133	–
Other	–	373
Total commitments	1,851	1,507
These expenditures are payable as follows:		
Within the next year	1,851	1,507
Total payable	1,851	1,507
Sources for funding of capital commitments:		
Unrestricted general funds	41	212
Future grants and contributions	40	1,250
Externally restricted reserves	692	45
Internally restricted reserves	1,078	–
Total sources of funding	1,851	1,507

Notes to the Financial Statements

for the year ended 30 June 2020

Note 18. Contingencies

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

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

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

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

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

Description of the funding arrangements.

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

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

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

* For 180 Point Members, Employers are required to contribute 7% of salaries 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 additional contributions of \$40 million per annum from 1 July 2019 to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2019. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

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

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 18. Contingencies (continued)

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2020 was \$127,526.48. The last valuation of the Scheme was performed by Mr Richard Boyfield, FIAA as at 30 June 2019.

Council's expected contribution to the plan for the next annual reporting period is \$124,554.56

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 0.16% 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 June 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 18. Contingencies (continued)

2. Other liabilities

(i) Third party claims

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

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

ASSETS NOT RECOGNISED

(i) Land under roads

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 19. Financial risk management

Risk management

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

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

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

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

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.

\$ '000	Carrying value 2020	Carrying value 2019	Fair value 2020	Fair value 2019
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	11,245	7,378	11,245	7,378
Receivables	1,743	1,753	1,743	1,753
Investments				
– 'Financial assets at amortised cost'	27,046	28,000	27,046	28,000
Total financial assets	40,034	37,131	40,034	37,131
Financial liabilities				
Payables	1,975	837	1,975	837
Loans/advances	1,826	994	1,826	994
Total financial liabilities	3,801	1,831	3,801	1,831

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and held-to-maturity investments** – are based upon estimated future cash flows discounted by the current mkt interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital.

Council's finance area manages the cash and Investments portfolio with the assistance of independent advisors.

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

The risks associated with the instruments held are:

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 19. Financial risk management (continued)

Council manages these risks (amongst other measures) by investing only in term deposits, in line with Council's Financial Strategy 2016.

(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	270	(270)	(270)	270
2019				
Possible impact of a 1% movement in interest rates	354	(354)	(354)	354

Notes to the Financial Statements

for the year ended 30 June 2020

Note 19. 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.

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

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

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

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

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

Credit risk profile**Receivables – rates and annual charges**

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

\$ '000	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
2020						
Gross carrying amount	–	487	44	31	8	570
2019						
Gross carrying amount	525	41	33	14	8	621

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	622	469	5	1	76	1,173
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	–	–	–	–	–	–
2019						
Gross carrying amount	473	475	1	19	164	1,132
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	–	–	–	–	–	–

Notes to the Financial Statements

for the year ended 30 June 2020

Note 19. 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	≤ 1 Year	payable in:		Total cash outflows	Actual carrying values
				1 - 5 Years	> 5 Years		
2020							
Trade/other payables	0.00%	273	1,396	–	–	1,669	1,669
Loans and advances	3.29%	–	258	1,157	411	1,826	1,826
Total financial liabilities		273	1,654	1,157	411	3,495	3,495
2019							
Trade/other payables	0.00%	86	86	665	–	837	837
Loans and advances	4.26%	200	200	594	–	994	994
Total financial liabilities		286	286	1,259	–	1,831	1,831

Loan agreement breaches

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 20. Material budget variations

Council's original financial budget for 19/20 was adopted by the Council on 19th June 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	10,265	10,570	305	3% F
User charges and fees	1,720	2,648	928	54% F
Council budgets for fees and charges conservatively. In particular water consumption has exceeded expectations.				
Other revenues	578	1,010	432	75% F
Council budgets for other revenues conservatively.				
Operating grants and contributions	6,863	7,834	971	14% F
Financial Assistance Grant was paid in advance.				
Capital grants and contributions	6,074	3,631	(2,443)	(40)% U
Grant funds are released on milestones rather than award of the grant.				
Interest and investment revenue	714	669	(45)	(6)% U
Rental income	–	152	152	∞ F
Council did not budget for rental income.				

Notes to the Financial Statements

for the year ended 30 June 2020

Note 20. Material budget variations

\$ '000	2020 Budget	2020 Actual	2020 ----- Variance -----	
EXPENSES				
Employee benefits and on-costs	4,592	7,617	(3,025)	(66)% U
Council did not budget accordingly for Employee Benefits and on-costs.				
Borrowing costs	170	257	(87)	(51)% U
The unwinding of provision costs are not included in budgeted costs.				
Materials and contracts	6,272	5,109	1,163	19% F
Council continues to be successful in grant applications. There is a disconnect between funding, payments and budgets due to variable milestone timelines.				
Depreciation and amortisation	6,040	6,225	(185)	(3)% U
Other expenses	2,299	2,394	(95)	(4)% U
Net losses from disposal of assets	-	558	(558)	∞ U
STATEMENT OF CASH FLOWS				
Cash flows from operating activities	12,915	12,210	(705)	(5)% U
Council continues to be successful in grant funding which often require co-contributions from Council. In turn, this causes Council's material and contracts expenses to increase. Council also under budgetted on Employee benefits and on-costs which sees the budgeted cashflow decrease.				
Cash flows from investing activities	(17,680)	(9,175)	8,505	(48)% F
Stronger than anticipated overall performance resulted in a stronger cash position, which was not invested in Term Deposits but rather held in cash at bank.				
Cash flows from financing activities	4,439	832	(3,607)	(81)% U
Council did not draw down on borrowings this financial year to the extent previously expected.				

Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. 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	Fair value measurement hierarchy				Total
	Date of latest valuation	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
\$ '000					
Recurring fair value measurements					
Infrastructure, property, plant and equipment					
Plant and equipment	30/06/20	–	–	3,511	3,511
Office equipment	30/06/20	–	–	97	97
Operational land	30/06/20	–	–	7,264	7,264
Community land	30/06/20	–	–	283	283
Crown Land	30/06/20	–	–	2,775	2,775
Land under roads (post 30/06/08)	30/06/20	–	–	109	109
Land improvements – depreciable	30/06/14	–	–	555	555
Buildings – non-specialised	30/06/20	–	–	672	672
Buildings – specialised	30/06/20	–	–	31,652	31,652
Roads	30/06/19	–	–	114,051	114,051
Bridges	30/06/19	–	–	3,308	3,308
Footpaths	30/06/19	–	–	3,495	3,495
Bulk earthworks	30/06/19	–	–	3,431	3,431
Stormwater drainage	30/06/19	–	–	18,265	18,265
Water supply network	30/06/20	–	–	45,663	45,663
Sewer network	30/06/20	–	–	44,923	44,923
Swimming pools	30/06/20	–	–	1,970	1,970
Heritage collections	30/06/20	–	–	7,227	7,227
Library books	30/06/18	–	–	69	69
Other assets	30/06/20	–	–	141	141
Tip assets	30/06/20	–	–	9,361	9,361
Open Space	30/06/20	–	–	12	12
Quarry assets	30/06/20	–	–	356	356
Total infrastructure, property, plant and equipment		–	–	299,190	299,190

Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. Fair Value Measurement (continued)

2019	Fair value measurement hierarchy				Total
	Date of latest valuation	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
\$ '000					
Recurring fair value measurements					
Infrastructure, property, plant and equipment					
Plant and equipment	30/06/13	–	–	3,011	3,011
Office equipment	30/06/14	–	–	96	96
Operational land	30/06/18	–	–	9,276	9,276
Community land	30/06/18	–	–	271	271
Crown Land	30/6/2020	–	–	–	–
Land under roads (post 30/06/08)	30/06/18	–	–	234	234
Land improvements – depreciable	30/06/14	–	–	819	819
Buildings – non-specialised	30/06/18	–	–	628	628
Buildings – specialised	30/06/18	–	–	29,128	29,128
Roads	30/06/19	–	–	113,101	113,101
Bridges	30/06/18	–	–	3,419	3,419
Footpaths	30/06/18	–	–	3,384	3,384
Bulk earthworks	30/06/18	–	–	3,308	3,308
Stormwater drainage	30/06/19	–	–	18,288	18,288
Water supply network	30/06/19	–	–	27,319	27,319
Sewer network	30/06/19	–	–	18,769	18,769
Swimming pools	30/06/17	–	–	1,540	1,540
Heritage collections	30/06/16	–	–	67	67
Library books	30/06/18	–	–	158	158
Other assets	30/06/16	–	–	2,835	2,835
Tip assets	30/06/18	–	–	353	353
Open Space	30/06/13	–	–	5,402	5,402
Quarry assets	30/06/18	–	–	16	16
Total infrastructure, property, plant and equipment		–	–	241,422	241,422

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

(2) Transfers between level 1 and level 2 fair value hierarchies

Council's policy for determining transfers between fair value hierarchies is at the end of the reporting period.

