

Central Darling Shire



Annual Report
2019-20



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APPENDIX A: 2019/20 ANNUAL FINANCIAL STATEMENTS

OUR SHIRE



Central Darling Shire encompasses an area of over 53,000 square kilometres, it covers an area about the size of Tasmania making it the largest Local Government Area (LGA) in New South Wales. Conversely, population figures for the Shire are the lowest with 1,837 residents dispersed throughout and surrounding the towns of Ivanhoe, Menindee, Wilcannia and White Cliffs, and its localities of Darnick, Mossgiel, Sunset Strip and Tilpa.

The principal economic activities within the Shire include pastoral, horticultural, agricultural, mining and tourism. Rural grazing properties represent the largest land use within the Shire, accounting for 97% of the entire area.

The Central Darling Shire is bounded by the Shires of Bourke, Cobar, Carrathool, Balranald, Wentworth and the Unincorporated Area.

OUR VISION

Central Darling Shire will be a great place to live and visit.

OUR MISSION

“Realising quality opportunities for all in the Central Darling Shire through

Effective leadership
Community development through involvement, participation, partnership, ownership and collaborative approach
Facilitation of services
Community ownership
Delivery of consistent, affordable and achievable services and facilities.”



Central Darling Shire

OUR TOWNS

Menindee

Menindee is an oasis in the Outback, a beautiful spot to soak up the outback atmosphere with the convenience of modern services at your fingertips. Dubbed the first town on the Darling River, Menindee has a rich Indigenous and European history. Menindee is located close to Kinchega National Park where visitors can enjoy spectacular views of the Menindee Lakes and the Darling River, as well as close encounters with local with local wildlife.

Menindee is associated with bold explorers of the outback, Burke and Wills, Mitchell and Sturt, and the pastoral tradition of wool production and labouring paddle steamers transporting bales to market. Many travellers today are surprised to find the Lakes that Major Mitchell originally named “Laidley’s Ponds”.



Ivanhoe



Ivanhoe is a town situated on the Cobb Highway 220 kilometres northwest of Hay. The township provides visitors with a pleasant break to their journey in an outback pastoral community. Friendly people, clean amenities, landscaped recreational areas and a self-guided Heritage Trail, enable visitors to enjoy a short break and gain an insight into the town’s interesting past.

Retrace the exploits of bushrangers, the journeys of Cobb & Co and the advent of the railways as you follow the Ivanhoe Heritage Trail. Through tough times and good, flood and crippling drought, towns like Ivanhoe have earned their place in Australian history.

Wilcannia



Wilcannia has a rich and vibrant history. Once known as the “Queen City of the West”, it was the third largest shipping port in Australia. In the boom years of the 1880s, sandstone was quarried locally for the beautiful buildings that stand today as a reminder of those heady days.

A short drive or walk around town will reveal the great sandstone buildings, historic centre Loft Bridge and old wharf that handled all that cargo so many years ago. Wilcannia has a large Aboriginal community, being the traditional home of the Barkandji people (Barka Meaning River).

White Cliffs

White Cliffs is unique! Precious seam opal was discovered in White Cliffs in the 1890s and opal from this field was the first to be marketed overseas (giving White Cliffs the distinction of being known as Australia’s First Commercial Opal Field).

To escape the high summer temperatures, early miners soon began to live in their working mines enjoying the constant underground temperature in the mid-twenties all year round. These were known as “dugouts” and became home for many miners.

Today, modern dugout homes provide a unique housing style for many White Cliffs residents with all the conveniences of any modern home but being environmentally friendly, little heating or cooling is required.



Tilpa



The origin of the name “Tilpa” may be found in the Barkindji word “thulpa”, which means “floodwaters”, for it is in the vicinity of Tilpa that the Darling River floods up to 70 kilometres wide in major floods.

The village of Tilpa came into existence in 1876 when Arthur Cotton opened a store. James Buckley built the WeeWattah Hotel where the Tilpa Trading Post is now located in the same year.

By 1894, Cotton’s store was owned by David Jones & Co. who sold it to Edmond Perrott who turned it into a hotel named the Royal. This is the existing Tilpa Hotel.

In 1880 a Postal Receiving Office was opened in the store. Tilpa had a school from 1896 till its closure in 1945.

A punt served as the only means of crossing the Darling River at Tilpa until the bridge was completed in December 1963.

Sunset Strip

Sunset Strip was gazetted in 1965 as a village within the Central Darling Shire, 20kms north of Menindee, situated on the northern shore of Lake Menindee.

A unique outback take on a holiday by the sea, Sunset Strip is a home-away-from-home for many Broken Hill residents needing a weekend escape.

Sunset Strip can boast having its own Post Office and Community Hall with boating, fishing, golf and tennis being some of the activities available.



MESSAGE FROM THE ADMINISTRATOR

The 2019/20-Financial Year has been one of many challenges of drought, floods, fire and COVID19.

All have contributed to the challenges of maintaining services and governance which has demanded considerable organisational capacity at the expense of day to day issues. My appreciation goes to all staff who have stepped up to the challenge and to our communities who have been understanding.

Ensuring that each of our communities continue to receive a safe and secure water supply has been a priority. We have continued to make progress on the delivery of new infrastructure in Ivanhoe, Wilcannia and White Cliffs.

As reported last year, funding was secured for a number of significant projects for the Shire being:

Menindee to Pooncarie Road upgrade, \$25 million

Wilcannia Weir upgrade, \$30 million

Baaka Cultural Centre, \$7 million

Menindee Native Fish Hatchery, \$5 million

Wilcannia Water Treatment Plant upgrade, \$3.5 million

Council staff have been working on the planning for the delivery of these projects.

The Minister for Local Government's decision not to hold elections in 2020 and continue under administration for another four years until 2024. This continues to cause concern for some residents in the community, regarding the loss of local democracy and community advocacy to other levels of government.



We continue to address the many outstanding legacy issues that face Central Darling Shire, such as the sale of land for unpaid rates was a big step forward. I do not underestimate the challenges in this area particularly, the ongoing issue of attracting staff with the necessary skills and experience to live and work in a rural and remote community.

To address the issue of community engagement, Council undertook the statutory requirement to review all Section 355 committees, created the position of Community Engagement Officer and adopted a policy on community engagement.

A major project which has commenced, is the process to review the Community Strategic Plan and associated documentation. This body of work will engage with all our communities to prepare a plan that will guide Council in its decision making over the next 4 and 10 years. This will show government that the Central Darling communities understand the principals of local governance and have a vision for the shire future.

This is the community's vision and plan, not Councils, the GMs, or the Administrators. I would commend the process to you, as it will underpin the future operations of the Council, beyond the period of administration by sending a powerful message to government.

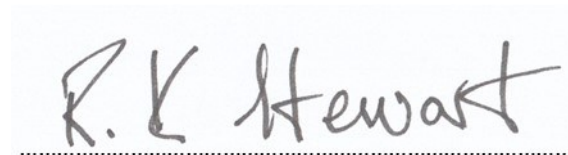
Our consultants have already commenced the initial round of community consultations, including with relevant government agencies, and to date the response has been positive. I would encourage all to participate.

There is ongoing reform in the water policy area; the General Manager and I, represent the communities on various organisations by making submissions where possible on water policy that could impact our communities. Residents are also encouraged to engage, as a wide cross section of views should be sent to the decision makers about water policies that affect the shire.

A new governance model for Rural and Remote Shires, with small populations is required, and we continue to lobby the Office of Local Government to advance this project. I am committed to ensuring that our local communities are given every opportunity to engage in this process.

Thank you to all our residents and volunteers who continue to support their local communities through many countless hours of unpaid work, please know that it is appreciated and valued.

Finally, to our hard-working staff, thank you for your efforts over the period.

A handwritten signature in black ink that reads "R. K. Stewart". The signature is written in a cursive style and is positioned above a horizontal dotted line.

Bob Stewart
Administrator

REPORT FROM THE GENERAL MANAGER



The Annual Report provides an overview of Council's operations and performance during the previous 12 months, exemplifying the dedication and commitment by the staff of the Council to the ongoing task of rebuilding the Council's finances and governance, to ensure sustainability and improved service delivery.

Council is now in a positive financial position, however there is still much work to be done with our financial and governance systems to ensure our sustainability in the long term. Staff have worked hard during this financial year, to continue to update Council's Financial Chart of Accounts to include new Job Numbers, to make accounting and financial reporting easier and more efficient.

An Internal Audit Committee Council has been introduced to provide an independent, objective assurance and consulting activity designed to add value and improve the organisation's operations. The Internal Audit Committee comprises four independent members with expertise in Risk and Financial Management. This will help Council to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Council has appointed an Internal Auditor which is an essential component of a good governance framework for all councils. Council must strive to ensure there is a risk management culture within the organisation. To undertake a risk-based review of Council's corporate governance framework to ensure that appropriate policies, procedures, and systems are in place and being followed. This risk-based review will also assist to inform the development of the Strategic Internal Audit Plan.

The Strategic Internal Audit Plan outlines the strategic direction of Central Darling Shire Council's internal audit function over a four-year period from 2020 to 2024. In preparing the Strategic Internal Audit Plan, initial high-level mapping has been undertaken following consultation with management, with consideration being given to the current risk profile of Council.

The following internal audits are proposed to be scheduled over the next 12 months based on the assessments by management:

- Corporate Governance Framework
- Record Management
- Policies and Procedures

Central Darling Shire Council is committed to developing business resilience and securing long term performance and sustainability of its operations. Business Continuity planning is an integral part of good governance and an important element in Council's Risk Management Framework. Council has adopted a comprehensive and integrated approach to the development of a Business Continuity Plan. The purpose of this plan is to build organisational capabilities to support the continued achievements of critical business objectives in the face of uncertainty or disruption.

At its Ordinary Meeting on 25 March 2020, Council resolved to sell 111 properties at public auctions, or by private treaty subsequent to public auctions. However, advertising and scheduling of auctions was deferred until such time that it was considered appropriate to proceed in light of the Covid-19 situation, which was beginning to evolve at that time. At its Ordinary Meeting on 24 June 2020, Council endorsed the sale of land by auction to be conducted in the week commencing 26 October 2020, for 94 properties, with auctions held at venues in Wilcannia, Ivanhoe, and Menindee. This resulted in Council clearing \$1.1 million of unpaid rates, fees and charges that was accumulated over the past 20 years.

Council has received \$25 million for bitumen sealing of 61 kilometres of Pooncarie Road, running south from Menindee, to the southern Shire border. Works are forecasted to be completed by 2023. Project funding has been approved by the New South Wales Government (NSW), and the Commonwealth, 50% contribution each. On completion of sealing Pooncarie Road, this will provide a safe and all-weather road from the Sunraysia Region to the Far West of New South Wales, boosting tourism and providing much needed economic stimulus for Central Darling Shire.

Council continued to undertake works on the initial sealing of Cobb Hwy on behalf of Roads and Maritime Services (RMS). This work has provided Council with a considerable income and will be a beneficial to all commuters. It is expected the initial sealing works will be completed by 2022, which will provide further connectivity to southern parts of NSW and Victoria.



Greg Hill
General Manager

MANAGEMENT TEAM

Bob Stewart
Administrator



Greg Hill
General Manager



Reece Wilson
Director Shire Services

Jacob Philp
Director Business Services



COUNCIL'S ACHIEVEMENTS IN IMPLEMENTING THE DELIVERY PROGRAM

Delivery Program Performance Measures

The tables below show the Delivery Program measures that have been identified to assess the Council's performance in implementation of the Delivery Program in 2019/20.

Strategy	Action	Performance Target	Responsibility	Status
1.1.1 Relevant and quality health and family support services for all members of our community	Advocate for the continual funding of services and programs	Retain and enhance existing health services	Business Services	Ongoing
	Advocate for appropriate and accessible health services		Business Services	Ongoing
	Advocate for services that support healthy lifestyles	Continuous improvement program (as part of the operational plan - service level agreements)	Business Services	Ongoing
	Support services that address alcohol and substance misuse in our communities		Business Services	Ongoing
1.2.1 Health, improved aged care and disability services in collaboration with service providers	Investigate possible government policy change to better reflect the aged care needs of rural and remote communities	Develop strategies that encourage older residents to remain within our communities	Business Services	Ongoing
	Ensure that services to the ageing are coordinated, effective and appropriate		Business Services	Ongoing
	Investigate options to deliver aged care facilities		Business Services	Ongoing
	Ensure the continuation of funding to assist in the provision of home care services	Investigate strategies that provide for aged care that enables older residents to be integrated and active in our communities	Business Services	Ongoing
	Ensure the on-going review and implementation of disability improvement programs		Business Services	Ongoing
	Liaise with appropriate local health services on public health related matters		Business Services	Ongoing

	Develop and review a Disability Inclusion Action Plan	Continuous improvement program (as part of the operational plan- service level agreements)	Business Services	Completed
1.3.1 Culture and Art: Development of creative industries, culture and art	Advocate for increased local participation opportunities for community based arts and cultural groups	Maintain relationships with Regional and State Arts organisations	Business Services	Ongoing
1.4.1 Youth, Sport and Recreation Options for the whole community	Investigate options for external funding to provide additional and enhanced recreational facilities	Enhance sporting facilities and opportunities in the communities	Shire Services	Ongoing
	Investigate the provision of youth recreational facilities	Provide active and passive recreational facilities	Shire Services	Ongoing
	Ensure adequate budget allocation in annual Operational Plan to assist with grant applications for additional and enhanced recreational facilities	Investigate the provision of leadership opportunities for our young people	Shire Services	Ongoing
	Investigate options for the provision of contractual arrangements for the operation of swimming pools across the Shire	Investigate the provision of leadership opportunities for our young people	Shire Services	Deferred
1.4.2 Community Housing	Liaise and facilitate partnership with housing providers	Maintain partnerships with community housing providers, Aboriginal Land Councils and Aboriginal Housing Office.	Business Services	Ongoing
1.5.1 Public Order and Safety	Continue partnership with Police to enforce Alcohol Free Zones in our communities	Ensure the continuation and enforcement of alcohol free zones	Shire Services	Ongoing
	Develop strategies with government agencies to address crime prevention issues	In conjunction with other agencies, promote development of crime prevention programs that focus on healthier and safer communities	Shire Services	Ongoing
	Liaise with NSW Police through attendance and participation on the Community Safety Precinct Committee		Shire Services	Ongoing
	Investigate funding opportunities for the implementation of CCTV as required		Shire Services	Ongoing

	Support and assist emergency services by participating in scheduled meetings and reporting to Council	Investigate the implementation of CCTV crime prevention strategies when funding available	Shire Services	In progress
	Ensure availability of microchipping and veterinary services as funding available	Continued provision of enforcement of animal control services	Shire Services	Ongoing
	Maintain consistent animal control practices		Shire Services	Ongoing
	Develop partnership with AMRRIC to assist with education programs for Council and communities.		Shire Services	In progress
	Review of Strategic Companion Animal Management Plan		Shire Services	In progress
2.1.1 Sustainable economic development of Shire towns	Review and update Tourism and Economic Development Strategy	Develop an economic development strategic framework that supports the retention and growth of existing businesses	Business Services	Not commenced
	New plans and strategies are developed in line with community needs that encourages economic growth		Business Services	Not commenced
	Review opportunities and benefits of membership of the relevant regional/state tourism board	Encourage the establishment of new and expansion of existing industries and businesses	Business Services	Ongoing
	Ensure that all policies, plans and procedures are updated and appropriate to maintain development in the Shire		Business Services	Underway
	Monitor population projections and statistical data relating to the Shire to assist in making informed decisions	Investigate funding opportunities to support retention of heritage buildings	Business Services	Ongoing
	Seek and apply for grant funding to enable opportunities to support the retention of heritage buildings		Business Services	Ongoing

2.2.1 Succession Planning – employment strategy	Develop partnership with job network agencies to identify employment opportunities	Maintain relationships with job networks	Business Services	Underway
	Research and develop opportunities for traineeships	Develop traineeship opportunities- two per annum	Business Services	Ongoing
2.3.1 Opportunities for the highest level of education and training for all members of the community	Lobby government bodies for support and financial assistance for educational programs	Increased number of locally offered traineeships and educational programs	Business Services	Ongoing
	Encourage the take up of educational opportunities		Business Services	Ongoing
	Assist in promoting traineeships and career paths post traineeship		Business Services	Ongoing
	Encourage participation of traineeship and educational opportunities through effective communication		Business Services	Ongoing
2.4.1 Enhance Tourism Assets	Inspect and maintain Heritage Trail Interpretive panels (tourism signage)	100% of interpretive panels and relevant signage inspected and repaired/ updated	Shire Services	Completed
	Investigate the options for dissemination of tourist information in each community	Increased dissemination streams of tourist information	Business Services	Underway
	Investigate the opportunity for community/tourism/ educational use of the solar power station site in White Cliffs		Shire Services	In Progress
3.1.1 Environmental and education	Environmental issues are included in Council staff induction and review programs	Council staff trained in environmental issues	Shire Services	Ongoing
	Continue to lobby to increase environmental flows in the Darling River		Shire Services	Ongoing
3.1.2 Tree planting	Free trees distributed as part of National Tree Day	Actively support and contribute to National Tree Day	Shire Services	Deferred

3.1.3 Plastic Bag reduction	Investigate strategies to eradicate plastic bags from all communities	Decline in plastic bag supply and use	Shire Services	In progress
3.1.4 Waste management	Review tip and waste operations, access and recycling programs	Reduction in waste going to landfill; minimal number of issues raised by EPA; increased level of recycling	Shire Services	In progress
	Continue to engage NetWaste to explore recycling options		Shire Services	Completed
	Lobby government for re-introduction of container deposit levy		Shire Services	Completed
3.1.5 Weed management	Investigate the Shire's responsibility for weed control and seek appropriate opportunities for funding	Meetings held with relevant government agencies	Shire Services	In progress
3.2.1 Visually attractive and functional town entrances and streetscapes	Complete review of Central Darling Shire Council's Local Heritage Strategy	Review Central Darling Shire Council's Local Heritage Strategy	Shire Services	In progress
	External Heritage Advisor to visit area three times per year	Heritage Advisor engaged	Shire Services	Completed
	Continue to seek funding (State and Federal) for heritage projects	Investigate opportunities to redevelop and enhance streetscapes and entrances to all towns	Shire Services	In progress
	Continue to seek funding to provide for privately owned heritage buildings		Shire Services	In progress
	Seek funding to enable opportunities to redevelop and enhance streetscapes and entrances to all towns		Shire Services	In progress
3.3.1 Stormwater is managed throughout each community	Stormwater drainage system functions to an acceptable standard	Stormwater Management Plan to be reviewed	Shire Services	In progress
	Develop a plan to identify, investigate and design suitable solutions for storm water issues in communities		Shire Services	In progress

	Maintain network of kerb, gutter and stormwater drainage to an appropriate standard		Shire Services	In progress
3.3.2 Safe and reliable water supply for Shire communities	Lobby for the completion of the Wilcannia Weir	Develop integrated water management plans for each community	Shire Services	In progress
	Ensure that potable and raw water supplies are provided within designated water districts of Ivanhoe and Wilcannia		Shire Services	In progress
	Maintain the consistency of water supply to the White Cliffs community and investigate and improve the provision of a potable supply as a matter of urgency		Shire Services	In progress
	Construct the new water treatment plant and associated infrastructure to ensure improved water supply for White Cliffs		Shire Services	In progress
3.3.3 Water testing and treatment	Ensure that potable water meets the guidelines set by NSW Health	Quality Water Testing meets the NSW Health standards	Shire Services	Ongoing
3.3.4 Water supply management	Review and improve water supply management strategies	All relevant water plans are reviewed	Shire Services	Ongoing
	Review contingency plans for each community to maintain water supplies		Shire Services	Ongoing
3.4.1 Safe and reliable network of roads throughout the Shire	Investigate alternative options for road surfaces	All roads throughout the Shire meet RMS standards	Shire Services	Ongoing
	Ensure all roads within the Shire are maintained at an appropriate standard		Shire Services	Ongoing
	Review road hierarchy with standard levels and priority roads listing		Shire Services	In progress
	Prepare costing report for roads in the Shire to establish and maintain to current identified standard. Determine short fall from specified standard to current condition of roads		Shire Services	In progress

	Continue to lobby for road funding for all roads in the Shire, specifically Cobb Highway, Wooltrack Road and Pooncarie-Menindee Road		Shire Services	In progress
3.4.2 Traffic Management	Review the usage of signage on Council owned area and/or operated land	Traffic management committee meetings as required to review traffic issues	Shire Services	In progress
	Conduct street signage audit in each Shire town and replace as required		Shire Services	In progress
3.4.3 Maintain Airports to acceptable condition	Conduct weekly inspection and maintenance program to Airports	Maintenance programs completed in accordance with CASA standards	Shire Services	Ongoing
	Conduct weekly inspection and maintenance program to Airports		Shire Services	Ongoing
	Continue to liaise with RFDS and RFS		Shire Services	In progress
	Seek funding to upgrade Airports		Shire Services	Ongoing
3.4.4 Council and Community assets are maintained and managed responsibly	Complete development of asset management plans	Asset maintenance program developed and operational (see Asset Maintenance Program)	Shire Services	In progress
	Develop asset maintenance program		Shire Services	In progress
	Asset register reviewed and updated		Shire Services	In progress
	Identify and rectify high-risk footpath hazards in a coordinated and systematic manner		Shire Services	In progress
	Develop a Disability Inclusion Action Plan	Development of a Disability Inclusion Action Plan to address access issues	General Manager	Ongoing
3.4.5 Ensure that public toilet facilities are maintained to a standard acceptable to the wider community and visitors	Toilets cleaned in accordance with regular cleaning schedule	Prompt response to complaints about cleanliness	Shire Services	In progress

3.4.6 Maintain Cemeteries	Encourage more community involvement in local committees – cemetery beautification programs	Support current committee structure	Shire Services	Ongoing
	Maintain and update cemetery records as information becomes available		Shire Services	Ongoing
3.4.7 Playgrounds are provided and maintained to meet community standards	Review the audit of all playgrounds within the Shire	One compliant (Australian Standards) playground in each town	Shire Services	In progress
	Plan for new playgrounds and the upgrade of existing playgrounds in consultation with the community		Shire Services	In progress
	Ensure maintenance schedule for all playgrounds within the Shire is compliant		Shire Services	In progress
	Research and apply for funding for playground renewal		Shire Services	In progress
3.5.1 To provide a well skilled and resourced planning and development function that ensures orderly development	Management of all planning, development and building regulatory functions in accordance with legislative and LEP requirements	Development Applications, inspections and certifications undertaken within customer charter timeframes	Shire Services	In progress
4.1.1 Effective communication and consultation with our community	Liaise with Aboriginal and Torres Strait Islander representatives to identify service needs and assist in planning for improved service delivery	Enhanced communication activities with community groups and residents	General Manager	Ongoing
	Continue Administrator and General Manager consultations with communities on a regular basis		General Manager	Ongoing
	Develop a Community Engagement Strategy		General Manager	Completed

	Foster and co-ordinate an extensive network of partnerships in delivering services to the community	Develop a governance framework that underpins openness and transparency for stakeholders	General Manager	Underway
	Proactively encourage community members to take an interest in community leadership		General Manager	Ongoing
	Identify and conduct appropriate levels of training for Councillors on their roles, responsibilities and leadership aspirations		General Manager	Deferred
4.2.1 Effective community service provision in the Shire through a strategic and collaborative approach	Provide information about volunteering via CDSC website and through a flyer in rates notice	Information uploaded to CDSC website and is regularly updated	Business Services	Ongoing
	In partnership with community organisations encourage an increase in the number of volunteers and their skills	Support educational institutions and organisations in the Shire to encourage youth leadership and positive community behaviour	Business Services	Ongoing
	Identify events and programs to engage students and schools in appropriate activities including in collaboration with Young Leaders Program		Business Services	Ongoing
	Participate in remote service delivery team meetings		Business Services	Ongoing
	Management of Council's finances in accordance with, accepted local government financial sustainability principles and adopted Council strategies		Business Services	Ongoing
4.3.1 A professional and cohesive organisational climate	Identify and conduct appropriate levels of training for Councillors and staff on their roles and responsibilities	Improved internal communication outcomes	General Manager	Deferred
	Review of organisational structure in consultation with Council and staff	Develop internally targeted training sessions to address any identified communication issues	General Manager	Underway

	Review of Council's Delegation Register to ensure staff are aware of their legislative responsibilities and limits of authority	Determine internal and external reporting needs through review of statutory reporting requirements	General Manager	Underway
	Provision of an active training regime for all staff to ensure skills are current and numeracy and literacy skills are satisfactory		General Manager	Underway
4.4.1 Leadership and community involvement	Councillors and senior management be actively involved in community groups	Councillors and senior management be actively involved in community groups	General Manager	Ongoing
	Ensure opportunity in each community to review Council's Operational Plan		General Manager	Underway
4.5.1 Education	Liaise with school communities on Education and Community issues	Engage school representative groups in response to any community or educational concerns	General Manager	Ongoing
	Conduct information sessions for prospective persons interested in standing for election for Council	Assist prospective persons interested in standing for election for Council	General Manager	Deferred

HUMAN RESOURCES

As part of Council's requirements under the Integrated Planning and Reporting Framework, Council has prepared a Workforce Management Plan in order to develop the staffing and human resourcing needs to ensure effective and efficient delivery of services.

Currently the recruitment and selection process is managed by the General Manager.

Information on Central Darling Shire Council's Workforce Management Plan has not changed significantly since our previous Annual Report.

Council will be moving to create a new updated Workforce Management Plan as part of a complete review of all our documents under the Integrated Planning and Reporting Framework, which will occur in the 2019/20 period.

Equal Employment Opportunity

Council's Equal Employment Opportunity (EEO) Management Plan covers all aspects required under legislation. This includes plans for redeployment, retraining, retrenchment and redundancy.

Council has ensured that the EEO Management Plan has been adhered to, however, no specific activities have been undertaken in relation to this plan in 2019/20.

Disability Inclusion Action Plan

Central Darling Shire Council Disability Inclusion Action Plan 2017-2020 outlines Council's commitment to improving opportunities for people of all ages who live with disabilities to access the full range of services and activities available in the Shire.

This document is due for review and updating in the next reporting period.

No specific activities have been undertaken in relation to this plan in this period.

Corporate Governance

Performance Requirement	Assessment
Ensure pecuniary interest returns are completed	Completed and presented to Council
Complete and present Annual Financial Report	Completed and presented to Office of Local Government
Complete and present Annual Management Plan	Completed and adopted by Council
Complete and present Annual Report	Completed and presented to Office of Local Government

Legal Proceedings

Summary of Legal Proceedings	Legal advice
Total Expenditure	\$15,518

Administrator Fees

Fee	Amount
Administrator R. Stewart	\$114,973

Administrator Facilities and Expenses

Provision of dedicated office equipment	\$2,429
Intrastate visits including transport, accommodation and other out-of-pocket travelling expenses	\$6,714

Remuneration of General Manager

Total Value of the salary component of the package	\$176,489
Total amount of any bonus, performance or other payments that do not form part of the salary component	\$0.00
Total amount payable by way of the employer's contribution of salary sacrifice to any superannuation scheme to which the General Manager may be a contributor	\$16,766
Total amount payable by way of fringe benefits tax or any such non-cash benefits:	
Car	\$24,000
Housing (FBT exempt)	\$9,000

Overseas Visits

NIL

BUSINESS SERVICES

Performance Requirement	Assessment
Complete Grants Commission return	Completed
Complete Fringe Benefits Tax Returns	Completed
Complete all Goods and Services Tax Returns	Completed
Complete Pensioner Concession Claims	Completed
Submit Salary Details for Workers Compensation	Completed
Submit Details for Annual Insurance Assessment	Completed and submitted to Jardine Lloyd Thompson
Maintain solid relations with local media	Press releases, public notices, information and newsletters distributed as and when required to all local media authorised by the Administrator or General Manager
Meeting of Targets within Management Plan	All targets met as required
Levy Rates	Rates levied quarterly
Levy Water Accounts	Due to technical issues and scarcity of human resources, some water accounts were not levied. This will be rectified in 2020/21.
Levy Sundry Debtor Accounts	Accounts levied monthly

Rates and Charges Written off During the 2019/20 Period

NIL

Central Darling Shire Council does not have a **SPECIAL RATE VARIATION**.

Copy of Council's Audited Financial Reports

See Appendix A: Audited Financial Statements 2019/20

Government Information (Public Access) Act 2009

Council received no applications under the *Government Information (Public Access) Act 2009*.

There was no contravention by Council of an information protection principle or of a privacy code of practice, or disclosure of personal information kept in a public register under Part 5 Section 33. There were no Freedom of Information activities outstanding from the 2018/19 financial year.

Public Interest Disclosures

The *Public Interest Disclosures Regulation 2011* requires the following information to be included in the Public Interest Disclosures Annual Report:

Requirement	Statistic
(a) The number of public officials who have made a public interest disclosure to the public authority	Nil
(b) the number of public interest disclosures received by the public authority in total and the number of public interest disclosures received by the public authority relating to each of the following: corrupt conduct, maladministration, serious and substantial waste of public money or local government money (as appropriate), government information contraventions, local government pecuniary interest contraventions	Nil
(c) the number of public interest disclosures finalised by the public authority,	Nil
(d) whether the public authority has a public interest disclosures policy in place,	Yes
(e) what actions the head of the public authority has taken to ensure that his or her staff awareness responsibilities under Section 6E (1) (b) of the Act have been met.	Council's policy was adopted by Council on 15 November 2011.