There were no transfers in or out of level 1 and level 2 fair valuation hierarchy

Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. Fair Value Measurement (continued)

(3) 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)

Plant and Equipment: Major plant (graders, loaders, etc.), fleet vehicles (cars, utes, etc.) and minor plant (chainsaws, mowers etc.)

Valuation technique – “Cost approach”

Inputs used (Level 3) – Fair value is approximated by depreciated historical cost.

Office Equipment: Computers, office furniture

Valuation technique – “Cost approach”

Inputs used (Level 3) – Fair value is approximated by depreciated historical cost.

Operational land: Land under Council offices, depots, libraries, water and sewer treatment plants etc.

Valuation technique – “Market approach”

Inputs used (Level 3) – Land area, rate per square metre, zoning, geographical location, sales of comparable land.

Council’s operational land has been valued at a market value, involving the inspection and analysis of sales evidence and comparisons with the subject property with adjustment for differences between key attributes of the properties.

Council’s operational land was valued by APV Valuers and Asset Management Pty Ltd, a registered valuer.

Community land: Land under parks, recreation reserves, public halls etc.

Valuation technique – “Market approach”

Inputs used (Level 3) – Land area, rate per square metre, zoning, geographical location, sales of comparable land

Council’s operational land has been valued at a market value, involving the inspection and analysis of sales evidence and comparisons with the subject property with adjustment for differences between key attributes of the properties.

Council’s community land was valued using the unimproved land value provided by the NSW Valuer General in accordance with Office of Local Government guidance for infrastructure assets, as well as input from APV Valuers and Asset Management Pty Ltd.

Land under roads: Land under roads acquired since 1 July 2008

Valuation technique – “Market approach”

Inputs used (Level 3) – Land area, rate per square metre, zoning, geographical location, sales of comparable land.

Council’s operational land has been valued at a market value, involving the inspection and analysis of sales evidence and comparisons with the subject property with adjustment for differences between key attributes of the properties. As the Council’s land under roads assets have no feasible alternate use, significant adjustments to the rate per square meter have been applied to the unobservable inputs and are based on a rate per square metre.

Council’s Land under roads was valued by APV Valuers and Asset Management Pty Ltd, a registered valuer.

Land Improvements - depreciable: Car parks, netball and tennis courts, fences etc.

Valuation technique – “Cost approach”

Inputs used (Level 3) –, dimensions, specifications. (Level 3) – Unit rates, Condition, Remaining life, Residual value

These assets were valued at depreciated replacement cost. Available market data for recent projects and published cost guides are used to determine the estimated replacement cost of the asset, including preliminaries. A condition assessment

Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. Fair Value Measurement (continued)

is then applied based on factors such as the age of the asset, overall condition and remaining life. In some cases, residual values are factored into the calculation, which is the value at the time the asset is considered to no longer be available.

Council's Land Improvements were valued at depreciated historical cost as a representation of fair value in accordance with Office of Local Government guidance for infrastructure assets.

Buildings (Non-specialised): Residences

Valuation technique – "Market approach"
Inputs used (Level 3) – Sales evidence

Council's non-specialised buildings have been valued at a market value, involving the inspection and analysis of sales evidence and comparisons with the subject building with adjustment for differences between key attributes of the properties. The land value is then subtracted from the market value of the property to measure the building asset fair value.

Council's Buildings (non-specialised) was valued by APV Valuers and Asset Management Pty Ltd, a registered valuer.

Buildings (Specialised): Community halls, toilet blocks, Council office, libraries, depot buildings, sheds etc.

Valuation technique – "Cost approach"
Inputs used (Level 3) – Unit rates, dimensions, specifications. (Level 3) – Condition, Remaining life, Residual value

These assets were valued at depreciated replacement cost. Available market data for recent projects and published cost guides are used to determine the estimated replacement cost of the asset, including preliminaries. A condition assessment is then applied based on factors such as the age of the asset, overall condition and remaining life. In some cases, residual values are factored into the calculation, which is the value at the time the asset is considered no longer to be available.

Council's Buildings (specialised) was valued by APV Valuers and Asset Management Pty Ltd, a registered valuer.

Roads, Bridges, Footpaths: Road surface, pavement, formation, road furniture, bridges, culverts.

Valuation technique – "Cost approach"
Inputs used (Level 3) – Unit rates, useful life, asset condition, specifications.

These assets were valued at depreciated replacement cost. Council's road infrastructure assets are segmented and componentised into the following categories:

- Seal
- Pavement
- Formation and earthworks
- Culverts
- Road furniture (signs, guideposts, guardrails)

Council has surveyed its entire road network to measure both length and width of pavement and seal.

Unit rates were based on Council's own cost data based on its average cost across its entire road network, benchmarked against rates provided in relevant construction cost guides. Unit rates are applied consistently across the road network regardless of topography, soil type and geographical location.

Condition assessments have been applied across the entire road network to establish remaining useful lives. Bridges were valued on the basis of deck area, with composite deck being \$1,900 per square metre, and concrete \$2,200 per square metre.

Culverts were valued on their replacement cost from a relevant construction cost guide.

Council's roads, bridges and footpath assets were valued in-house by Mr Fred Exton – Engineering Services Manager

Bulk earthworks: Levee banks.

Valuation technique – "Cost approach"
Inputs used (Level 3) – Unit rates, dimensions, condition

Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. Fair Value Measurement (continued)

The unit rates were determined by current replacement cost.

Council's bulk earthworks were valued in-house by Mr Fred Exton – Engineering Services Manager.

Stormwater drainage: Kerb and gutter, drainage network, pumps and pump well, retention basins etc.

Valuation technique – “Cost approach”

Inputs used (Level 3) – Unit rates, useful life, asset condition, dimensions and specification

Council has surveyed its entire stormwater drainage network to measure both length and width of pipes and location and depth of pits.

Unit rates were based on Council's own cost data based on its average cost across its entire stormwater drainage network, benchmarked against rates provided in relevant construction cost guides. Values for pumps are based on depreciated replacement cost.

Condition assessments have been applied across the entire drainage network to establish remaining useful lives.

Council's stormwater drainage assets were valued in-house by Mr Fred Exton – Engineering Services Manager.

Water Supply Network: Treatment plants, mains, reservoirs etc.

Valuation technique – “Cost approach”

Inputs used (Level 3) – Unit rates, useful life, asset condition, dimensions and specification

The Council has surveyed its entire sewerage network to measure both length and width of pipes and their location.

Unit rates are based on the NSW References Rates Manual: Valuation of Water Supply, Sewerage and Stormwater Assets, including annual indexation.

Condition assessments were applied to individual assets based on inspection programs, including the use of cameras. Where inspections have not been, or are unable to be, made the life of the asset has been used to estimate condition.

Council's water network assets were valued externally by APV Valuers and Asset Management.

Sewerage Network: Sewer pipes, pump stations, treatment plants etc.

Valuation technique – “Cost approach”

Inputs used (Level 3) – Unit rates, useful life, asset condition, dimensions and specification

The Council has surveyed its entire sewerage network to measure both length and width of pipes and location and depth of pits. Unit rates are based on the NSW References Rates Manual: Valuation of Water Supply, Sewerage and Stormwater Assets, including annual indexation.

Condition assessments were applied to individual assets based on inspection programs, including the use of cameras. Where inspections have not been, or are unable to be, made the life of the asset has been used to estimate condition.

Council's sewerage network assets were valued externally by APV Valuers and Asset Management.

Other Assets

Heritage collections:

Valuation technique – “Cost approach”

Inputs used (Level 3) – Fair value is approximated by depreciated historical cost

Library books: Books and other collection items.