SHIRE SERVICES

Awarded Contracts

Name of Contractor	Goods/Services	Amount
Jaws Earthworks	Gravel Crushing Services	Schedule of Rates Contract
Downer EDI	Bitumen Spray Sealing Services	Schedule of Rates Contract

Capital Works

Local Roads Capital Works completed in the reporting year included:

- Tongo Road, Paroo Crossing reconstruction works \$304,135
- Mandalay Rd Initial Sealing Works \$545,100
- Hood St, Wilcannia, Reconstruction and kerb works \$321,443
- Baden Park Rd Formation improvement works \$464,872

Regional Roads Capital Works completed in the reporting year included:

- Bitumen Reseals on Kayrunnera Rd \$149,005
- Bitumen Reseals on Opal Miners Way \$231,964
- Bitumen Reseals on Menindee-Wilcannia West Rd \$615,581
- Tilpa West Rd Stock Grid Upgrades and Approach works \$874,856
- Tilpa West Rd Marra Creek Bridge Approaches \$44,548

Water capital works completed in the reporting year included:

- White Cliffs Water Treatment Plant and Reticulation, preconstruction works \$180,587
- Wilcannia Water Treatment Plant Upgrade, preconstruction works \$81,010
- Ivanhoe Water Treatment Plant Upgrade, preconstruction works \$35,372

Capital Works—continued

Waste management capital works included landfill improvement and rehabilitation works to Wilcannia, Ivanhoe and Menindee \$21,500

Sewer capital works included the finalisation of Wilcannia Sewer Upgrade Scoping study \$23,000

Capital Plant Purchases included 2 new Agrison loaders for Menindee and Ivanhoe, Wilcannia Crane truck, Kubota wheel loader, blackline caravan, godwin hushpac pump and trailer, tandem trailer and AC unit for Wilcannia depot workshop \$493,925

No Environmental Upgrade Agreements were entered into in the reporting period

No works were carried out on Private Land in the reporting period

No Planning Agreements were entered into in the reporting period

No Recovery and Threat Abatement Plans were required in the reporting period

Stormwater

Stormwater infrastructure throughout the townships of Wilcannia, Ivanhoe, Menindee and White Cliffs were maintained including cleaning of the gross pollutant traps in Wilcannia and Menindee. Council is investigating funding opportunities to replace the stormwater outlets into the Darling River at Wilcannia (which have structurally failed).

\$10,184 was expended on stormwater maintenance in the reporting period.

Swimming Pool Inspections

No swimming pool inspections were carried out in the reporting period due to staff shortages and COVID 19 restrictions.

Companion Animals

Animal Control in Central Darling is an ongoing issue. Constant monitoring and control measures are needed to deal with roaming and straying animals including both dogs and cats.

Other activities Council has undertaken to assist animal control within the Shire include provision of dog and cat traps to local residents (on a loan basis) to capture roaming animals, assist residents to surrender animals and rehome/remove as required, tend to injured animals and seek veterinary care as required through RSPCA in Broken Hill. Information items have been provided to educate local residents on animal control matters per the local newspaper and on rates notices.

Council has lodged relevant returns to the Office of Local Government as required being pound data collection returns and dog attack data. The annual expenditure relating to companion animal management and activities was \$144,634. At this stage it has not be deemed necessary to allocate specific off leash areas within any Shire towns.

Animal Control Statistics for 2019/20 follow on the next page.

Animal Control Statistics for 2019/20								
Month	Seized and Impounded	Rehomed	Returned to Owner	Euthanised	Registrations	Micro-chipped	Penalty Notices	In Pound at End of Month
July 2019	6 DOGS	6 DOGS	0	0	0	0	0	0
Aug 2019	6 DOGS	6 DOGS	1 DOG	7 CATS 1 DOG	0	0	0	0
Sept 2019	1 CAT	4 DOGS	1 DOG	1 CAT 4 DOGS	0	0	0	0
Oct 2019	5 CATS 4 DOGS	0	4 DOGS	5 CATS 3 DOGS	0	0	0	0
Nov 2019	11 CATS 6 DOGS	1 DOGS	3 DOGS	11 CATS 8 DOGS	0	0	0	0
Dec 2019	3 CATS 14 DOGS	7 DOGS	5 DOGS	3 CATS 2 DOGS	0	0	0	0
Jan 2020	1 CAT 8 DOGS	1 DOG	1 DOG	1 CAT 6 DOGS	0	0	0	0
Feb 2020	4 CATS 8 DOGS	0	2 DOGS	4 CATS 5 DOGS	0	0	0	0
Mar 2020	24 DOGS	13 DOGS	4 DOGS	4 DOGS	0	0	0	0
April 2020	12 DOGS	10 DOGS	0	2 DOGS	0	0	0	0
May 2020	11 DOGS 2 CATS	8 DOGS	0	1 DOG 2 CATS	0	0	0	0
June 2020	10 DOGS	6 DOGS	0	2 CATS 2 DOGS	0	0	0	0
Total	109 DOGS 27 CATS	62 DOGS	21 DOGS	36 CATS 38 DOGS	0	0	0	0

Financial Assistance to the Community

Community Projects

Youth Leadership	\$1,115.04
Youth Holiday Facility	\$171.00
NAIDOC Week Celebrations	\$2,324.85
Community Grants	\$3,1613.08

Drought Comm Events & Projects

Wilcannis Tourism Association	\$1000
Brewarrina Shire Council	\$5,000
Dancing on the Darling River	\$57

Community Grants & Events

Sunset Strip Progress Assoc.	\$3,386.00
West Darling Arts	\$4,377
Ivanhoe Campdraft	\$15,000
Ivanhoe RSL	\$15,000

Statement of external bodies that exercised functions delegated by Council	<p>Council has 10 s355 Committees that exercise functions of Council in the towns of Darnick, Ivanhoe, Menindee and White Cliffs.</p>
Statement of all companies in which Council held a controlling interest	<p>Nil</p>
Statement of partnerships, co-operatives and other joint ventures	<p>Council has a number of partnerships with varying groups:</p> <ul style="list-style-type: none"> Far West Joint Organisation Ryde City Council NetWaste Regional Development Australia Western Division Councils of NSW Roads and Maritime Services TrainLink Australia Post Service NSW Orana Water Utilities Alliance Home Care Maari Ma

Central Darling Shire Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2020

Central Darling Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2020

General Purpose Financial Statements

for the year ended 30 June 2020

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Overview

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

21 Reid Street
Wilcannia NSW 2836

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.centraldarling.nsw.gov.au.

Central Darling Shire Council

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 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

General Purpose Financial Statements

for the year ended 30 June 2020

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 28 October 2020.



Robert Stewart
Administrator
11 February 2021



Greg Hill
General Manager
11 February 2021



Kevin Smith
Acting Responsible Accounting Officer
11 February 2021

Income Statement

for the year ended 30 June 2020

Original unaudited budget 2020	\$ '000	Notes	Actual 2020	Actual 2019
Income from continuing operations				
2,303	Rates and annual charges	3a	2,348	2,202
4,165	User charges and fees	3b	12,544	6,966
324	Other revenues	3c	398	446
11,137	Grants and contributions provided for operating purposes	3d,3e	11,549	10,436
2,750	Grants and contributions provided for capital purposes	3d,3e	2,728	2,106
77	Interest and investment income	4	121	110
–	Net gains from the disposal of assets	6	–	13
–	Rental income	12e	103	–
–	Net share of interests in joint ventures and associates using the equity method	17	–	1,461
20,756	Total income from continuing operations		29,791	23,740
Expenses from continuing operations				
4,838	Employee benefits and on-costs	5a	4,778	4,515
120	Borrowing costs	5b	21	61
7,259	Materials and contracts	5c	12,867	10,216
4,342	Depreciation and amortisation	5d	4,092	3,661
992	Other expenses	5e	1,838	1,477
–	Net share of interests in joint ventures and associates using the equity method	17	102	–
17,551	Total expenses from continuing operations		23,698	19,930
3,205	Operating result from continuing operations		6,093	3,810
3,205	Net operating result for the year		6,093	3,810
3,205	Net operating result attributable to council		6,093	3,810
455	Net operating result for the year before grants and contributions provided for capital purposes		3,365	1,704

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

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

Statement of Comprehensive Income

for the year ended 30 June 2020

\$ '000	Notes	2020	2019
Net operating result for the year (as per Income Statement)		6,093	3,810
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	10(a)	(5,946)	(1,663)
Total items which will not be reclassified subsequently to the operating result		(5,946)	(1,663)
Total other comprehensive income for the year		(5,946)	(1,663)
Total comprehensive income for the year		147	2,147
Total comprehensive income attributable to Council		147	2,147

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)	7,775	3,190
Receivables	8	3,061	2,942
Inventories	9	455	517
Total current assets		<u>11,291</u>	<u>6,649</u>
Non-current assets			
Infrastructure, property, plant and equipment	10(a)	168,414	172,295
Right of use assets	12a	457	–
Investments accounted for using the equity method	17	1,359	1,461
Total non-current assets		<u>170,230</u>	<u>173,756</u>
Total assets		<u>181,521</u>	<u>180,405</u>
LIABILITIES			
Current liabilities			
Payables	13	1,135	571
Income received in advance	13	86	88
Contract liabilities	11	60	–
Lease liabilities	12b	137	–
Borrowings	13	165	165
Provisions	14	1,083	990
Total current liabilities		<u>2,666</u>	<u>1,814</u>
Non-current liabilities			
Lease liabilities	12b	309	–
Borrowings	13	141	290
Provisions	14	742	785
Total non-current liabilities		<u>1,192</u>	<u>1,075</u>
Total liabilities		<u>3,858</u>	<u>2,889</u>
Net assets		<u>177,663</u>	<u>177,516</u>
EQUITY			
Accumulated surplus	15	120,905	114,812
Revaluation reserves	15	56,758	62,704
Council equity interest		<u>177,663</u>	<u>177,516</u>
Total equity		<u>177,663</u>	<u>177,516</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		114,812	62,704	177,516	111,002	64,367	175,369
Changes due to AASB 1058 and AASB 15 adoption	15	–	–	–	–	–	–
Changes due to AASB 16 adoption	15	–	–	–	–	–	–
Restated opening balance		114,812	62,704	177,516	111,002	64,367	175,369
Net operating result for the year		6,093	–	6,093	3,810	–	3,810
Restated net operating result for the period		6,093	–	6,093	3,810	–	3,810
Other comprehensive income							
– Gain (loss) on revaluation of IPP&E	10(a)	–	(5,946)	(5,946)	–	(1,663)	(1,663)
Other comprehensive income		–	(5,946)	(5,946)	–	(1,663)	(1,663)
Total comprehensive income		6,093	(5,946)	147	3,810	(1,663)	2,147
Equity – balance at end of the reporting period		120,905	56,758	177,663	114,812	62,704	177,516

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				
<i>Receipts:</i>				
2,073	Rates and annual charges		2,549	2,166
4,081	User charges and fees		12,209	6,639
77	Investment and interest revenue received		275	117
13,887	Grants and contributions		14,527	12,332
–	Bonds, deposits and retention amounts received		–	1
–	Other		2,077	1,685
<i>Payments:</i>				
(4,838)	Employee benefits and on-costs		(4,481)	(4,624)
(7,921)	Materials and contracts		(14,712)	(10,525)
(52)	Borrowing costs		(21)	(61)
–	Bonds, deposits and retention amounts refunded		(2)	–
–	Other		(1,519)	(3,265)
7,307	Net cash provided (or used in) operating activities	16b	10,902	4,465
Cash flows from investing activities				
<i>Receipts:</i>				
–	Sale of infrastructure, property, plant and equipment		–	13
<i>Payments:</i>				
(6,632)	Purchase of infrastructure, property, plant and equipment		(5,907)	(5,340)
(6,632)	Net cash provided (or used in) investing activities		(5,907)	(5,327)
Cash flows from financing activities				
<i>Payments:</i>				
(99)	Repayment of borrowings and advances		(149)	(168)
(352)	Lease liabilities (principal repayments)		(261)	–
(451)	Net cash flow provided (used in) financing activities		(410)	(168)
224	Net increase/(decrease) in cash and cash equivalents		4,585	(1,030)
4,214	Plus: cash and cash equivalents – beginning of year	16a	3,190	4,220
4,438	Cash and cash equivalents – end of the year	16a	7,775	3,190

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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Central Darling Shire Council

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 28 October 2020. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

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

Council is a not for-profit entity.

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

(a) Historical cost convention

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

(b) Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

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

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note 10.
- (ii) estimated tip remediation provisions – refer Note 14.
- (iii) employee benefit provisions – refer Note 14.

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 7.

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Basis of preparation (continued)

- Sewerage service

(b) The Trust Fund

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

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

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

Volunteer Services are considered to be non-material.

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.

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

AASB 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.

Central Darling Shire Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Basis of preparation (continued)

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.

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.

Going concern

Council has been under administration since 23 December 2013 due to its poor financial position.

Since that time Council has operated on an altered business model by reducing staff and contractors and tightly controlling expenditure.

The financial statements for the 2020 year have been prepared on a going concern basis.

Management believe Council is a going concern as it forecasts positive net cash flows for future years in its Long Term Financial Plan.

Central Darling Shire received Ministerial approval under section 410 of the *Local Government Act 1993*, to allow Council to continue utilising restricted cash reserves to cover operational shortfalls until 30 June 2021, at which time any such outstanding funds must be restored.

New accounting standards adopted during the year

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

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

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

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

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

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

\$ '000	Income from continuing operations		Expenses from continuing operations		Operating result from continuing operations		Grants included in income from continuing operations		Carrying amount of assets	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Functions or activities										
Governance	–	–	135	138	(135)	(138)	–	–	–	551
Administration	772	1,769	4,505	3,186	(3,733)	(1,417)	–	–	9,897	11,596
Public order and safety	119	101	398	102	(279)	(1)	98	100	1,496	1,298
Environment	859	716	616	1,330	243	(614)	1,605	169	782	444
Community services and education	92	3	156	287	(64)	(284)	–	3	2,173	283
Housing and community amenities	2,013	932	835	24	1,178	908	–	930	4,861	3,405
Water supplies	1,039	1,929	1,565	1,537	(526)	392	80	927	27,955	28,053
Sewerage services	363	217	231	266	132	(49)	111	–	4,704	4,514
Recreation and culture	665	14	672	651	(7)	(637)	600	13	6,701	11,014
Transport and communications	16,408	11,423	13,684	12,369	2,724	(946)	2,007	1,570	122,410	119,247
Economic affairs	541	173	901	40	(360)	133	60	100	542	–
General purpose income	6,920	6,463	–	–	6,920	6,463	6,000	5,573	–	–
Total functions and activities	29,791	23,740	23,698	19,930	6,093	3,810	10,561	9,385	181,521	180,405

Central Darling Shire Council

Notes to the Financial Statements

for the year ended 30 June 2020

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

Details relating to the Council's functions/activities as reported in Note 2(a) are as follows:

Governance

Includes costs relating to Council's role as a component of democratic government, including elections, subscriptions to local authority associations, meetings of Council and policy-making committees, public disclosures (e.g. GIPA) and legislative compliance.

Administration

Includes corporate support, executive services, shire services and any other Council policy compliance.

Public order and safety

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

Health

Includes immunisations, food control and health clinics.

Environment

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

Community services and education

Includes administration and education; social protection (welfare); migrant, Aboriginal and other community services and administration, youth services; aged and disabled services and children's services.

Housing and community amenities

Includes public cemeteries; public conveniences; street lighting; town planning; and other community amenities

Water supplies

Supply of water services to W ilcannia, Menindee, White Cliffs and Ivanhoe.

Sewerage services

Supply of sewerage services to W ilcannia.

Recreation and culture

Includes community centres and halls, sporting grounds, venues, swimming pools, parks and gardens, and other sporting, recreational and cultural services.

Transport and communications

Includes sealed and unsealed roads, bridges, footpaths, parking areas, and aerodromes.

Economic affairs

Includes camping areas and caravan parks, tourism and area promotion, and other business undertakings.

General purpose income

Includes grant funding not directly attributable to the above categories.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations

Note 3. Revenue from continuing operations

\$ '000	AASB	2020	2019
(a) Rates and annual charges			
Ordinary rates			
Residential	1058 (1)	348	329
Farmland	1058 (1)	448	439
Business	1058 (1)	45	45
Rates levied to ratepayers		841	813
Pensioner rate subsidies received	1058 (1)	20	20
Total ordinary rates		861	833
Annual charges			
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>			
Domestic waste management services	1058 (1)	603	547
Water supply services	1058 (1)	641	612
Sewerage services	1058 (1)	243	210
Annual charges levied		1,487	1,369
Total annual charges		1,487	1,369
<u>TOTAL RATES AND ANNUAL CHARGES</u>		2,348	2,202

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

1058 (1) indicates income recognised under AASB 1058 "at a point in time".

Council has used 2019 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)			
Water supply services	15 (1)	345	344
Total specific user charges		345	344
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Planning and building regulation	15 (1)	34	32
Private works – section 67	15 (1)	697	732
Total fees and charges – statutory/regulatory		731	764
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Caravan park	15 (1)	24	23
Cemeteries	15 (1)	11	11
Leaseback fees – Council vehicles	15 (1)	–	2
RMS (formerly RTA) charges (state roads not controlled by Council)	15 (1)	11,337	5,603
Swimming centres	15 (1)	–	1
Waste disposal tipping fees	15 (1)	55	56
Rent and hire of council property	15 (1)	6	11
Other	15 (1)	35	151
Total fees and charges – other		11,468	5,858
TOTAL USER CHARGES AND FEES		12,544	6,966

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”.

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 or in some cases such as caravan parks, the customer is required to pay on arrival. There is no material obligation for Council in relation to refunds or returns.

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

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

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)		–	65
Legal fees recovery – rates and charges (extra charges)	15 (1)	43	–
Commissions and agency fees	15 (1)	200	194
Insurance claims recoveries	15 (1)	9	61
Sales – general	15 (1)	87	65
Other	15 (1)	59	61
<u>TOTAL OTHER REVENUE</u>		<u>398</u>	<u>446</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”.

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.

Other revenues are recognised as revenue when the service has been provided, or when the penalty has been applied, whichever occurs first.

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

\$ '000	AASB	Operating 2020	Operating 2019	Capital 2020	Capital 2019
(d) Grants					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	1058 (1)	2,070	1,945	–	–
Financial assistance – local roads component	1058 (1)	843	791	–	–
Payment in advance - future year allocation					
Financial assistance – general component	1058 (1)	2,233	2,016	–	–
Financial assistance – local roads component	1058 (1)	854	821	–	–
Total general purpose		6,000	5,573	–	–
Specific purpose					
Bushfire and emergency services	1058 (1)	98	100	–	–
Community care	1058 (1)	–	10	–	–
Economic development	1058 (1)	–	–	60	–
Environmental programs	1058 (2)	139	8	2,044	159
Heritage and cultural	1058 (1)	12	13	–	–
Public halls	1058 (1)	–	–	–	507
Recreation and culture	1058 (2)	11	–	577	101
Transport (roads to recovery)	1058 (2)	1,503	545	–	–
Transport (other roads and bridges funding)	1058 (2)	–	–	–	1,025
Airport	1058 (2)	–	–	4	–
Youth	1058 (1)	2	3	–	–
Water and sewer	1058 (2)	68	927	43	–
Other	1058 (2)	–	–	–	314
Crown Land Administration	1058 (1)	–	100	–	–
Total specific purpose		1,833	1,706	2,728	2,106
Total grants		7,833	7,279	2,728	2,106
Grant revenue is attributable to:					
– Commonwealth funding		7,557	545	1,854	–
– State funding		274	6,734	814	2,106
– Other funding		2	–	60	–
		7,833	7,279	2,728	2,106

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

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	AASB	Operating 2020	Operating 2019	Capital 2020	Capital 2019
(e) Contributions					
Other contributions:					
Cash contributions					
RMS contributions (regional roads, block grant)	1058 (1)	3,716	3,157	–	–
Total other contributions – cash		3,716	3,157	–	–
Total other contributions		3,716	3,157	–	–
Total contributions		3,716	3,157	–	–
<u>TOTAL GRANTS AND CONTRIBUTIONS</u>		<u>11,549</u>	<u>10,436</u>	<u>2,728</u>	<u>2,106</u>

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

1058 (1) indicates income recognised under AASB 1058 “at a point in 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 [provide details of performance obligations within AASB 15 grants e.g. events, vaccinations]. 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.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

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

Contributions

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

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

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

Accounting policy prior to 1 July 2019

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

\$ '000	2020	2019
(f) Unspent grants and contributions – external restrictions		
Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner due to externally imposed restrictions.		
Operating grants		
Unexpended at the close of the previous reporting period	2	–
Add: operating grants recognised as income in the current period but not yet spent (2019 only)	–	2
Add: operating grants received for the provision of goods and services in a future period	–	–
Less: operating grants recognised in a previous reporting period now spent (2019 only)	(2)	–
Less: operating grants received in a previous reporting period now spent and recognised as income	–	–
Unexpended and held as externally restricted assets (operating grants)	–	2
Unspent funds relating to Roads to Recovery funding received in the 2019 financial year.		
Capital grants		
Unexpended at the close of the previous reporting period	–	103
Add: capital grants recognised as income in the current period but not yet spent (2019 only)	–	–
Add: capital grants received for the provision of goods and services in a future period	60	–
	–	(103)
Less: capital grants received in a previous reporting period now spent and recognised as income	–	–
Unexpended and held as externally restricted assets (capital grants)	60	–

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)	118	102
– Cash and investments	3	8
Total Interest and investment income	121	110
Interest revenue is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	56	49
General Council cash and investments	3	8
Restricted investments/funds – external:		
Water fund operations	53	46
Sewerage fund operations	9	7
Total interest and investment revenue	121	110

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	3,974	3,732
Employee leave entitlements (ELE)	494	494
Superannuation	318	295
Workers' compensation insurance	123	81
Fringe benefit tax (FBT)	45	42
Total employee costs	4,954	4,644
Less: capitalised costs	(176)	(129)
<u>TOTAL EMPLOYEE COSTS EXPENSED</u>	<u>4,778</u>	<u>4,515</u>
Number of 'full-time equivalent' employees (FTE) at year end	46	45

Accounting policy for employee benefits and on-costs

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

Retirement benefit obligations

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

Superannuation plans

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

\$ '000	Notes	2020	2019
(b) Borrowing costs			
(i) Interest bearing liability costs			
Interest on leases		7	–
Interest on loans		14	25
Total interest bearing liability costs		21	25
Total interest bearing liability costs expensed		21	25
(ii) Other borrowing costs			
Fair value adjustments on recognition of advances and deferred debtors			
– Remediation liabilities	14	–	36
Total other borrowing costs		–	36
TOTAL BORROWING COSTS EXPENSED		21	61

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	12,554	9,623
– Contractor costs	157	132
Auditors remuneration ²	63	53
Legal expenses:		
– Legal expenses: debt recovery	47	–
– Legal expenses: other	16	6
Expenses from short-term leases (2020 only)	30	–
Operating leases expense (2019 only):		
– Operating lease rentals: minimum lease payments ¹	–	402
Total materials and contracts	<u>12,867</u>	<u>10,216</u>
TOTAL MATERIALS AND CONTRACTS	<u>12,867</u>	<u>10,216</u>

Accounting policy for materials and contracts

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

Operating leases (2019 only)

Leases in which a significant portion of the risks and rewards of ownership are not transferred to Council as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

1. Operating lease payments are attributable to:

Computers	30	20
Motor vehicles	–	382
	<u>30</u>	<u>402</u>

2. Auditor remuneration

During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

Auditors of the Council - NSW Auditor-General:**(i) Audit and other assurance services**

Audit and review of financial statements	63	53
Remuneration for audit and other assurance services	<u>63</u>	<u>53</u>
Total Auditor-General remuneration	<u>63</u>	<u>53</u>
Non NSW Auditor-General audit firms		
Total Auditor remuneration	<u>63</u>	<u>53</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		125	137
Infrastructure:	10(a)		
– Buildings – non-specialised		852	843
– Other structures		231	230
– Roads		1,861	1,663
– Stormwater drainage		25	25
– Water supply network		636	628
– Sewerage network		86	86
Right of use assets	12	250	–
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	14,10(a)	26	49
Total gross depreciation and amortisation costs		<u>4,092</u>	<u>3,661</u>
Total depreciation and amortisation costs		<u>4,092</u>	<u>3,661</u>
<u>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT FOR NON-FINANCIAL ASSETS</u>		<u>4,092</u>	<u>3,661</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.

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.

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.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

\$ '000	2020	2019
(e) Other expenses		
Advertising	18	8
Training costs (other than salaries and wages)	103	69
Bad and doubtful debts	600	250
Bank charges	9	9
Contributions/levies to other levels of government		
– Emergency services levy (includes FRNSW, SES, and RFS levies)	130	139
Donations, contributions and assistance to other organisations (Section 356)	2	22
Electricity and heating	243	222
Insurance	391	392
Printing and stationery	28	41
Street lighting	42	71
Subscriptions and publications	157	130
Telephone and communications	102	96
Valuation fees	13	28
Total other expenses	1,838	1,477
TOTAL OTHER EXPENSES	1,838	1,477

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
Plant and equipment	10(a)		
Proceeds from disposal – plant and equipment		–	13
Net gain/(loss) on disposal		–	13
<u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u>		<u>–</u>	<u>13</u>

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	7,775	3,190
Total cash and cash equivalents	7,775	3,190

Accounting policy for cash and cash equivalents

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

Notes to the Financial Statements

for the year ended 30 June 2020

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

\$ '000	2020		2019	
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	7,775	–	3,190	–
attributable to:				
External restrictions	2,958	–	2,150	–
Unrestricted	4,817	–	1,040	–
	7,775	–	3,190	–

\$ '000	2020	2019
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Details of restrictions

External restrictions – included in liabilities

Specific purpose unexpended grants – general fund (2020 only)	18	–
Specific purpose unexpended grants – water fund (2020 only)	42	–

External restrictions – included in liabilities

	60	–
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External restrictions – other

Specific purpose unexpended grants (recognised as revenue) – general fund	–	2
Water supplies	1,480	1,329
Sewerage services	551	427
Domestic waste management	867	392

External restrictions – other

	2,898	2,150
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Total external restrictions

	2,958	2,150
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TOTAL RESTRICTIONS

	2,958	2,150
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Notes to the Financial Statements

for the year ended 30 June 2020

Note 8. Receivables

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Purpose				
Rates and annual charges	1,305	–	1,206	–
Interest and extra charges	603	–	545	–
User charges and fees	1,391	–	896	–
Government grants and subsidies	20	–	210	–
Net GST/PAYG receivable	1,072	–	815	–
Total	4,391	–	3,672	–
Less: provision of impairment				
Rates and annual charges	(740)	–	(440)	–
Interest and extra charges	(402)	–	(190)	–
User charges and fees	(188)	–	(100)	–
Total provision for impairment – receivables	(1,330)	–	(730)	–
TOTAL NET RECEIVABLES	3,061	–	2,942	–

Externally restricted receivables

Water supply

– Rates and availability charges	1,019	–	992	–
– Other	–	–	110	–

Sewerage services

– Rates and availability charges	156	–	147	–
– Other	16	–	–	–

Total external restrictions	1,191	–	1,249	–
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Unrestricted receivables	1,870	–	1,693	–
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TOTAL NET RECEIVABLES	3,061	–	2,942	–
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\$ '000	2020	2019
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Movement in provision for impairment of receivables

Balance at the beginning of the year (calculated in accordance with AASB 139)	730	480
+ new provisions recognised during the year	600	250
Balance at the end of the year	1,330	730

Accounting policy for receivables

Recognition and measurement

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

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

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

Impairment

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 8. Receivables (continued)

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

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

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

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

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

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

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

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

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

Receivables with a contractual amount of \$600,000 written off during the reporting period are still subject to enforcement activity.

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

Rates and annual charges outstanding are secured against the property.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 9. Inventories and other assets

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Inventories				
(i) Inventories at cost				
Stores and materials	455	–	517	–
Total inventories at cost	455	–	517	–
<u>TOTAL INVENTORIES</u>	<u>455</u>	<u>–</u>	<u>517</u>	<u>–</u>

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Total unrestricted assets	455	–	517	–
TOTAL INVENTORIES AND OTHER ASSETS	455	–	517	–

Accounting policy for inventories and other assets

Raw materials and stores, work in progress and finished goods

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

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

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

\$ '000	as at 30/06/19			Asset movements during the reporting period							as at 30/06/20		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals ¹	Additions new assets	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
Capital work in progress	2,682	–	2,682	5,189	–	–	(5,299)	–	–	–	2,572	–	2,572
Plant and equipment	3,405	(2,400)	1,005	–	748	(125)	–	–	–	–	4,153	(2,525)	1,628
Furniture and fittings	–	–	–	–	17	–	–	–	–	–	17	–	17
Land:													
– Operational land	458	–	458	–	–	–	–	–	–	668	1,126	–	1,126
– Community land	523	–	523	–	–	–	–	–	–	–	523	–	523
Infrastructure:													
– Buildings – non-specialised	33,402	(20,730)	12,672	–	–	(852)	550	–	–	–	33,952	(21,582)	12,370
– Other structures	7,288	(5,123)	2,165	–	–	(231)	882	–	–	–	8,170	(5,354)	2,816
– Roads, bridges, footpaths	151,083	(28,582)	122,501	–	–	(1,861)	3,820	–	(7,101)	–	149,859	(32,500)	117,359
– Stormwater drainage	1,379	(660)	719	–	–	(25)	–	–	–	–	1,379	(685)	694
– Water supply network	45,139	(19,598)	25,541	–	–	(636)	–	–	–	429	45,568	(20,234)	25,334
– Sewerage network	6,123	(2,184)	3,939	–	–	(86)	–	–	–	58	6,182	(2,270)	3,912
Reinstatement, rehabilitation and restoration assets (refer Note 11):													
– Tip assets	488	(398)	90	–	–	(26)	47	(47)	–	–	488	(425)	63
Total Infrastructure, property, plant and equipment	251,970	(79,675)	172,295	5,189	765	(3,842)	–	(47)	(7,101)	1,155	253,989	(85,575)	168,414

(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)

\$ '000	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	Depreciation expense	WIP transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
Capital work in progress	3,823	–	3,823	5,065	–	–	(6,206)	–	–	2,682	–	2,682
Plant and equipment	3,144	(2,263)	881	–	261	(137)	–	–	–	3,405	(2,400)	1,005
Land:												
– Operational land	458	–	458	–	–	–	–	–	–	458	–	458
– Community land	523	–	523	–	–	–	–	–	–	523	–	523
Infrastructure:												
– Buildings – non-specialised	32,943	(19,887)	13,056	–	–	(843)	459	–	–	33,402	(20,730)	12,672
– Other structures	7,417	(2,813)	4,604	–	–	(230)	18	(2,227)	–	7,288	(5,123)	2,165
– Roads	146,007	(26,919)	119,088	–	–	(1,663)	5,075	–	–	151,083	(28,582)	122,501
– Stormwater drainage	1,293	(316)	977	–	–	(25)	–	(233)	–	1,379	(660)	719
– Water supply network	43,784	(18,970)	24,814	–	–	(628)	654	–	701	45,139	(19,598)	25,541
– Sewerage network	6,027	(2,097)	3,930	–	–	(86)	–	–	96	6,123	(2,184)	3,939
Reinstatement, rehabilitation and restoration assets (refer Note 17):												
– Tip assets	475	(350)	125	–	13	(49)	–	–	–	488	(398)	90
Total Infrastructure, property, plant and equipment	245,894	(73,615)	172,279	5,065	274	(3,661)	–	(2,460)	797	251,970	(79,675)	172,295

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

Notes to the Financial Statements

for the year ended 30 June 2020

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

Accounting policy for infrastructure, property, plant and equipment

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

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

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

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

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

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

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

Land under roads

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

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051 Land Under Roads.