Valuation technique – “Cost approach”

Inputs used (Level 3) – Fair value is approximated by depreciated historical cost

Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. Fair Value Measurement (continued)

Library books are valued as bulk annual purchases and depreciated using a standard useful life.

Other Assets:

Valuation technique – “Cost approach”

Inputs used (Level 3) – Fair value is approximated by depreciated historical cost

Councils other assets were valued at depreciated historical cost as a representation of fair value in accordance with Office of Local Government guidance for infrastructure assets.

Tip & Quarry Assets:

Valuation technique – “Cost approach”

Inputs used (Level 3) – Fair value is approximated by depreciated historical cost

Councils tip and quarry assets were valued at depreciated historical cost, and remediation costs are estimated in House by Mr Fred Exton, Director of Technical Services, and are factored to account for inflation.

Open Space Assets:

Valuation technique – “Cost approach”

Inputs used (Level 3) – Fair value is approximated by depreciated historical cost

Councils tip and quarry assets were valued at depreciated historical cost as a representation of fair value in accordance with Office of Local Government guidance for infrastructure assets.

Non-current assets classified as ‘held for sale’

Assets previously classified as “Held for Sale” are actively being marketed however as they may not sell within 12 months, or indeed for some considerable time they have been transferred to Inventory assets along with all other land being marketed.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. Fair Value Measurement (continued)

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

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

\$ '000	Operational Land	Community Land	Crown Land	Depreciable land improvements	Land under roads
2019					
Opening balance	9,299	270	–	572	234
Transfers from/(to) another asset class	(1)	1	–	–	–
Purchases (GBV)	122	–	–	293	–
Disposals (WDV)	(153)	–	–	–	–
Depreciation and impairment	–	–	–	(46)	–
Revaluation	9	–	–	–	–
Closing balance	9,276	271	–	819	234
2020					
Opening balance	9,276	271	–	819	234
Transfers from/(to) another asset class	(2,489)	(25)	2,777	(210)	–
Depreciation and impairment	–	–	–	(54)	–
Revaluation	477	37	(2)	–	(125)
Closing balance	7,264	283	2,775	555	109

\$ '000	Buildings non-specialised	Building specialised	Plant and equipment	Office equipment	Roads
2019					
Opening balance	637	30,312	3,161	125	112,910
Transfers from/(to) another asset class	–	–	753	–	–
Purchases (GBV)	–	65	–	6	2,374
Disposals (WDV)	–	–	(85)	(4)	(893)
Depreciation and impairment	(9)	(1,224)	(818)	(31)	(2,538)
Revaluation	–	(25)	–	–	1,248
Closing balance	628	29,128	3,011	96	113,101
2020					
Opening balance	628	29,128	3,011	96	113,101
Transfers from/(to) another asset class	(628)	645	–	–	(13)
Purchases (GBV)	–	3,012	1,543	22	4,380
Disposals (WDV)	–	(186)	(224)	–	(776)
Depreciation and impairment	–	(573)	(819)	(21)	(2,641)
Revaluation	672	(374)	–	–	–
Closing balance	672	31,652	3,511	97	114,051

Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. Fair Value Measurement (continued)

\$ '000	Bridges	Footpaths	Bulk earth	Stormwater drainage	Water supply network
2019					
Opening balance	3,516	3,339	3,259	17,232	26,210
Purchases (GBV)	8	134	49	511	277
Disposals (WDV)	–	(4)	–	(23)	(44)
Depreciation and impairment	(107)	(70)	–	(240)	(669)
Revaluation	2	(15)	–	808	1,545
Closing balance	3,419	3,384	3,308	18,288	27,319
2020					
Opening balance	3,419	3,384	3,308	18,288	27,319
Transfers from/(to) another asset class	(4)	–	–	(52)	–
Purchases (GBV)	–	256	123	361	280
Disposals (WDV)	–	(71)	–	(82)	–
Depreciation and impairment	(107)	(74)	–	(250)	(681)
Revaluation	–	–	–	–	18,745
Closing balance	3,308	3,495	3,431	18,265	45,663
2019					
Opening balance	19,045	1,604	68	197	6,707
Purchases (GBV)	16	–	–	18	1,817
Disposals (WDV)	(4)	–	–	(31)	–
Depreciation and impairment	(588)	(64)	(1)	(26)	(287)
Revaluation	300	–	–	–	–
Closing balance	18,769	1,540	67	158	8,237
2020					
Opening balance	18,769	1,540	67	158	8,237
Transfers from/(to) another asset class	–	2	–	–	(2)
Purchases (GBV)	285	–	–	27	1,258
Disposals (WDV)	(85)	–	–	(17)	–
Depreciation and impairment	(610)	(65)	(1)	(27)	(285)
Revaluation	26,564	493	2	–	7,380
Closing balance	44,923	1,970	68	141	16,588

Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. Fair Value Measurement (continued)

\$ '000	Tip and quarry assets	Total
2019		
Opening balance	276	238,973
Transfers from/(to) another asset class	–	753
Purchases (GBV)	–	5,690
Disposals (WDV)	–	(1,241)
Depreciation and impairment	(15)	(6,733)
Revaluation	108	3,980
Closing balance	369	241,422
2020		
Opening balance	369	241,422
Transfers from/(to) another asset class	–	1
Purchases (GBV)	–	11,547
Disposals (WDV)	–	(1,441)
Depreciation and impairment	(17)	(6,225)
Revaluation	17	53,886
Closing balance	369	299,190

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

There were no FV hierarchy transfer into or out of level 3.

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.

	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment		
Plant & Equipment	Cost Approach	<ul style="list-style-type: none"> • Gross Replacement Cost • Remaining Useful Life
Office Equipment	Cost Approach	<ul style="list-style-type: none"> • Gross Replacement Cost • Remaining Useful Life
Operational Land	Market Approach	<ul style="list-style-type: none"> • Price per square metre, Land area, zoning, geographical location, sales of comparable land
Community Land	Market Approach	<ul style="list-style-type: none"> • Price per square metre, Land area, zoning, geographical location, sales of comparable land
Land under Roads (post 30/06/08)	Market Approach	<ul style="list-style-type: none"> • Price per square metre, Land area, zoning, geographical location, sales of comparable land • Alternate Uses
Land Improvements - Depreciable	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Condition • Useful Life
Buildings – Non Specialised	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Condition • Useful Life
Buildings - Specialised	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Condition • Useful Life

Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. Fair Value Measurement (continued)

	Valuation technique/s	Unobservable inputs
Roads	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Condition • Useful Life
Bridges	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Condition • Useful Life
Footpaths	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Condition • Useful Life
Bulk Earthworks	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Condition • Useful Life
Stormwater Drainage	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Condition • Useful Life
Water Supply Network	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Condition • Useful Life
Sewer Network	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Condition • Useful Life
Swimming Pools	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Condition • Useful Life
Heritage Collections	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Condition • Useful Life
Library Books	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Condition • Useful Life
Other Assets	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Condition • Useful Life
Tip & Quarry Assets	Cost Approach	<ul style="list-style-type: none"> • Unit Rates • Asset Condition • Useful Life

d. The valuation process for level 3 fair value measurements

The valuation process/es they use for level 3 fair valuation measurements is to use the market or cost approach (as indicated above) to review fair value, where the relationship of unobservable inputs to Fair Value are affected by any change in component pricing and asset condition. Asset valuations are reviewed annually by the Director of Technical Services and the Finance Manager.

(5) 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 22. 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	930	1,051
Post-employment benefits	108	121
Total	1,038	1,172

(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.

There are no other disclosures to be made by KMP.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 23. 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 24. Statement of developer contributions

Under the *Environmental Planning and Assessment Act 1979*, Council has 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	Contributions received during the year					Held as restricted asset	Cumulative internal borrowings due/(payable)
\$ '000		Cash	Non-cash					
S7.11 not under plans	118	14	–	–	–	–	132	–
S64 contributions	338	130	–	–	–	–	468	–
Total contributions	456	144	–	–	–	–	600	–

S7.11 Contributions – not under a plan

CONTRIBUTIONS NOT UNDER A PLAN

Drainage	29	5	–	–	–	–	34	–
Parking	16	–	–	–	–	–	16	–
Open space	73	9	–	–	–	–	82	–
Total	118	14	–	–	–	–	132	–

S64 contributions

S64 contributions

Water	327	113	–	–	–	–	440	–
Sewer	11	17	–	–	–	–	28	–
Total	338	130	–	–	–	–	468	–

Notes to the Financial Statements

for the year ended 30 June 2020

Note 25. Result by fund

\$ '000	General ¹ 2020	Water 2020	Sewer 2020
Income Statement by fund			
Income from continuing operations			
Rates and annual charges	6,480	2,028	2,062
User charges and fees	1,315	1,263	70
Interest and investment revenue	518	102	49
Other revenues	250	716	44
Grants and contributions provided for operating purposes	7,834	–	–
Grants and contributions provided for capital purposes	3,501	113	17
Rental income	152	–	–
Total income from continuing operations	20,050	4,222	2,242
Expenses from continuing operations			
Employee benefits and on-costs	6,779	481	357
Borrowing costs	257	–	–
Materials and contracts	2,674	1,403	1,032
Depreciation and amortisation	4,856	709	660
Other expenses	1,725	420	249
Net losses from the disposal of assets	473	–	85
Total expenses from continuing operations	16,764	3,013	2,383
Operating result from continuing operations	3,286	1,209	(141)
Net operating result for the year	3,286	1,209	(141)
Net operating result attributable to each council fund	3,286	1,209	(141)
Net operating result for the year before grants and contributions provided for capital purposes	(215)	1,096	(158)

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 25. Result by fund (continued)

\$ '000	General ¹ 2020	Water 2020	Sewer 2020
Statement of Financial Position by fund			
ASSETS			
Current assets			
Cash and cash equivalents	(1,692)	7,829	5,108
Investments	21,046	4,000	2,000
Receivables	1,429	221	93
Inventories	149	109	17
Other	51	–	–
Total current assets	20,983	12,159	7,218
Non-current assets			
Infrastructure, property, plant and equipment	208,417	48,412	46,135
Total non-current assets	208,417	48,412	46,135
TOTAL ASSETS	229,400	60,571	53,353
LIABILITIES			
Current liabilities			
Payables	1,970	5	–
Contract liabilities	622	–	–
Borrowings	259	–	–
Provisions	2,702	–	–
Total current liabilities	5,553	5	–
Non-current liabilities			
Borrowings	1,567	–	–
Provisions	688	–	–
Total non-current liabilities	2,255	–	–
TOTAL LIABILITIES	7,808	5	–
Net assets	221,592	60,566	53,353
EQUITY			
Accumulated surplus	85,746	25,865	10,693
Revaluation reserves	135,846	34,701	42,660
Council equity interest	221,592	60,566	53,353
Total equity	221,592	60,566	53,353

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 26(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}	1,281	5.60%	5.60%	18.24%	>0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	22,883				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ^{1,3}	15,049	56.76%	59.29%	62.79%	>60.00%
Total continuing operating revenue ¹	26,514				
3. Unrestricted current ratio					
Current assets less all external restrictions	15,245	4.33x	6.79x	7.24x	>1.50x
Current liabilities less specific purpose liabilities	3,520				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	7,763	18.27x	35.08x	48.70x	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	425				
5. Rates, annual charges, interest and extra charges outstanding percentage ³					
Rates, annual and extra charges outstanding ³	570	5.07%	5.84%	3.24%	<10.00%
Rates, annual and extra charges collectible	11,246				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	38,291	27.88	29.33	27.97	>3.00
Monthly payments from cash flow of operating and financing activities	1,374	mths	mths	mths	mths

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

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

(3) These ratios have had the pensioner subsidies removed from the 2018/19 amounts due to changes in the 2019/20 Accounting Code. This change is to ensure comparatives remain consistent.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 26(b). Statement of performance measures – by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2020	2019	2020	2019	2020	2019	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	1.56%	1.04%	26.67%	26.21%	(3.28)%	(3.71)%	>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 ^{1,3}	43.47%	45.33%	97.32%	96.09%	99.24%	99.11%	>60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	4.33x	6.79x	86.40x	17.06x	∞	∞	>1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	13.00x	23.67x	164.09x	1,831.00x	∞	∞	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates, annual charges, interest and extra charges outstanding percentage ³							
Rates, annual and extra charges outstanding	3.75%	10.26%	9.83%	0.00%	4.27%	0.00%	<10.00%
Rates, annual and extra charges collectible							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	20.95 mths	25.06 mths	47.11 mths	38.37 mths	35.79 mths	33.44 mths	>3.00 mths
Payments from cash flow of operating and financing activities							

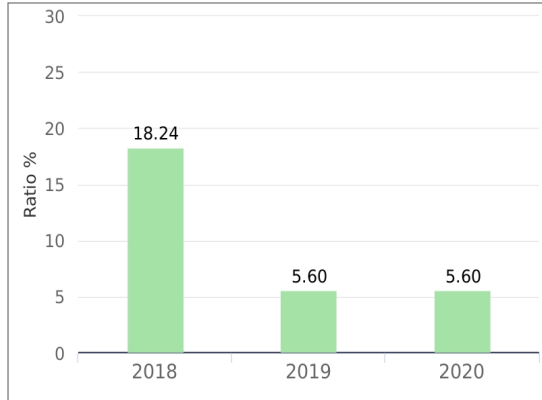
(1) - (2) Refer to Notes at Note 23a above.

(3) 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(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 5.60%

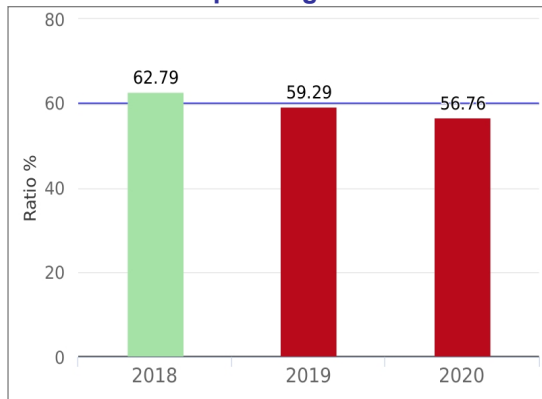
The operating performance ratio remains at 5.6% (2019: 5.60%) due to continued similar expenditure in materials and contracts from co-contribution grant funding.

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 56.76%

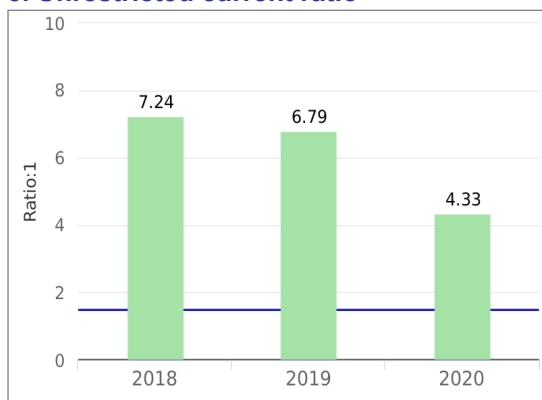
The own source operating revenue ratio decreased to 56.76% (2019: 59.29%) due to the increase in grant funding.

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 4.33x

The unrestricted current ratio has decreased in 2020 due to the increase in externally restricted cash, cash equivalents and investments.

Benchmark: — > 1.50x

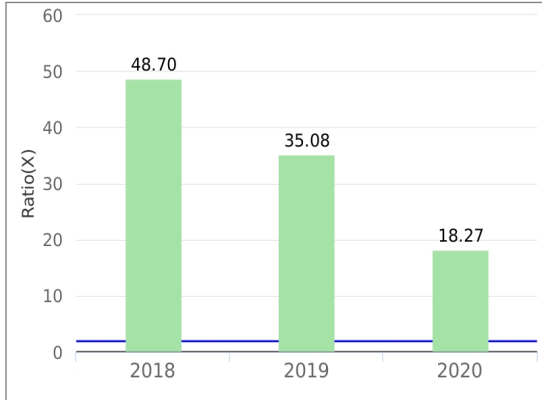
Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio achieves benchmark
Ratio is outside benchmark

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

Note 26(c). Statement of performance measures – consolidated results (graphs)

4. Debt service cover ratio



Purpose of debt service cover ratio

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

Commentary on 2019/20 result

2019/20 ratio 18.27x

The change in percentage is due to a one off charge to borrowing costs which relates to the unwinding of present value discounts for the provision and remediation of landfills and tips.