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 firefighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the firefighting equipment has been purchased or constructed".

These Rural Fire Service assets are not recognised as assets of the Council in these financial statements.

Notes to the Financial Statements

for the year ended 30 June 2020

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						
Land						
– Operational land	81	–	81	81	–	81
Infrastructure	45,568	20,234	25,334	45,139	19,598	25,541
Total water supply	45,649	20,234	25,415	45,220	19,598	25,622
Sewerage services						
WIP	69	–	69	–	–	–
Infrastructure	6,182	2,270	3,912	6,124	2,184	3,940
Total sewerage services	6,251	2,270	3,981	6,124	2,184	3,940
Domestic waste management						
Plant and equipment	874	509	365	874	461	413
Total DWM	874	509	365	874	461	413
TOTAL RESTRICTED IPP&E	52,774	23,013	29,761	52,218	22,243	29,975

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)	60	–
Total grants received in advance		60	–
Total contract liabilities		60	–

Notes

Council has received funding for the upgrade of a remote aerodrome at Tilpa, The funds received are under an enforceable contract which requires Council to undertake the upgrade works in accordance with the grant approval and the asset is under Council's control and recognised as part of Council's IPPE assets disclosed in Note 10a. The revenue is recognised over time as the upgrade works are completed, and the contract liability reflects the funds received which cannot yet be recognised as revenue. The revenue is expected to be recognised in the next 12 months.

\$ '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)	60	–
Contract liabilities relating to externally restricted assets	60	–
Total contract liabilities relating to restricted assets	60	–
Total contract liabilities relating to unrestricted assets	–	–

Notes to the Financial Statements

for the year ended 30 June 2020

Note 11. Contract assets and liabilities (continued)

Total contract liabilities

60

-

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 1058 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 has leases over vehicles, and IT equipment. Information relating to the leases in place and associated balances and transactions are provided below.

Plant & Vehicles

Lease Number	Lessor	Asset Class / Type	Leased Asset	Lease Type	Payment frequency	Annual Amount \$
L0001	Toyota Fleet	Plant and equipment	Landcruiser Prado	Ordinary	monthly	30,829
L0002	Toyota Fleet	Plant and equipment	HILUX	Ordinary	monthly	11,918
L0003	Toyota Fleet	Plant and equipment	HILUX	Ordinary	monthly	18,482
L0004	Toyota Fleet	Plant and equipment	HILUX	Ordinary	monthly	13,490
L0005	Toyota Fleet	Plant and equipment	RAV 4	Ordinary	monthly	2,998
L0006	Toyota Fleet	Plant and equipment	HILUX	Ordinary	monthly	19,441
L0007	Toyota Fleet	Plant and equipment	HILUX	Ordinary	monthly	20,171
L0008	Toyota Fleet	Plant and equipment	HILUX	Ordinary	monthly	20,876
L0009	Toyota Fleet	Plant and equipment	HILUX	Ordinary	monthly	18,018
L0010	Toyota Fleet	Plant and equipment	HILUX	Ordinary	monthly	4,928
L0011	Toyota Fleet	Plant and equipment	PRADO	Ordinary	monthly	6,658
L0012	Toyota Fleet	Plant and equipment	HILUX	Ordinary	monthly	7,608
L0013	Toyota Fleet	Plant and equipment	HILUX	Ordinary	monthly	4,858
L0014	Toyota Fleet	Plant and equipment	HILUX	Ordinary	monthly	7,986
L0015	Toyota Fleet	Plant and equipment	HILUX	Ordinary	monthly	5,516
L0016	Toyota Fleet	Plant and equipment	HILUX	Ordinary	monthly	6,731
L0017	Toyota Fleet	Plant and equipment	HILUX	Ordinary	monthly	7,663
L0018	Toyota Fleet	Plant and equipment	HILUX	Ordinary	monthly	7,228
L0019	Toyota Fleet	Plant and equipment	HILUX	Ordinary	monthly	3,514
L0020	Toyota Fleet	Plant and equipment	HILUX	Ordinary	monthly	6,990

Notes to the Financial Statements

for the year ended 30 June 2020

Note 12. Leases (continued)

L0021	Toyota Fleet	Plant and equipment	HILUX	Ordinary	monthly	4,276
L0022	Toyota Fleet	Plant and equipment	HILUX	Ordinary	monthly	1,707
L0023	Toyota Fleet	Plant and equipment	HILUX	Ordinary	monthly	4,524
L0024	Toyota Fleet	Plant and equipment	HILUX	Ordinary	monthly	4,524
L0025	Toyota Fleet	Plant and equipment	HILUX	Ordinary	monthly	4,524
L0026	Toyota Fleet	Plant and equipment	HILUX	Ordinary	monthly	4,524
Total Annual Payment						249,982

IT Equipment

Leases for IT equipment are generally for low value assets, except for significant items such as photocopiers. The leases are for between 1 and 3 years with no renewal option, the payments are fixed, however some of the leases include variable payments based on usage. Total Annual Lease payments is approximately \$26,000.

\$ '000	Plant & Equipment	Ready to use	Total
(a) Right of use assets			
Opening balance at 30 June 2019	–	–	–
Adoption of AASB 16 at 1 July 2019 – first time lease recognition	242	–	242
Additions to right-of-use assets	465	–	465
Depreciation charge	(250)	–	(250)
<u>RIGHT OF USE ASSETS</u>	<u>457</u>	<u>–</u>	<u>457</u>

\$ '000	2020 Current	2020 Non-current
(b) Lease liabilities		
Lease liabilities	137	309
<u>TOTAL LEASE LIABILITIES</u>	<u>137</u>	<u>309</u>

(i) The maturity analysis

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

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
Cash flows	261	185	–	446	446

\$ '000	2020 Current	2020 Non-current
(ii) Lease liabilities relating to restricted assets		

Notes to the Financial Statements

for the year ended 30 June 2020

Note 12. Leases (continued)

\$ '000	2020 Current	2020 Non-current
Total lease liabilities relating to unrestricted assets	137	309
<u>Total lease liabilities</u>	<u>137</u>	<u>309</u>

\$ '000	2020
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(c) Income Statement

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

Interest on lease liabilities	7
Depreciation of right of use assets	250
Expenses relating to short-term leases	30
	<u>287</u>

(d) Statement of Cash Flows

Total cash outflow for leases	250
	<u>250</u>

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.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 12. Leases (continued)

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 12

(ii) Council as a lessor

(e) Operating leases

Council leases 1 vehicle only at a weekly amount of \$35

\$ '000	2020
(i) Operating lease income	
Other lease income	
Leaseback fees - council vehicles	2
Other	101
Total income relating to operating leases	103

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

< 1 year	2
Total undiscounted contractual lease income receivable	2

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				
Accrued expenses:				
– Salaries and wages	207	–	7	–
– Other expenditure accruals	926	–	560	–
Security bonds, deposits and retentions	2	–	4	–
Total payables	1,135	–	571	–
Income received in advance				
Payments received in advance	86	–	88	–
Total income received in advance	86	–	88	–
Borrowings				
Loans – secured ¹	165	141	165	290
Total borrowings	165	141	165	290
<u>TOTAL PAYABLES AND BORROWINGS</u>	<u>1,386</u>	<u>141</u>	<u>824</u>	<u>290</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 17.

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
(a) Payables and borrowings relating to restricted assets				
Total payables and borrowings relating to unrestricted assets	1,386	141	824	290
<u>TOTAL PAYABLES AND BORROWINGS</u>	<u>1,386</u>	<u>141</u>	<u>824</u>	<u>290</u>

(b) Current payables and borrowings not anticipated to be settled within the next twelve months

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

(c) Changes in liabilities arising from financing activities

\$ '000	as at 30/06/19		Non-cash changes				as at 30/06/19
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	455	(149)	–	–	–	–	306
Lease liabilities	242	(261)	465	–	–	–	446
TOTAL	697	(410)	465	–	–	–	752

as at 30/06/18

Non-cash changes

as at 30/06/19

Notes to the Financial Statements

for the year ended 30 June 2020

Note 13. Payables and borrowings (continued)

\$ '000	Opening Balance	Cash flows	Acquisition	Fair value changes	Other non-cash movement	Closing balance
Loans – secured	623	(168)	–	–	–	455
Lease liabilities	–	242	–	–	–	242
TOTAL	623	74	–	–	–	697

\$ '000	2020	2019
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(d) Financing arrangements**(i) Unrestricted access was available at balance date to the following lines of credit:**

Credit cards/purchase cards	45	45
Total financing arrangements	45	45
Drawn facilities as at balance date:		
– Credit cards/purchase cards	8	7
Total drawn financing arrangements	8	7
Undrawn facilities as at balance date:		
– Credit cards/purchase cards	37	38
Total undrawn financing arrangements	37	38

Additional financing arrangements information**Breaches and defaults**

During the current and prior year, there were no defaults or breaches on any of the loans.

Security over loans

Loans are secured over the general rating income of Council.
Leased liabilities are secured by the underlying leased assets.

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 13. Payables and borrowings (continued)

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	560	–	541	–
Long service leave	523	27	449	23
Sub-total – aggregate employee benefits	1,083	27	990	23
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	715	–	762
Sub-total – asset remediation/restoration	–	715	–	762
<u>TOTAL PROVISIONS</u>	<u>1,083</u>	<u>742</u>	<u>990</u>	<u>785</u>

(a) Provisions relating to restricted assets

Total provisions relating to restricted assets	–	–	–	–
Total provisions relating to unrestricted assets	1,083	742	990	785
<u>TOTAL PROVISIONS</u>	<u>1,083</u>	<u>742</u>	<u>990</u>	<u>785</u>

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

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

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

Provisions – employees benefits	798	705
	<u>798</u>	<u>705</u>

Notes to the Financial Statements

for the year ended 30 June 2020

Note 14. Provisions (continued)

(c) Description of and movements in provisions

\$ '000	ELE provisions		
	Annual leave	Long service leave	Total
2020			
At beginning of year	541	472	1,013
Additional provisions	19	–	19
Amounts used (payments)	–	(445)	(445)
Other	–	523	523
Total ELE provisions at end of year	560	550	1,110
2019			
At beginning of year	483	502	985
Additional provisions	58	–	58
Amounts used (payments)	(30)	–	(30)
Other	30	(30)	–
Total ELE provisions at end of year	541	472	1,013

\$ '000	Other provisions	
	Asset remediation	Total
2020		
At beginning of year	762	762
Changes to provision:		
Re-assessment of provision	(47)	(47)
Total other provisions at end of year	715	715
2019		
At beginning of year	713	713
Re-assessment of provision	–	–
Additional provision for landfill remediation	49	49
Total other provisions at end of year	762	762

Nature and purpose of non-employee benefit provisions

Asset remediation

Council has a legal/public obligation to make, restore, rehabilitate and reinstate the council's landfills.

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 14. Provisions (continued)

of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Employee benefits

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

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

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.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 14. Provisions (continued)

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors, including changes to the relevant legal requirements, the emergence of new restoration techniques, or experience at other locations. The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates. As a result, there could be significant adjustments to the provision for close down and restoration and environmental clean-up, which would affect future financial results.

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

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

(a) Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

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

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

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

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

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

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

Statement of Financial Position

(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.

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.

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)**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 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.

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

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

Statement of Financial Position

\$ '000	Carrying amount per Statement of Financial Position under AASB 15 and AASB 1058	Reclassific- ation	Remeasur- ement	Carrying amount under previous revenue standards	Notes
Current assets					
Cash and cash equivalents	7,775	–	–	7,775	
Receivables	3,061	–	–	3,061	
Inventories	455	–	–	455	
Total current assets	11,291	–	–	11,291	
Current liabilities					
Payables	1,135	–	–	1,135	
Income received in advance	86	–	–	86	
Contract liabilities	60	–	(60)	–	
Lease liabilities	137	–	–	137	
Borrowings	165	–	–	165	
Provisions	1,083	–	–	1,083	
Total current liabilities	2,666	–	(60)	2,606	
Non-current assets					
Infrastructure, property, plant and equipment	168,414	–	–	168,414	
Right of use assets	457	–	–	457	
Investments accounted for using equity method	1,359	–	–	1,359	
Total non-current assets	170,230	–	–	170,230	
Non-current liabilities					
Lease liabilities	309	–	–	309	
Borrowings	141	–	–	141	

continued on next page ...

Notes to the Financial Statements

for the year ended 30 June 2020

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

\$ '000	Carrying amount per Statement of Financial Position under AASB 15 and AASB 1058	Reclassific-ation	Remeasur-ement	Carrying amount under previous revenue standards	Notes
Provisions	742	–	–	742	
Total Non-current liabilities	1,192	–	–	1,192	
Net assets	177,663	–	60	177,723	
Equity					
Accumulated surplus	120,905	–	60	120,965	
Revaluation reserves	56,758	–	–	56,758	
Council equity interest	177,663	–	60	177,723	
Total equity	177,663	–	60	177,723	

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.

Income Statement

\$ '000	Income Statement and comprehensive income under AASB 15 and AASB 1058	Reclassific-ation	Remeasur-ement	Income Statement and comprehensive income under previous revenue standards	Notes
<u>Income from continuing operations</u>					
Rates and annual charges	2,348	–	–	2,348	
User charges and fees	12,544	–	–	12,544	
Other revenues	398	–	–	398	
Grants and contributions provided for operating purposes	11,549	–	–	11,549	
Grants and contributions provided for capital purposes	2,728	–	60	2,788	
Interest and investment income	121	–	–	121	
Rental income	103	–	–	103	
Total Income from continuing operations	29,791	–	60	29,851	
<u>Expenses from continuing operations</u>					
Employee benefits and on-costs	4,778	–	–	4,778	
Borrowing costs	21	–	–	21	
Materials and contracts	12,867	–	–	12,867	
Depreciation and amortisation	4,092	–	–	4,092	
Other expenses	1,838	–	–	1,838	
Net share of interests in joint ventures and associates using the equity method	102	–	–	102	

continued on next page ...

Notes to the Financial Statements

for the year ended 30 June 2020

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

\$ '000	Income Statement and comprehensive income under AASB 15 and AASB 1058	Reclassification	Remeasurement	Income Statement and comprehensive income under previous revenue standards	Notes
Total Expenses from continuing operations	23,698	–	–	23,698	
Total Operating result from continuing operations	6,093	–	60	6,153	
Net operating result for the year	6,093	–	60	6,153	
Total comprehensive income	147	–	60	207	

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	180,405	–	180,405
Contract liabilities	–	–	–
Total liabilities	2,889	–	2,889
Accumulated surplus	114,812	–	114,812
Total equity	177,516	–	177,516

(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.

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)

- 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 recognised right-of-use assets and lease liabilities of \$242,000 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.

The weighted average lessee's incremental borrowing rate applied to lease liabilities at 1 July 2019 was 2%.

\$ '000	Balance at 1 July 2019
Operating lease commitments at 30 June 2019 per Council financial statements	335

Reconciliation of lease liabilities recognised on adoption of AASB 16 Leases

Operating lease commitments discounted using the incremental borrowing rate at 1 July 2019	242
Add:	
Contracts not accounted for as operating lease commitments last year	–
Lease liabilities recognised at 1 July 2019	242

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.