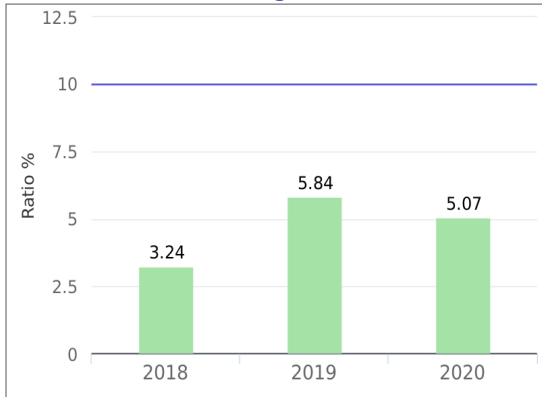
Benchmark: — > 2.00x

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 5.07%

The rates and annual charges outstanding percentage of 5.07% has decreased from the prior year (2019: 5.84%) due to a successful year of collections.

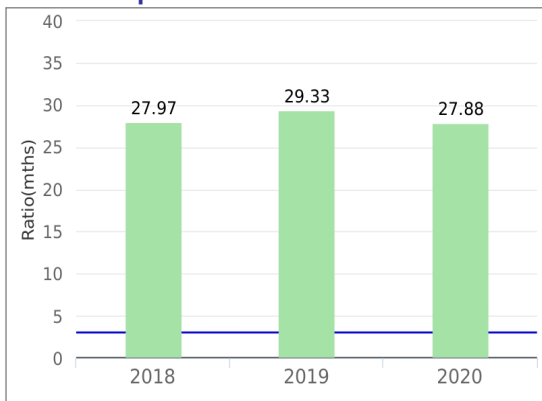
Benchmark: — < 10.00%

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 27.88 mths

Council's cash expense cover ratio has decreased slightly to 27.88% (2019: 29.33%). However, Council remains in a strong position.

Benchmark: — > 3.00mths

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

Ratio achieves benchmark

Ratio is outside benchmark



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

To the Councillors of Berrigan Shire Council

Opinion

I have audited the accompanying financial statements of Berrigan 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 20 Material budget variations
- on the Special Schedules. A separate opinion has been provided on Special Schedule - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Michael Khazoo
Delegate of the Auditor-General for New South Wales

17 December 2020
SYDNEY



Cr Matthew Hannan
Mayor
Berrigan Shire Council
56 Chanter Street
BERRIGAN NSW 2712

Contact: Michael Kharzoo
Phone no: (02) 9275 7188
Our ref: D2028991/1692

17 December 2020

Dear Mayor

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

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





SIGNIFICANT AUDIT ISSUES AND OBSERVATIONS

I identified the following significant audit issues and observations during my audit of the Council's financial statements. These issues have been assessed as high risk and will be reported in the Management Letter from the final phase of my audit.

- **Financial Statement close process** – Council's financial statement close process highlighted a number of repeat issues which had implications on the audit process and increased the risk of Council's ability to meet statutory reporting deadlines.
- **Asset valuation and management** - Council's accounting, assessment and recording procedures of infrastructure, property, plant and equipment ("IPP&E") highlighted a number of issues which required audit adjustments and raised implications over the material accuracy of IPPE.

INCOME STATEMENT

Operating result

	2020 \$m	2019 \$m	Variance %
Rates and annual charges revenue	10.6	10.2	 3.9
Grants and contributions revenue	11.5	10.2	 12.7
Operating result from continuing operations	4.4	4.1	 7.3
Net operating result before capital grants and contributions	0.7	0.5	 40.0

The Council's operating result from continuing operations (\$4.4 million including depreciation and amortisation expense of \$6.2 million) was \$0.3 million higher than the 2018–19 result. This movement was mainly due to an increase in rates and annual charges of \$0.3 million.

The net operating result before capital grants and contributions (\$0.7 million) was \$0.2 million higher than the 2018–19 result. This movement was mainly due to an increase in rates and annual charges of \$0.4 million.

Rates and annual charges revenue (\$10.6 million) increased by \$0.4 million (3.9 per cent) in 2019–20 due to:

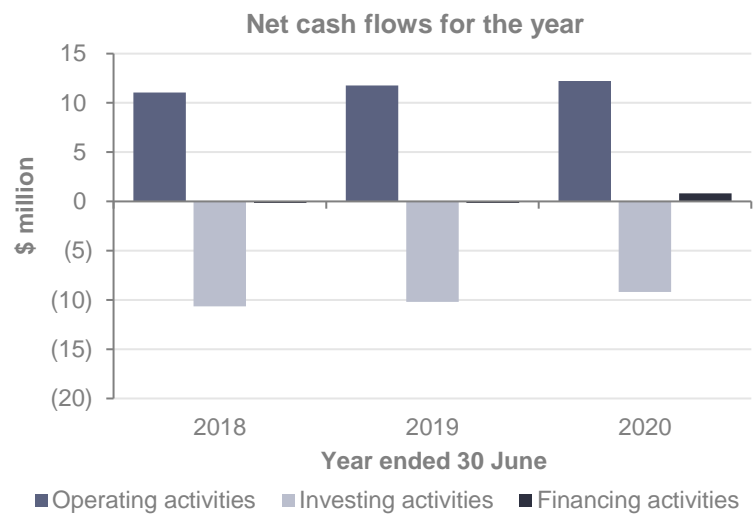
- the Council's pegged rate, which increased general rates revenue by 2.7 per cent in 2019–20
- an increase in the number of rateable properties by 1.5 per cent in 2019-20

Grants and contributions revenue (\$11.5 million) increased by \$1.3 million (12.7 per cent) in 2019–20 mainly due to:

- \$0.9 million increase in Transport (roads to recovery)
- \$1 million increase in Recreation and Culture

STATEMENT OF CASH FLOWS

- Council's cash and cash equivalents was \$11.2 million (\$7.4 million for the year ended 30 June 2019). There was a net increase in cash and cash equivalents of \$3.8 million for the year ended 30 June 2020.
- Net cash provided by operating activities has increased by \$0.4 million. This is mainly due to the increase in rates and annual charges by \$1.0 million, which was partially offset by a decrease in user charges and fees by \$0.7 million.
- Net cash used in investing activities decreased by \$1.0 million. This is mainly due to the increase in the purchase of infrastructure, property, plant and equipment of \$3.0 million, which was partially offset by the decrease in purchase of investment securities by \$2.0 million.
- Net cash provided by financing activities increased by \$1.0 million. This is mainly due to the increase of proceeds from borrowings and advances by \$1.0 million.



FINANCIAL POSITION

Cash and investments

Cash and investments	2020	2019	Commentary
	\$m	\$m	
External restrictions	24.7	21.4	<ul style="list-style-type: none">Externally restricted cash and investments are restricted in their use by externally imposed requirements. The increase of \$3.3 million is primarily due to the \$1.7 million increase in water supplies, \$0.6 million increase in specific purpose unexpended grants – general fund (2020 only), \$0.6 million increase in sewerage services and \$0.3 million increase in domestic waste management.Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect identified programs of works and any forward plans identified by Council. The decrease of \$0.3 million is primarily due the \$0.4 million decrease in plant and vehicle replacement.Unrestricted cash and investments were \$8.1 million, which is available to provide liquidity for day-to-day operations of the Council. This has remained relatively stable year on year.
Internal restrictions	5.5	5.8	
Unrestricted	8.1	8.2	
Cash and investments	38.3	35.4	

Debt

Council has \$1.8 million of external borrowings (2019: \$1.0 million) which is secured over the revenue of Council. The increase of \$0.8 million in external borrowings is due to the new loan for Local Infrastructure Renewal Scheme (LIRS) funding project for the subdivision of Lewis Crescent.

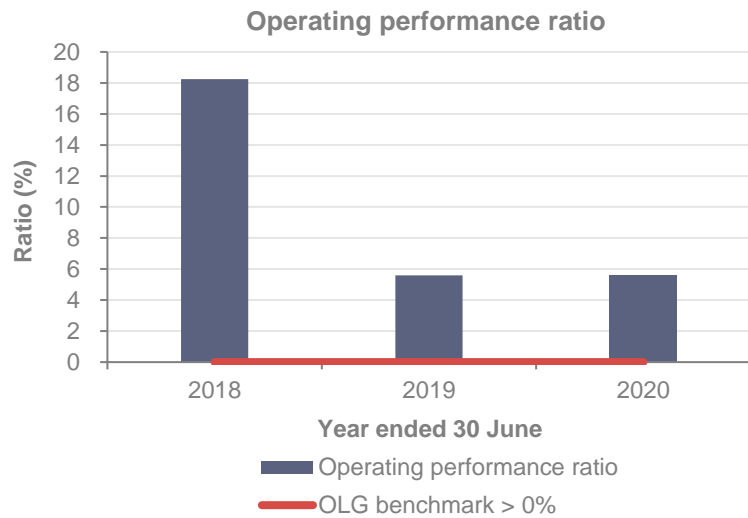
PERFORMANCE

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.

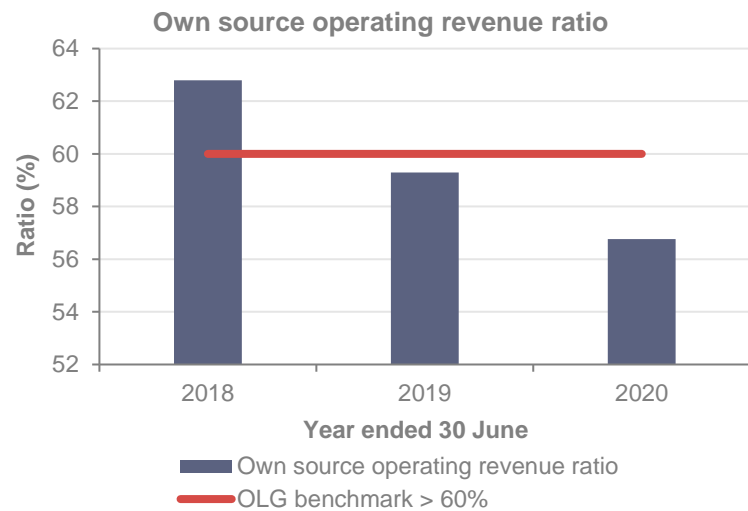
Operating performance ratio

- 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 operating performance ratio of 5.6 per cent is above the industry benchmark of greater than 0 per cent. This indicates the Council can contain operating expenditures within operating revenue.
- The operating performance ratio has remained stable year on year.



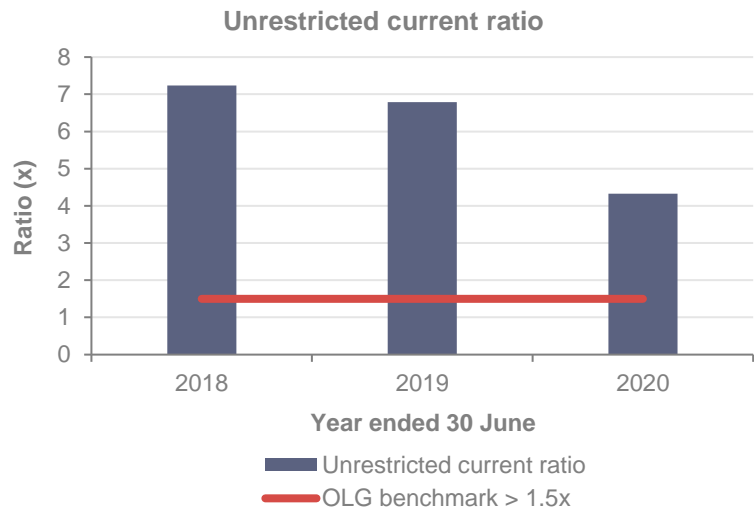
Own source operating revenue ratio

- 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's own source operating revenue ratio of 56.8 per cent is below the industry benchmark of 60 per cent. This indicates that the Council is reliant on external funding sources, such as grants and contributions.
- The Council's own source operating revenue ratio decreased to 56.8 per cent (2019: 59.3 per cent) due to the current year increase in grants and contributions.



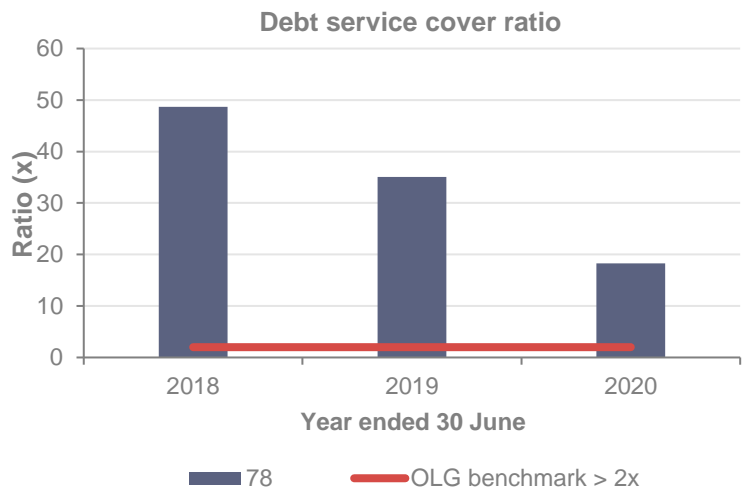
Unrestricted current ratio

- 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's liquidity ratio of 4.3 times is greater than the industry benchmark minimum of greater than 1.5 times. This indicates that the Council has sufficient liquidity to meet its current liabilities as and when they fall due.
- The Council's unrestricted current ratio has decreased to 4.3 times (2019: 6.8 times) due to the increase in payables.



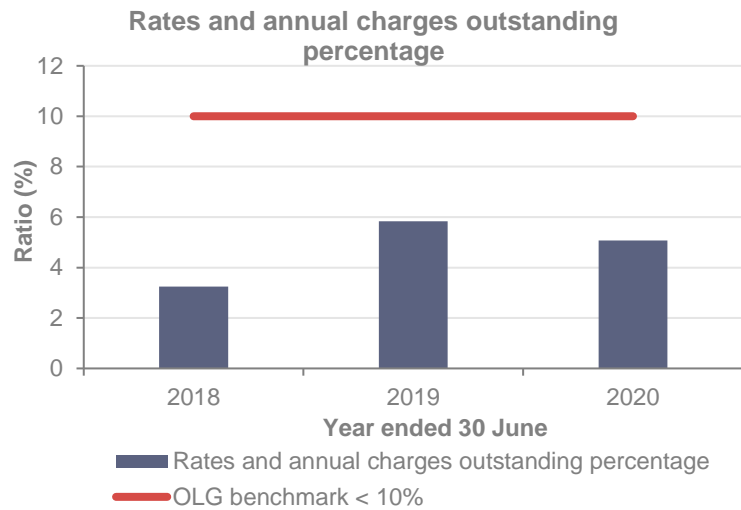
Debt service cover ratio

- 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's debt service cover ratio of 18.3 times is greater than the industry benchmark minimum of greater than 2 times. This indicates that the Council has sufficient operating revenue to service its debt.
- The Council's debt service cover ratio of 18.3 times (2019: 35.1 times) has decreased due to the increase in borrowings in the 2020 year.



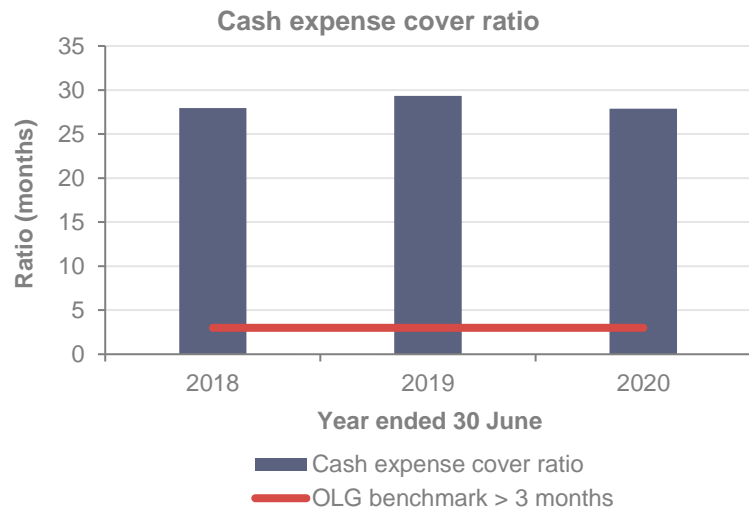
Rates and annual charges outstanding percentage

- 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's rates and annual charges outstanding ratio of 5.1 per cent is within the industry benchmark of less than 10 per cent for regional and rural councils.
- The rates and annual charges outstanding percentage has remained relatively stable from the previous year and remains below the benchmark for rural councils which is a reflection of sound debt recovery procedures at the Council.