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
Rights-of-use assets	–	242	242
Total assets	180,405	242	180,647
Leases	–	242	242
Total liabilities	2,889	242	3,131
Accumulated surplus	114,812	–	114,812
Total equity	177,516	–	177,516

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)	7,775	3,190
Balance as per the Statement of Cash Flows		7,775	3,190
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		6,093	3,810
Adjust for non-cash items:			
Depreciation and amortisation		4,092	3,661
Net losses/(gains) on disposal of assets		–	(13)
Share of net (profits)/losses of associates/joint ventures using the equity method		102	(1,461)
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		(719)	(1,029)
Increase/(decrease) in provision for impairment of receivables		600	250
Decrease/(increase) in inventories		62	(309)
Decrease/(increase) in other current assets		–	23
Increase/(decrease) in other accrued expenses payable		566	(558)
Increase/(decrease) in other liabilities		(4)	14
Increase/(decrease) in contract liabilities		60	–
Increase/(decrease) in provision for employee benefits		97	28
Increase/(decrease) in other provisions		(47)	49
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		10,902	4,465

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Interests in other entities

\$ '000	Council's share of net income		Council's share of net assets	
	2020	2019	2020	2019
Joint Arrangement	(102)	1,461	1,359	1,461
Total	(102)	1,461	1,359	1,461

Joint arrangements

(i) Joint ventures

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

(c) Relevant interests and fair values

\$ '000	Interest in outputs		Interest in ownership		Proportion of voting power	
	2020	2019	2020	2019	2020	2019
Far West Joint Organisation	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%

(d) Summarised financial information for joint ventures

\$ '000	Far West Joint Organisation	
	2020	2019
Statement of financial position		
Current assets		
Cash and cash equivalents	5,371	6,369
Other current assets	50	1
Non-current assets		
	36	41
Current liabilities		
Other current liabilities	19	567
Net assets	5,438	5,844
Reconciliation of the carrying amount		
Opening net assets (1 July)	5,844	–
Profit/(loss) for the period	(406)	5,844
Closing net assets	5,438	5,844
Council's share of net assets (%)	25.0%	25.0%
Council's share of net assets (\$)	1,359	1,461
Statement of comprehensive income		
Income	(406)	5,844
Profit/(loss) from continuing operations	(406)	5,844
Profit/(loss) for the period	(406)	5,844
Total comprehensive income	(406)	5,844
Share of income – Council (%)	25.0%	25.0%
Profit/(loss) – Council (\$)	(102)	1,461
Total comprehensive income – Council (\$)	(102)	1,461

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Interests in other entities (continued)

\$ '000	Far West Joint Organisation	
	2020	2019
Summarised Statement of cash flows		
Cash flows from operating activities	(406)	6,418
Cash flows from investing activities	(592)	(49)
Net increase (decrease) in cash and cash equivalents	(998)	6,369

(ii) Joint operations

\$ '000	Principal activity	Place of business	Interest in ownership		Interest in voting	
			2020	2019	2020	2019
(a) Council is involved in the following joint operations (JO's)						
Name of joint operation:						
Far West Joint Organisation	To provide a stronger voice for Local Government and the communities they represent.	6 Midway Dr, Buronga, NSW 2738 Australia	25%	25%	25%	25%

Accounting policy for joint arrangements

The council has determined that it has only joint ventures.

Joint ventures:

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

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

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

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

Adjustments are made to the joint venture's accounting policies where they are different from those of the Council for the purposes of the consolidated financial statements.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 18. Commitments

\$ '000	2020	2019
Non-cancellable operating lease commitments (2019 only)		
a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:		
Within the next year	–	284
Later than one year and not later than 5 years	–	51
Total non-cancellable operating lease commitments	–	335

b. Non-cancellable operating leases include the following assets:

Refer to Note 15 for information relating to leases for 2020.

Office Equipment and computers

Motor Vehicles

Conditions relating to finance and operating leases:

- All finance agreements are secured only against the leased asset.
- No lease agreements impose any financial restrictions on Council regarding future debt etc.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 19. Contingencies

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

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

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

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

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

Description of the funding arrangements.

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

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

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

* For 180 Point Members, Employers are required to contribute 7% of salaries to these members' accumulation accounts, which are paid in addition to members' defined benefits.

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

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

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 19. Contingencies (continued)

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

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2020 was \$28,275.06. The last valuation of the Scheme was performed by Richard Boyfield FIAA on 30 June 2019, and covers the period ended 30 June 2020.

The amount of additional contributions included in the total employer contribution advised above is \$14,928.68. Council's expected contribution to the plan for the next annual reporting period is \$24,667.08.

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.

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

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

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

* Plus promotional increases

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

(ii) Statewide Limited

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

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

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

(iii) StateCover Limited

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

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 19. Contingencies (continued)

(iv) Other guarantees

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

2. Other liabilities

(i) Third party claims

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

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

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

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

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

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

ASSETS NOT RECOGNISED

(i) Land under roads

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

(ii) Infringement notices/fines

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

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 20. 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	7,775	3,190	7,775	3,190
Receivables	3,061	2,942	3,061	2,942
Total financial assets	10,836	6,132	10,836	6,132
Financial liabilities				
Payables	1,135	571	1,135	571
Loans/advances	306	455	306	455
Lease liabilities	446	–	446	–
Total financial liabilities	1,887	1,026	1,887	1,026

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

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

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

The risks associated with the instruments held are:

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

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

Council also seeks advice from independent advisers before placing any funds in cash equivalents and investments.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 20. Financial risk management (continued)

(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	78	78	(78)	(78)
2019				
Possible impact of a 1% movement in interest rates	32	32	(32)	(32)

(b) Credit risk

Pre-amble

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

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

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

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

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

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

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

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
2020						
Gross carrying amount	–	913	392	–	–	1,305
2019						
Gross carrying amount	–	844	362	–	–	1,206

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.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 20. Financial risk management (continued)

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	589	321	–	–	2,176	3,086
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	27.11%	19.12%
ECL provision	–	–	–	–	590	590
2019						
Gross carrying amount	111	435	141	3	1,776	2,466
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	10.50%	7.56%
ECL provision	–	–	–	–	290	290

(c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
2020							
Trade/other payables	0.00%	2	1,133	–	–	1,135	1,135
Loans and advances	2.76%	–	165	141	–	306	306
Total financial liabilities		2	1,298	141	–	1,441	1,441
2019							
Trade/other payables	0.00%	4	567	–	–	571	571
Loans and advances	2.76%	–	165	290	–	455	455
Total financial liabilities		4	732	290	–	1,026	1,026

Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. Material budget variations

Council's original financial budget for 19/20 was adopted by the Council on 22/07/2020 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	2,303	2,348	45	2%	F
User charges and fees	4,165	12,544	8,379	201%	F
Additional RMS works were completed during the year, that were not included in Council's original budget.					
Other revenues	324	398	74	23%	F
Favourable variance due to additional Commissions and Agency Fees received of \$45,000 above budget. Together with additional Rental Income received of \$29,000 above budget.					
Operating grants and contributions	11,137	11,549	412	4%	F
Capital grants and contributions	2,750	2,728	(22)	(1)%	U
Interest and investment revenue	77	121	44	57%	F
Predominately due to interest charged on outstanding property rates and outstanding annual charges for water. Council's initial budget estimations for these rating categories were very conservative.					
Net gains from disposal of assets	-	-	-	∞	F
Rental income	-	103	103	∞	F
For the 2020 Annual Budget, Council included the budget for Rental Income within the budget for Other Revenues.					
Joint ventures and associates – net profits	-	-	-	∞	F
EXPENSES					
Employee benefits and on-costs	4,838	4,778	60	1%	F
Borrowing costs	120	21	99	83%	F
Favourable variance due to an overestimation of interest to be charged on right of use assets, reduced interest charges on Council's outstanding loan and a reduction in Council's Provision for Landfill Rehabilitation.					
Materials and contracts	7,259	12,867	(5,608)	(77)%	U
Unfavourable variance due to RMS works exceeding original budget estimate.					
Depreciation and amortisation	4,342	4,092	250	6%	F
Other expenses	992	1,838	(846)	(85)%	U
Unfavourable variance due to increasing Council's Provision for Doubtful Debts by \$600,000, which had not been budgeted for. Also Council's Training expenditure initially budgeted as Salaries and Wages is now included as Other expenditure.					

Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. Material budget variations (continued)

\$ '000	2020 Budget	2020 Actual	2020 ----- Variance -----	
Joint ventures and associates – net losses	–	102	(102)	∞ U
Council's interest in the Far West Joint Organisation is not budgeted for.				

STATEMENT OF CASH FLOWS

Cash flows from operating activities	7,307	10,902	3,595	49% F
Favourable variance due to: better than expected rates and annual charges payments, additional grants received that had not been included in the original budget, and a better than expected return on RMS works.				
Cash flows from investing activities	(6,632)	(5,907)	725	(11)% F
This variance is due to Council completing 89% of it's Capital Works Budget.				
Cash flows from financing activities	(451)	(410)	41	(9)% F

Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. Fair Value Measurement

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

- Infrastructure, property, plant and equipment
- Investment property
- 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	30/06/19	–	1,628	–	1,628
Furniture and fittings	30/06/20	–	17	–	17
Operational land	30/06/19	–	1,126	–	1,126
Community and crown land	30/06/18	–	–	523	523
Buildings	30/06/18	–	12,370	–	12,370
Other structures	30/06/19	–	–	2,816	2,816
Roads, bridges and footpaths	30/06/20	–	–	117,359	117,359
Stormwater drainage	30/06/19	–	–	694	694
Water supply network	30/06/17	–	–	25,334	25,334
Sewerage network	30/06/17	–	–	3,912	3,912
Total infrastructure, property, plant and equipment		–	15,141	150,638	165,779

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	30/06/19	–	1,005	–	1,005
Furniture and fittings	30/06/14	–	–	–	–
Operational land	30/06/18	–	458	–	458
Community and crown land	30/06/18	–	–	523	523
Buildings	30/06/18	–	12,672	–	12,672
Other structures	30/06/19	–	–	2,165	2,165
Roads, bridges and footpaths	30/06/15	–	–	122,501	122,501

continued on next page ...

Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. Fair Value Measurement (continued)

2019 \$ '000	Date of latest valuation	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobserv- able inputs	Total
Stormwater drainage	30/06/19	–	–	719	719
Water supply network	30/06/17	–	–	24,541	24,541
Sewerage network	30/06/17	–	–	3,939	3,939
Total infrastructure, property, plant and equipment		–	14,135	154,388	168,523

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. Fair Value Measurement (continued)

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

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

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

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

Stormwater drainage

The Stormwater Drainage asset class consists of Council's pits and Culverts. AssetVal Pty Ltd completed the valuation of these assets in 2019. The valuation methodology adopted was based on current replacement cost of the asset.

Replacement costs (unit rates) and useful lives for Stormwater Drainage assets were determined through professional judgement on behalf of AssetVal Pty Ltd, which incorporated standard unit rates applied to the dimensions of the asset and considered environmental factors based on asset location. Other significant inputs considered in the valuation of these assets are asset condition, remaining useful life, and pattern of consumption.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable. Valuation techniques remained the same for this reporting period.

Other structures

Council's other structure assets comprise of fences, flagpoles, monuments and the like.

AssetVal Pty Ltd completed the valuation of these assets in 2019.

Replacement costs (unit rate) and useful lives of Council's other structure assets were determined through professional judgement on behalf of AssetVal Pty Ltd, which incorporated standard unit rates applied to the dimensions of the asset and considered environmental factors based on the assets location. Other significant inputs considered in the valuation of these assets are asset condition, remaining useful life and pattern of consumption.

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable. Valuation techniques remained the same for this reporting period.

Buildings

Council engaged AssetVal Pty Ltd to value all buildings and shelters in 2018. The valuation methodology adopted was based on current replacement cost of the asset.

The valuation aspects are generally, but not limited to the location, size, condition, style and utility of the asset. Replacement cost, asset condition, remaining useful life and building components are some of the inputs used in fair value determination. Since most of these inputs require judgement and are unobservable, the asset class has been classified as Level 3. Valuation techniques remained the same for this reporting period.

Roads, bridges, footpaths and bulk earthworks

Council's roads & Bridges are componentised into the pavement, surface and formation and further separated into segments for inspection and valuation.

The valuation of assets was completed by APV Valuers in June 2020.

The current replacement cost approach was adopted to value Council's assets. The replacement costs (based on unit rates), useful lives and conditions were determined by technical information provided by Council's asset planners and professional judgement on behalf of APV.

Some of the other significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, and components.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. Fair Value Measurement (continued)

This asset class is categorised as Level 3 as some of the above-mentioned inputs used in the valuation of these assets require significant professional judgement and are therefore unobservable. Valuation techniques remained the same for this reporting period.

Tip remediation

Council operates a landfilling operation as well as a range of waste services, including recycled and reclaimed products. It has been recognised that there will be significant costs associated with the closure and post closure management of the landfill site.

Closure of the landfill will involve a wide range of activities including preparation of a Landfill Closure and Management Plan, final capping of the landfill waste and site re-vegetation, decommissioning and removing infrastructure and equipment that will not be required post-closure, and fencing sensitive infrastructure.

The key unobservable inputs are the discount rate, cost escalation rate, actual timing of costs and future environmental management requirements. There has been no change to the valuation process during the reporting period.

Water supply network

This asset category includes:

Dams & Weirs, Mains, Reservoirs and treatment plants.

The valuation of assets was completed by Brearly & Hansen Valuers in June 2017.

The current replacement cost approach was adopted to value Council's assets. The replacement costs (based on unit rates), useful lives and conditions were determined by technical information provided by Council's asset planners and professional judgement on behalf of APV.

Some of the other significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, and components. Valuation techniques remained the same for this reporting period.

Sewerage network

This asset category includes:

Mains, Pumping stations and sewerage ponds.

The valuation of assets was completed by Brearly & Hansen Valuers in June 2017.

The current replacement cost approach was adopted to value Council's assets. The replacement costs (based on unit rates), useful lives and conditions were determined by technical information provided by Council's asset planners and professional judgement on behalf of APV.

Some of the other significant inputs considered in the valuation of these assets are remaining useful life, pattern of consumption, dimensions, and components. Valuation techniques remained the same for this reporting period.

Community land

Assets within the "Community Land" class are:

- Council owned land, and
- Care Control Management land [Crown] of which Council derives current and future economic benefits arising from the use of the land asset.

Council's community land is valued on the Unimproved Capital Value (UCV), provided by the Valuer General 01/07/2016.

Currently all Council assets in this asset class are based on UCV, however, should Council have an asset in future for which an UCV is not provided, the replacement cost will be used. Replacement cost will be based on average unit rates for similar properties, land use, dimensions, land size and shape, which are not considered observable based on market evidence, therefore, placing the whole asset class in Level 3. Valuation techniques remained the same for this reporting period.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. Fair Value Measurement (continued)

Operational land

Council's operational land includes all of Council's land classified as operational land under Local Government Act 1993.

Council's community land is valued on the Unimproved Capital Value (UCV), provided by the Valuer General 01/07/2019.

Currently all Council assets in this asset class are based on a modelled market based valuation process, however, should Council have an asset in future for which this valuation process is not available, the replacement cost will be used.

Replacement cost will be based on average unit rates for similar properties, land use, dimensions, land size and shape, which are not considered observable based on market evidence, therefore, placing the whole asset class in Level 3.

Valuation techniques remained the same for this reporting period.