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's cash expense cover ratio was 27.9 months, which is above the industry benchmark of greater than 3 months. This indicates that Council had the capacity to cover 27.9 months of operating cash expenditure without additional cash inflows at 30 June 2020.
- The Council's cash expense cover ratio has decreased due to the increase in payments from operating activities cash flow.



Infrastructure, property, plant and equipment renewals

The Council has renewed \$7.7 million of assets in the 2019-20 financial year, compared to \$6.6 million of assets in the 2018-19 financial year. In 2019-20 the majority of renewals related to capital work in progress (\$3.5 million), roads (\$1.9 million) and specialised buildings (\$1.1 million).

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 '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 impacts 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 significantly impacts 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 \$0.5 million adjustment to opening accumulated surplus at 1 July 2019 on adoption of the new Revenue Standards.

The Council disclosed the impact of adopting the new 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 15.

Legislative compliance

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

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



Michael Kharzoo
Delegate of the Auditor-General for New South Wales

cc: Ms Tahlia Fry, Finance Manager
Mr Matthew Hansen, Director Corporate Services
Mr Rowan Perkins, General Manager
Jim Betts, Secretary of the Department of Planning, Industry and Environment

Berrigan Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2020

"Making an even better Berrigan Shire"



Special Purpose Financial Statements

for the year ended 30 June 2020

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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).

Berrigan Shire Council

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 16 December 2020.



Cr. Matthew Hannan
Mayor
16 December 2020



Cr. Roger Reynoldson
Councillor
16 December 2020



Rowan Perkins
General Manager
16 December 2020



Tahlia Fry
Responsible Accounting Officer
16 December 2020

Income Statement – Water Supply Business Activity

for the year ended 30 June 2020

\$ '000	2020	2019
Income from continuing operations		
Access charges	2,028	1,947
User charges	1,199	1,247
Fees	64	82
Interest	102	193
Other income	716	827
Total income from continuing operations	4,109	4,296
Expenses from continuing operations		
Employee benefits and on-costs	481	418
Materials and contracts	1,403	1,619
Depreciation, amortisation and impairment	709	705
Water purchase charges	144	137
Loss on sale of assets	–	44
Other expenses	276	291
Total expenses from continuing operations	3,013	3,214
Surplus (deficit) from continuing operations before capital amounts	1,096	1,082
Grants and contributions provided for capital purposes	113	175
Surplus (deficit) from continuing operations after capital amounts	1,209	1,257
Surplus (deficit) from all operations before tax	1,209	1,257
Less: corporate taxation equivalent (27.5%) [based on result before capital]	(301)	(298)
SURPLUS (DEFICIT) AFTER TAX	908	959
Plus accumulated surplus	24,656	23,399
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	301	298
Closing accumulated surplus	25,865	24,656
Return on capital %	2.3%	3.8%
Subsidy from Council	–	–
Calculation of dividend payable:		
Surplus (deficit) after tax	908	959
Less: capital grants and contributions (excluding developer contributions)	(113)	(175)
Surplus for dividend calculation purposes	795	784
Potential dividend calculated from surplus	397	392

Income Statement – Sewerage Business Activity

for the year ended 30 June 2020

\$ '000	2020	2019
Income from continuing operations		
Access charges	2,062	1,979
User charges	12	22
Fees	58	41
Interest	49	152
Other income	44	44
Total income from continuing operations	2,225	2,238
Expenses from continuing operations		
Employee benefits and on-costs	357	312
Materials and contracts	1,032	1,163
Depreciation, amortisation and impairment	660	673
Loss on sale of assets	85	–
Calculated taxation equivalents	12	13
Other expenses	249	177
Total expenses from continuing operations	2,395	2,338
Surplus (deficit) from continuing operations before capital amounts	(170)	(100)
Grants and contributions provided for capital purposes	17	20
Surplus (deficit) from continuing operations after capital amounts	(153)	(80)
Surplus (deficit) from all operations before tax	(153)	(80)
SURPLUS (DEFICIT) AFTER TAX	(153)	(80)
Plus accumulated surplus	10,834	10,914
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	12	13
Less:		
– Tax equivalent dividend paid	–	(13)
Closing accumulated surplus	10,693	10,834
Return on capital %	(0.4)%	(0.5)%
Subsidy from Council	576	368
Calculation of dividend payable:		
Surplus (deficit) after tax	(153)	(80)
Less: capital grants and contributions (excluding developer contributions)	(17)	(20)
Surplus for dividend calculation purposes	–	–
Potential dividend calculated from surplus	–	–

Statement of Financial Position – Water Supply Business Activity

as at 30 June 2020

\$ '000	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	7,829	4,135
Investments	4,000	6,000
Receivables	221	210
Inventories	109	63
Total current assets	12,159	10,408
Non-current assets		
Infrastructure, property, plant and equipment	48,412	28,653
Total non-current assets	48,412	28,653
TOTAL ASSETS	60,571	39,061
LIABILITIES		
Current liabilities		
Payables	5	16
Total current liabilities	5	16
TOTAL LIABILITIES	5	16
NET ASSETS	60,566	39,045
EQUITY		
Accumulated surplus	25,865	24,656
Revaluation reserves	34,701	14,389
TOTAL EQUITY	60,566	39,045

Statement of Financial Position – Sewerage Business Activity

as at 30 June 2020

\$ '000	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	5,108	2,516
Investments	2,000	4,000
Receivables	93	109
Inventories	17	4
Total current assets	7,218	6,629
Non-current assets		
Infrastructure, property, plant and equipment	46,135	20,300
Total non-current assets	46,135	20,300
TOTAL ASSETS	53,353	26,929
<u>NET ASSETS</u>	<u>53,353</u>	<u>26,929</u>
EQUITY		
Accumulated surplus	10,693	10,834
Revaluation reserves	42,660	16,095
<u>TOTAL EQUITY</u>	<u>53,353</u>	<u>26,929</u>

Berrigan Shire Council

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)

NIL

Category 2

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

a. Berrigan Shire Council Water Supply

Supply drinking quality water to the towns of Barooga, Berrigan, Finley and Tocumwal

b. Berrigan Shire Council Sewerage Service

Supply of a reticulated sewerage service to the towns of Barooga, Berrigan, Finley and Tocumwal.

Notes to the Special Purpose Financial Statements

for the year ended 30 June 2020

Note 1. Significant Accounting Policies (continued)

Monetary amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest thousand dollars, except for Note 2 (Water Supply Best-Practice Management Disclosures) and Note 3 (Sewerage Best-Practice Management Disclosures). As required by Crown Lands and Water (CLAW), the amounts shown in Note 2 and Note 3 are disclosed in whole dollars.

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

Payroll tax – the business activities do not reach the threshold for payroll tax to apply.

The payment of taxation equivalent charges, referred to in the NSW Office of Water Guidelines to 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 NSW Office of 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/is not the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

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 water supply or sewerage assessments at 30 June 2020 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
Berrigan Shire Council

To the Councillors of Berrigan Shire Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Berrigan 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:

- Water Supply Business Activity
- Sewerage Business Activity.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 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.

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to 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.

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

Michael Khazoo
Delegate of the Auditor-General for New South Wales

17 December 2020
SYDNEY

Berrigan Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2020

"Making an even better Berrigan Shire"



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	5,302	5,135
Plus or minus adjustments ²	b	12	22
Notional general income	c = a + b	5,314	5,157
Permissible income calculation			
Or rate peg percentage	e	2.60%	2.70%
Or plus rate peg amount	i = e x (c + g)	138	139
Sub-total	k = (c + g + h + i + j)	5,452	5,296
Plus (or minus) last year's carry forward total	l	(6)	—
Sub-total	n = (l + m)	(6)	—
Total permissible income	o = k + n	5,446	5,296
Less notional general income yield	p	5,451	5,302
Catch-up or (excess) result	q = o - p	(5)	(6)
Carry forward to next year ⁶	t = q + r + s	(5)	(6)

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.