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

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

\$ '000	Crown / Community land	Other structures	Roads, bridges, footpaths	Stormwater drainage	Water supply network
2019					
Opening balance	523	4,604	119,089	977	24,814
Depreciation and impairment	–	(230)	(1,663)	(25)	(628)
Other movement (WIP transfers)	–	18	5,075	–	654
Other movement (Asset revaluation)	–	(2,227)	–	(233)	701
Closing balance	523	2,165	122,501	719	25,541
2020					
Opening balance	523	2,165	122,501	719	25,541
Depreciation and impairment	–	(231)	(1,861)	(25)	(636)
Other movement (WIP transfers)	–	882	3,820	–	428
Other movement (Asset revaluation)	–	–	(7,101)	–	–
Closing balance	523	2,816	117,359	694	25,333

\$ '000	Sewerage network	Furniture & Fittings	Total
2019			
Opening balance	3,930	–	153,937
Depreciation and impairment	(86)	–	(2,632)
Other movement (WIP transfers)	–	–	5,747
Other movement (Asset revaluation)	95	–	(1,664)
Closing balance	3,939	–	155,388
2020			
Opening balance	3,939	–	155,388
Depreciation and impairment	(85)	–	(2,838)
Other movement (WIP transfers)	–	17	5,147
Other movement (Asset revaluation)	58	–	(7,043)
Closing balance	3,912	17	150,654

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. Fair Value Measurement (continued)

the various level 3 asset class fair values.

	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment		
Other structures	Current replacement cost	Replacement cost Asset condition rating Remaining useful life
Roads, bridges, footpaths and bulk earthworks	Current replacement cost	Replacement cost Asset condition rating Remaining useful life
Stormwater drainage	Current replacement cost	Replacement cost Asset condition rating Remaining useful life
Water supply network	Current replacement cost	Replacement cost Asset condition rating Remaining useful life
Sewerage network	Current replacement cost	Replacement cost Asset condition rating Remaining useful life
Community Land	Current replacement cost	Replacement cost Asset condition rating

(4) Highest and best use

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

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

Note 23. Related party disclosures

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	600	505
Post-employment benefits	55	46
Other long-term benefits	9	8
Total	664	559

Notes to the Financial Statements

for the year ended 30 June 2020

Note 24. Result by fund

\$ '000	General ¹ 2020	Water 2020	Sewer 2020
Income Statement by fund			
Income from continuing operations			
Rates and annual charges	1,464	641	243
User charges and fees	12,199	345	–
Interest and investment revenue	59	53	9
Other revenues	398	–	–
Grants and contributions provided for operating purposes	11,481	–	68
Grants and contributions provided for capital purposes	2,685	–	43
Rental income	103	–	–
Total income from continuing operations	28,389	1,039	363
Expenses from continuing operations			
Employee benefits and on-costs	4,778	–	–
Borrowing costs	21	–	–
Materials and contracts	11,793	929	145
Depreciation and amortisation	3,370	636	86
Other expenses	1,838	–	–
Share of interests in joint ventures and associates using the equity method	102	–	–
Total expenses from continuing operations	21,902	1,565	231
Operating result from continuing operations	6,487	(526)	132
Net operating result for the year	6,487	(526)	132
Net operating result attributable to each council fund	6,487	(526)	132
Net operating result for the year before grants and contributions provided for capital purposes	3,802	(526)	89

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.

\$ '000	General ¹ 2020	Water 2020	Sewer 2020
Statement of Financial Position by fund			
ASSETS			
Current assets			
Cash and cash equivalents	5,702	1,522	551
Receivables	1,870	1,019	172
Inventories	455	–	–
Total current assets	8,027	2,541	723
Non-current assets			
Infrastructure, property, plant and equipment	139,019	25,414	3,981
Investments accounted for using the equity method	1,359	–	–
Right of use assets	457	–	–
Total non-current assets	140,835	25,414	3,981

Notes to the Financial Statements

for the year ended 30 June 2020

Note 24. Result by fund (continued)

\$ '000	General ¹ 2020	Water 2020	Sewer 2020
TOTAL ASSETS	148,862	27,955	4,704
LIABILITIES			
Current liabilities			
Payables	1,135	–	–
Income received in advance	86	–	–
Contract liabilities	60	–	–
Lease liabilities	137	–	–
Borrowings	165	–	–
Provisions	1,083	–	–
Total current liabilities	2,666	–	–
Non-current liabilities			
Lease liabilities	309	–	–
Borrowings	141	–	–
Provisions	742	–	–
Total non-current liabilities	1,192	–	–
TOTAL LIABILITIES	3,858	–	–
Net assets	145,004	27,955	4,704
EQUITY			
Accumulated surplus	108,110	11,006	1,789
Revaluation reserves	36,894	16,949	2,915
Council equity interest	145,004	27,955	4,704
Total equity	145,004	27,955	4,704

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 25(a). Statement of performance measures – consolidated results

\$ '000	Amounts 2020	Indicator 2020	Prior period 2019	Benchmark
1. Operating performance ratio				
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	3,467	12.81%	1.14%	>0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	27,063			
2. Own source operating revenue ratio				
Total continuing operating revenue excluding all grants and contributions ¹	15,514	52.08%	43.67%	>60.00%
Total continuing operating revenue ¹	29,791			
3. Unrestricted current ratio				
Current assets less all external restrictions	7,142	3.95x	2.93x	>1.50x
Current liabilities less specific purpose liabilities	1,808			
4. Debt service cover ratio				
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	7,580	17.59x	17.26x	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	431			
5. Rates, annual charges, interest and extra charges outstanding percentage				
Rates, annual and extra charges outstanding	766	21.10%	33.01%	<10.00%
Rates, annual and extra charges collectible	3,630			
6. Cash expense cover ratio				
Current year's cash and cash equivalents plus all term deposits	7,775	4.41 mths	2.05 mths	>3.00 mths
Monthly payments from cash flow of operating and financing activities	1,762			

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 25(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}	15.19%	(0.63)%	(50.63)%	20.32%	27.81%	(22.58)%	>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	50.10%	42.27%	100.00%	51.94%	69.42%	100.00%	>60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	3.95x	2.93x	∞	∞	∞	∞	>1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	16.93x	12.64x	∞	∞	∞	∞	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates, annual charges, interest and extra charges outstanding percentage							
Rates, annual and extra charges outstanding	27.90%	(0.70)%	0.00%	162.09%	0.00%	70.00%	<10.00%
Rates, annual and extra charges collectible							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	3.41	0.98	19.66	17.54	39.36	28.47	>3.00
Payments from cash flow of operating and financing activities	mths	mths	mths	mths	mths	mths	mths

(1) - (2) Refer to Notes at Note 25a above.

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

Central Darling Shire Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 26. Council information and contact details

Principal place of business:

21 Reid Street

Wilcannia NSW 2836

Contact details

Mailing Address:

PO Box 165

Wilcannia NSW 2836

Opening hours:

9:00am - 5:00pm

Monday to Friday

Telephone: 08 8083 8900

Facsimile: 08 8091 5994

Internet: www.centraldarling.nsw.gov.au

Email: council@centraldring.nsw.gov.au

Officers**General Manager**

Greg Hill

Acting Responsible Accounting Officer

Kevin Smith

Public Officer

Jacob philp

Auditors

Audit Office of NSW

Level 19 Tower 2 Darling Park

201 Sussex St

Sydney NSW 2000

Other information

ABN: 65 061 502 429



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Central Darling Shire Council

To the Councillors of Central Darling Shire Council

Opinion

I have audited the accompanying financial statements of Central Darling Shire Council (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2020, the Statement of Financial Position as at 30 June 2020, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been prepared, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the *Local Government Act 1993*, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

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

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note 21 Material budget variations
- on the Special Schedules. A separate opinion has been provided on Special Schedule - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Manuel Moncada

Delegate of the Auditor-General for New South Wales

17 February 2021
SYDNEY



Robert Stewart
 Administrator
 Central Darling Shire Council
 PO Box 165
 WILCANNIA NSW 2836

Contact: Manuel Moncada
 Phone no: 02 9275 7333
 Our ref: D2102382/1711

17 February 2021

Dear Administrator

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

I have audited the general purpose financial statements (GPFS) of the Central Darling Shire Council (the Council) for the year ended 30 June 2020 as required by section 415 of the *Local Government Act 1993* (the Act).

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

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2020 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

INCOME STATEMENT

Operating result

	2020 \$m	2019 \$m	Variance %
Rates and annual charges revenue	2.3	2.2	↑ 4.5
Grants and contributions revenue	14.3	12.5	↑ 14.4
Operating result from continuing operations	6.1	3.8	↑ 60.5
Net operating result before capital grants and contributions	3.4	1.7	↑ 100

Council's operating result (\$6.1 million including the effect of depreciation and amortisation expense of \$4.1 million) was \$2.3 million higher than the 2018–19 result. This was primarily due to an increase in RMS works.

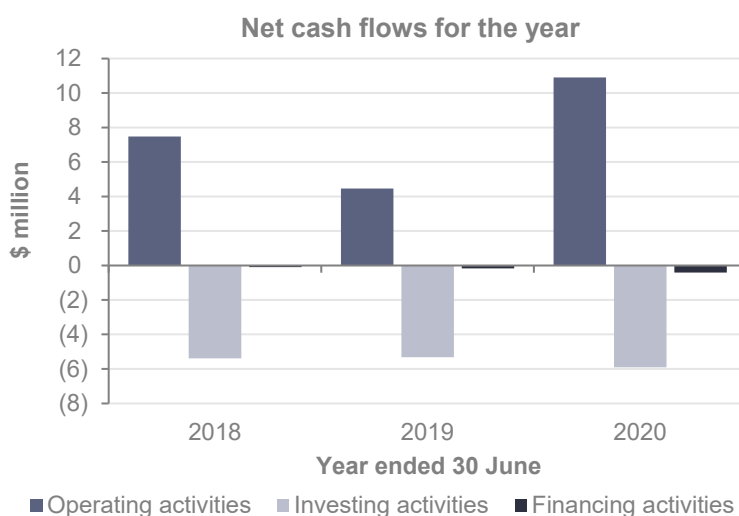
The net operating result before capital grants and contributions (\$3.4 million) was \$1.7 million higher than the 2018–19 result. This was due to the increases RMS works noted above.

Rates and annual charges revenue (\$2.3 million) increased by \$0.1 million (4.5 per cent) in 2019–2020.

Grants and contributions revenue (\$14.3 million) increased by \$1.8 million (14.4 per cent) in 2019–2020 due to additional receipts under the Roads to Recovery program and drought relief funding.

STATEMENT OF CASH FLOWS

- The Statement of Cash Flows illustrates the flow of cash and cash equivalents moving in and out of Council during the year and reveals that cash increased by \$4.6 million to \$7.8 million at the close of the year.
- the increase is mainly due to the improved operating result.



FINANCIAL POSITION

Cash and investments

Cash and investments	2020	2019	Commentary
	\$m	\$m	
External restrictions	3.0	2.2	• External restrictions include unspent specific purpose grants and domestic waste management charges, and water and sewerage funds
Internal restrictions	-	-	
Unrestricted	4.8	1	• Council has not set aside any internally restricted funds • Unrestricted balances provide liquidity for day-to-day operations.
Cash and investments	7.8	3.2	

PERFORMANCE

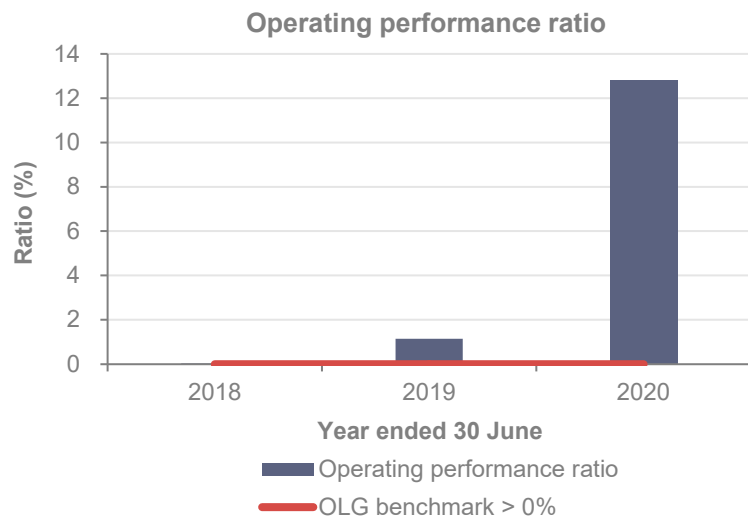
Performance measures

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

Operating performance ratio

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

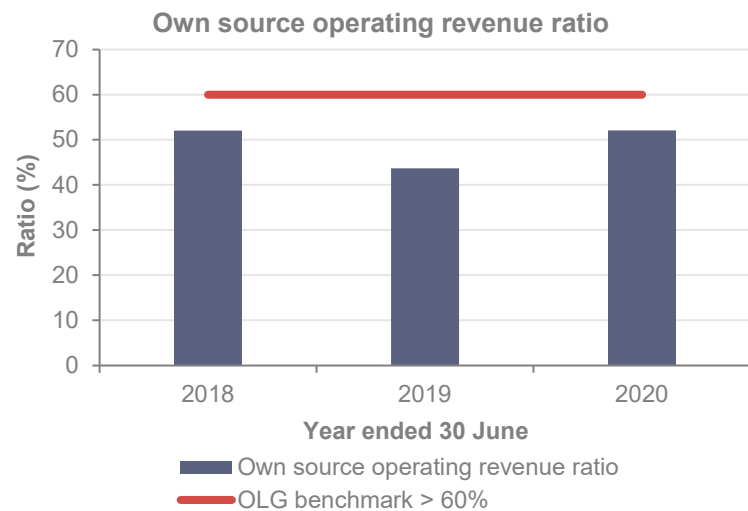
The Council exceeded the OLG benchmark for the current reporting period.



Own source operating revenue ratio

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

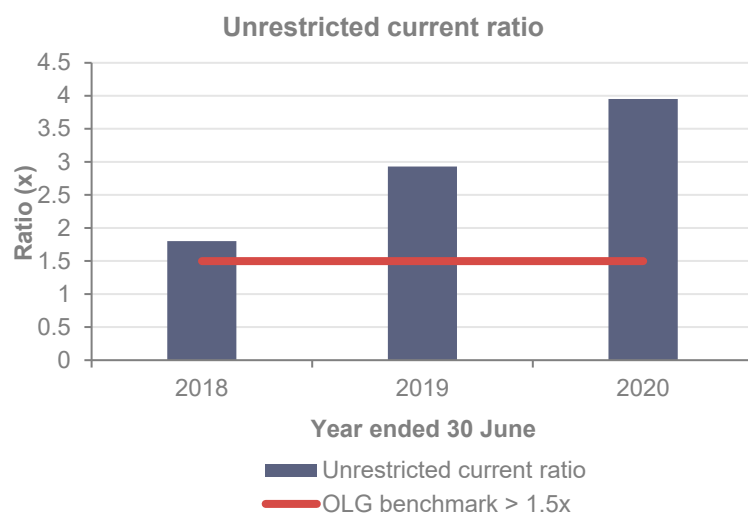
The Council did not meet the OLG benchmark for the current reporting period.