INDEPENDENT AUDITOR'S REPORT
Special Schedule - Permissible income for general rates
Berrigan Shire Council

To the Councillors of Berrigan Shire Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Berrigan Shire Council (the Council) for the year ending 30 June 2021.

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting – update number 28 (LG Code), and is in accordance with the books and records of the Council.

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

The Council's annual report for the year ended 30 June 2020 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, special purpose financial statements and Special Schedule 'Report on infrastructure assets' as at 30 June 2020.

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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

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

Michael Kharzoo
Delegate of the Auditor-General for New South Wales

17 December 2020
SYDNEY

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	
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000						
(a) Report on Infrastructure Assets - Values													
Buildings	Buildings – non-specialised	–	–	5	5	672	677	38.0%	62.0%	0.0%	0.0%	0.0%	
	Buildings – specialised	–	–	170	490	31,652	45,130	60.0%	25.0%	13.0%	2.0%	0.0%	
	Sub-total	–	–	175	495	32,324	45,807	59.7%	25.5%	12.8%	2.0%	0.0%	
Roads	Sealed roads	–	–	1,125	1,143	83,747	117,286	89.0%	9.0%	1.0%	1.0%	0.0%	
	Unsealed roads	–	–	560	629	30,304	42,439	80.0%	15.0%	4.0%	1.0%	0.0%	
	Bridges	–	–	18	–	3,308	7,970	0.0%	100.0%	0.0%	0.0%	0.0%	
	Footpaths	–	–	19	16	3,495	4,781	74.0%	12.0%	12.0%	2.0%	0.0%	
	Bulk earthworks	–	–	–	–	3,431	3,431	100.0%	0.0%	0.0%	0.0%	0.0%	
	Sub-total	–	–	1,722	1,788	124,285	175,907	82.6%	14.5%	2.0%	1.0%	0.0%	
Water supply network	Water supply network	–	–	1,675	1,571	45,663	62,652	14.0%	60.0%	16.0%	10.0%	0.0%	
	Sub-total	–	–	1,675	1,571	45,663	62,652	14.0%	60.0%	16.0%	10.0%	0.0%	
Sewerage network	Sewerage network	–	–	1,110	1,084	44,923	62,024	10.0%	83.0%	7.0%	0.0%	0.0%	
	Sub-total	–	–	1,110	1,084	44,923	62,024	10.0%	83.0%	7.0%	0.0%	0.0%	
Stormwater drainage	Stormwater drainage	–	–	145	108	18,265	23,379	40.0%	60.0%	0.0%	0.0%	0.0%	
	Sub-total	–	–	145	108	18,265	23,379	40.0%	60.0%	0.0%	0.0%	0.0%	
Open space / recreational assets	Swimming pools	–	–	20	9	1,970	3,295	13.0%	83.0%	4.0%	0.0%	0.0%	
	Other	–	–	395	412	7,227	10,125	25.0%	66.0%	9.0%	0.0%	0.0%	
	Sub-total	–	–	415	421	9,197	13,420	22.1%	70.2%	7.8%	0.0%	0.0%	
TOTAL - ALL ASSETS		–	–	5,242	5,467	274,657	383,189	52.2%	39.1%	6.5%	2.3%	0.0%	

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

Infrastructure asset condition assessment 'key'

1 Excellent/very good	No work required (normal maintenance)	4 Poor	Renewal required
2 Good	Only minor maintenance work required	5 Very poor	Urgent renewal/upgrading required
3 Satisfactory	Maintenance work required		

Report on Infrastructure Assets (continued)

as at 30 June 2020

\$ '000	Amounts	Indicator	Prior periods		Benchmark
	2020	2020	2019	2018	
Infrastructure asset performance indicators (consolidated) *					
Buildings and infrastructure renewals ratio ¹					
Asset renewals ²	7,739	149.43%	154.79%	131.39%	>=100.00%
Depreciation, amortisation and impairment	5,179				
Infrastructure backlog ratio ¹					
Estimated cost to bring assets to a satisfactory standard	–	0.00%	0.00%	0.00%	<2.00%
Net carrying amount of infrastructure assets	274,657				
Asset maintenance ratio					
Actual asset maintenance	5,467	104.29%	119.12%	103.90%	>100.00%
Required asset maintenance	5,242				
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%	0.00%	
Gross replacement cost	383,189				

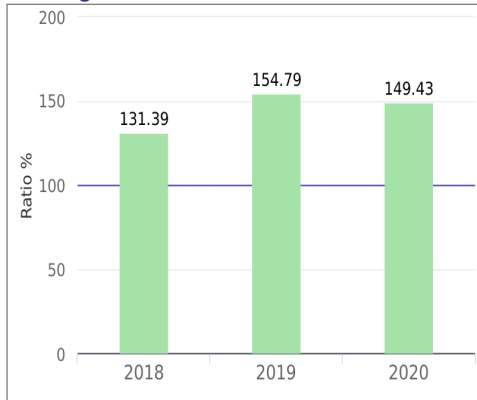
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

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

Commentary on result	
19/20 ratio	149.43%
Council continues to invest in building and infrastructure renewal.	

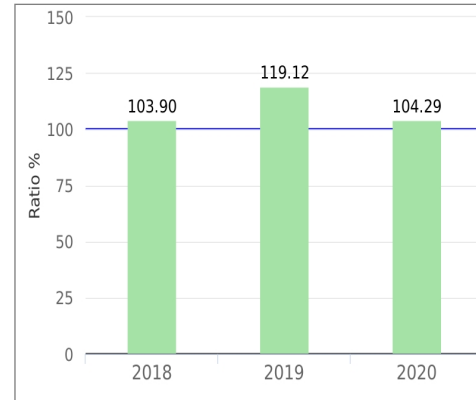
Benchmark: — $\geq 100.00\%$

Ratio achieves benchmark

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

Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

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

Commentary on result	
19/20 ratio	104.29%
Council continues to maintain its assets.	

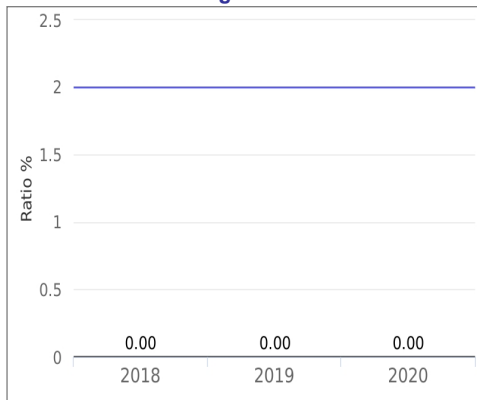
Benchmark: — $> 100.00\%$

Ratio achieves benchmark

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

Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

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

Commentary on result	
19/20 ratio	0.00%
Council has no unfunded infrastructure.	

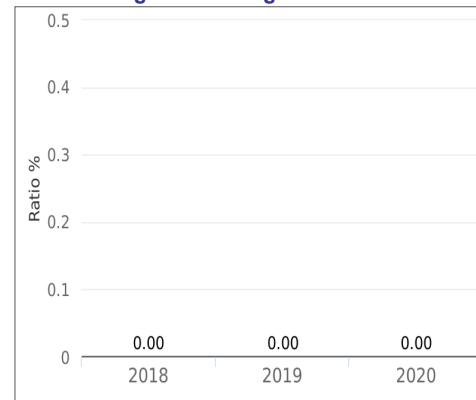
Benchmark: — $< 2.00\%$

Ratio achieves benchmark

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

Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

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

Commentary on result	
19/20 ratio	0.00%
All service levels are maintained.	

Report on Infrastructure Assets (continued)
as at 30 June 2020

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2020	2019	2020	2019	2020	2019	
Infrastructure asset performance indicators (by fund)							
Buildings and infrastructure renewals ratio ¹							
Asset renewals ²							
Depreciation, amortisation and impairment	149.15%	193.88%	210.67%	30.79%	82.65%	2.72%	>=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%	0.00%	0.00%	<2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	114.45%	105.05%	93.79%	137.97%	97.66%	124.92%	>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%	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.