Unrestricted current ratio

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

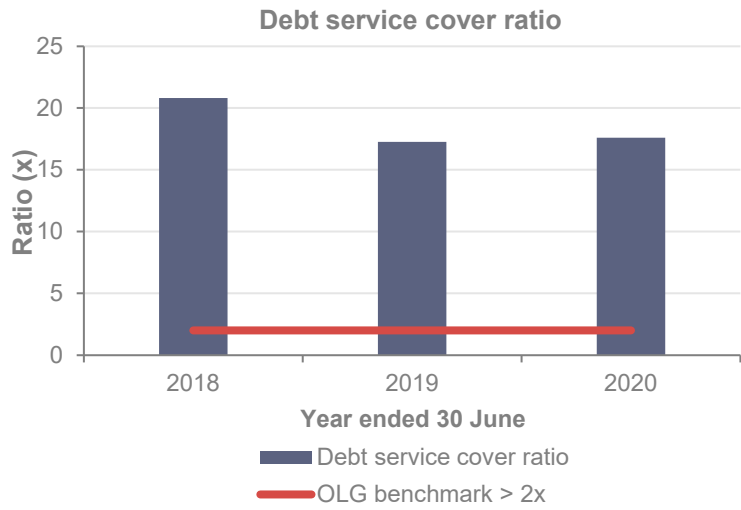
The Council exceeded the OLG benchmark for the current reporting period.



Debt service cover ratio

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

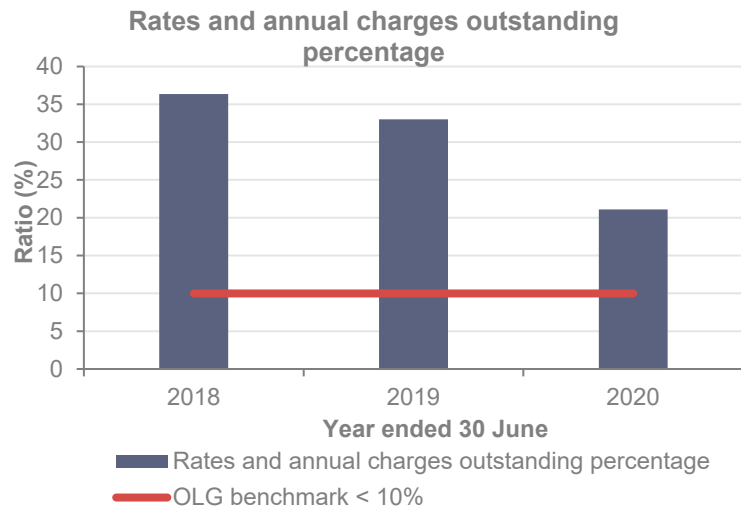
The Council exceeded the OLG benchmark for the current reporting period.



Rates and annual charges outstanding percentage

The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.

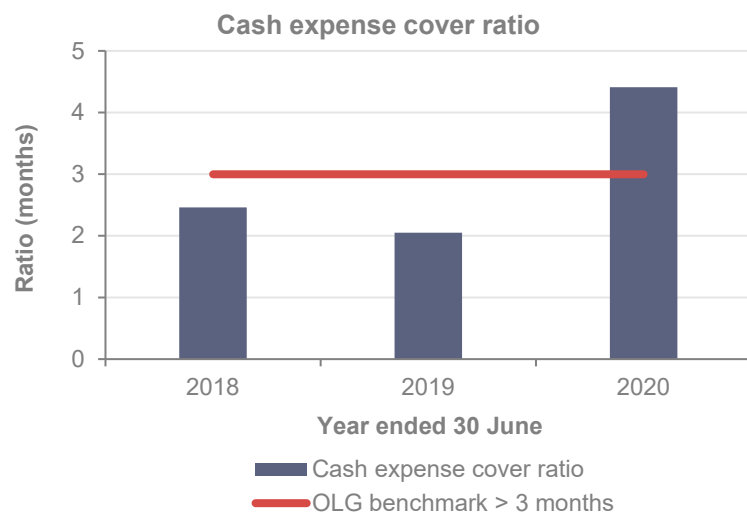
The Council did not meet the OLG benchmark for the current reporting period.



Cash expense cover ratio

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

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



Infrastructure, property, plant and equipment renewals

- Council's asset renewal additions for the year were \$5.2 million compared \$5.1 million for the prior year
- The level of asset renewals during the year represented 137 percent of the total depreciation expense (\$3.8 million) for the year.

OTHER MATTERS

Impact of new accounting standards

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

The Council adopted the new accounting standards AASB 15 '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 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 recognised right-of-use assets of \$242,000 and lease liabilities of \$242,000 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.

The Council's:

- accounting records were maintained in a manner and form that facilitated the preparation and the effective audit of the general purpose financial statements
- staff provided all accounting records and information relevant to the audit.



Manuel Moncada
Delegate of the Auditor-General for New South Wales

cc: Greg Hill, General Manager
Jay Nankivell, Chair of Audit, Risk and Improvement Committee
Jim Betts, Secretary of the Department of Planning, Industry and Environment

Central Darling Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2020

Special Purpose Financial Statements

for the year ended 30 June 2020

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

Background

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

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

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

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

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

Special Purpose Financial Statements

for the year ended 30 June 2020

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 28 October 2020.



Robert Stewart
Administrator
11 February 2021



Greg Hill
General Manager
11 February 2021



Kevin Smith
Acting Responsible Accounting Officer
11 February 2021

Income Statement – Water Supply Business Activity

for the year ended 30 June 2020

\$ '000	2020	2019
Income from continuing operations		
Access charges	641	612
User charges	345	344
Interest	53	46
Grants and contributions provided for non-capital purposes	–	927
Total income from continuing operations	1,039	1,929
Expenses from continuing operations		
Materials and contracts	929	909
Depreciation, amortisation and impairment	636	628
Total expenses from continuing operations	1,565	1,537
Surplus (deficit) from continuing operations before capital amounts	(526)	392
Surplus (deficit) from continuing operations after capital amounts	(526)	392
Surplus (deficit) from all operations before tax	(526)	392
Less: corporate taxation equivalent (27.5%) [based on result before capital]	–	(108)
SURPLUS (DEFICIT) AFTER TAX	(526)	284
Plus accumulated surplus	11,532	11,140
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	–	108
Closing accumulated surplus	11,006	11,532
Return on capital %	(2.1)%	1.5%
Subsidy from Council	750	–
Calculation of dividend payable:		
Surplus (deficit) after tax	(526)	284
Surplus for dividend calculation purposes	–	284
Potential dividend calculated from surplus	–	142

Income Statement – Sewerage Business Activity

for the year ended 30 June 2020

\$ '000	2020	2019
Income from continuing operations		
Access charges	243	210
Interest	9	7
Grants and contributions provided for non-capital purposes	68	–
Total income from continuing operations	320	217
Expenses from continuing operations		
Materials and contracts	145	180
Depreciation, amortisation and impairment	86	86
Total expenses from continuing operations	231	266
Surplus (deficit) from continuing operations before capital amounts	89	(49)
Grants and contributions provided for capital purposes	43	–
Surplus (deficit) from continuing operations after capital amounts	132	(49)
Surplus (deficit) from all operations before tax	132	(49)
Less: corporate taxation equivalent (27.5%) [based on result before capital]	(24)	–
SURPLUS (DEFICIT) AFTER TAX	108	(49)
Plus accumulated surplus	1,657	1,706
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	24	–
Closing accumulated surplus	1,789	1,657
Return on capital %	2.2%	(1.2)%
Subsidy from Council	–	101
Calculation of dividend payable:		
Surplus (deficit) after tax	108	(49)
Less: capital grants and contributions (excluding developer contributions)	(43)	–
Surplus for dividend calculation purposes	65	–
Potential dividend calculated from surplus	32	–

Statement of Financial Position – Water Supply Business Activity

as at 30 June 2020

\$ '000	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	1,522	1,329
Receivables	1,019	1,102
Total current assets	2,541	2,431
Non-current assets		
Infrastructure, property, plant and equipment	25,414	25,622
Total non-current assets	25,414	25,622
TOTAL ASSETS	27,955	28,053
NET ASSETS	27,955	28,053
EQUITY		
Accumulated surplus	11,006	11,532
Revaluation reserves	16,949	16,521
TOTAL EQUITY	27,955	28,053

Statement of Financial Position – Sewerage Business Activity

as at 30 June 2020

\$ '000	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	551	427
Receivables	172	147
Total current assets	<u>723</u>	<u>574</u>
Non-current assets		
Infrastructure, property, plant and equipment	3,981	3,940
Total non-current assets	<u>3,981</u>	<u>3,940</u>
TOTAL ASSETS	<u>4,704</u>	<u>4,514</u>
<u>NET ASSETS</u>	<u>4,704</u>	<u>4,514</u>
EQUITY		
Accumulated surplus	1,789	1,657
Revaluation reserves	2,915	2,857
<u>TOTAL EQUITY</u>	<u>4,704</u>	<u>4,514</u>

Central Darling 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. Combined Water Supply

The Central Darling Shire Water Supply comprises the operations and assets of Council's Water Supply System which services the towns of Wilcannia, Ivanhoe and White Cliffs.

b. Sewerage Services

The Central Darling Shire Sewerage Service comprises the whole of the operations and assets of Council's Sewerage Reticulation and Treatment System servicing the township of Wilcannia.

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 dollars and rounded to the nearest one thousand 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 – 5.45% on the value of taxable salaries and wages in excess of \$850,000.

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

The payment of taxation equivalent charges, referred to in the DoI – Water guidelines as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

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

Income tax

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

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

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

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

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

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

Local government rates and charges

A calculation of the equivalent rates and charges payable on all category 1 businesses has been applied to all land assets owned or exclusively used by the business activity.

Notes to the Special Purpose Financial Statements

for the year ended 30 June 2020

Note 1. Significant Accounting Policies (continued)

Loan and debt guarantee fees

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

In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

(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
Central Darling Shire Council

To the Councillors of Central Darling Shire Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Central Darling 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.

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.



Manuel Moncada

Delegate of the Auditor-General for New South Wales

17 February 2021
SYDNEY

Central Darling Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2020

Special Schedules

for the year ended 30 June 2020

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Permissible income for general rates

\$ '000	Notes	Calculation 2020/21	Calculation 2019/20
Notional general income calculation ¹			
Last year notional general income yield	a	835	813
Plus or minus adjustments ²	b	(3)	-
Notional general income	c = a + b	832	813
Permissible income calculation			
Or rate peg percentage	e	2.60%	2.70%
Or plus rate peg amount	i = e x (c + g)	22	22
Sub-total	k = (c + g + h + i + j)	854	835
Plus (or minus) last year's carry forward total	l	3	3
Sub-total	n = (l + m)	3	3
Total permissible income	o = k + n	857	838
Less notional general income yield	p	857	835
Catch-up or (excess) result	q = o - p	-	3
Carry forward to next year ⁶	t = q + r + s	-	3

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

Central Darling Shire Council

To the Councillors of Central Darling Shire Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Central Darling 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 'Manuel Moncada', written in a cursive style.

Manuel Moncada

Delegate of the Auditor-General for New South Wales

17 February 2021
SYDNEY

Report on Infrastructure Assets
as at 30 June 2020

Asset Class	Asset Category	Estimated cost		2019/20 Required maintenance ^a \$ '000	2019/20 Actual maintenance \$ '000	Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard \$ '000	to bring to the agreed level of service set by Council \$ '000					1	2	3	4	5
(a) Report on Infrastructure Assets - Values												
Buildings	Buildings	2,015	–	120	119	12,370	9,354	0.0%	70.0%	25.0%	5.0%	0.0%
	Buildings – non-specialised	403	–	180	22	–	3,000	0.0%	70.0%	25.0%	5.0%	0.0%
	Buildings – specialised	78	–	60	77	–	2,580	0.0%	70.0%	25.0%	5.0%	0.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Community Services	1,066	–	10	7	–	6,000	0.0%	70.0%	30.0%	0.0%	0.0%
	Council Housing	2,210	–	250	205	–	6,300	0.0%	75.0%	25.0%	0.0%	0.0%
	Water	364	–	10	7	–	3,600	0.0%	50.0%	50.0%	0.0%	0.0%
	Economic Activity	676	–	–	–	–	1,000	0.0%	50.0%	50.0%	0.0%	0.0%
	Transport	13	–	–	–	–	50	0.0%	50.0%	50.0%	0.0%	0.0%
	Amenities / Toilets	33	–	70	73	–	2,100	0.0%	70.0%	30.0%	0.0%	0.0%
	Sub-total	6,858	–	700	510	12,370	33,984	0.0%	68.2%	29.6%	2.2%	0.0%
Other structures	Other structures	–	–	–	–	2,816	–	0.0%	0.0%	100.0%	0.0%	0.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	–	–	–	–	2,816	–	0.0%	0.0%	0.0%	0.0%	0.0%
Roads	Sealed roads	780	–	400	248	33,994	58,798	0.0%	60.0%	20.0%	20.0%	0.0%
	Unsealed roads	7,121	–	3,200	2,381	55,451	50,000	0.0%	50.0%	25.0%	25.0%	0.0%
	Bridges	260	–	15	43	13,556	19,510	0.0%	0.0%	100.0%	0.0%	0.0%
	Footpaths	520	–	45	55	1,080	1,861	0.0%	25.0%	50.0%	25.0%	0.0%
	Other road assets	260	–	100	59	1,773	4,872	0.0%	50.0%	50.0%	0.0%	0.0%
	Bulk earthworks	–	–	–	–	24,234	32,541	0.0%	60.0%	20.0%	20.0%	0.0%
	Other	–	–	–	–	(24,235)	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Kerb and Gutter	260	–	25	1	2,274	3,467	0.0%	60.0%	20.0%	20.0%	0.0%
	Aerodromes	250	–	180	85	9,232	13,750	0.0%	75.0%	25.0%	0.0%	0.0%
		Sub-total	9,451	–	3,965	2,872	117,359	184,799	0.0%	51.5%	31.3%	17.3%

Report on Infrastructure Assets - Values (continued)

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					\$ '000	\$ '000	1	2	3
Water supply network	Water supply network	3,200	–	400	159	25,334	19,265	0.0%	0.0%	25.0%	50.0%	25.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Treatment Plants	5,500	–	500	556	–	10,500	0.0%	0.0%	0.0%	50.0%	50.0%
	Bores	39	–	30	69	–	869	0.0%	0.0%	100.0%	0.0%	0.0%
	Weirs, Storage Tanks, Dams	8,000	–	150	33	–	10,813	0.0%	0.0%	0.0%	0.0%	100.0%
	Pump Station	585	–	175	81	–	2,110	0.0%	0.0%	0.0%	100.0%	0.0%
	Sub-total		17,324	–	1,255	898	25,334	43,557	0.0%	0.0%	13.1%	39.0%
Sewerage network	Sewerage network	442	–	40	4	3,912	1,980	0.0%	0.0%	0.0%	100.0%	0.0%
	Other	160	–	125	76	–	548	0.0%	0.0%	0.0%	100.0%	0.0%
	Pumping Station	600	–	95	41	–	906	0.0%	0.0%	0.0%	100.0%	0.0%
	Treatment Plants	100	–	20	2	–	3,141	0.0%	0.0%	0.0%	100.0%	0.0%
	Sub-total		1,302	–	280	123	3,912	6,575	0.0%	0.0%	0.0%	100.0%
Stormwater drainage	Stormwater drainage	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Box Culverts	4	–	4	4	–	71	0.0%	0.0%	50.0%	50.0%	0.0%
	Pipes	12	–	5	1	694	2,930	0.0%	0.0%	50.0%	50.0%	0.0%
	Pits	8	–	5	1	–	104	0.0%	0.0%	50.0%	50.0%	0.0%
	Outlets	25	–	10	2	–	108	0.0%	0.0%	50.0%	50.0%	0.0%
	Gross Pollutant Traps	15	–	7	2	–	56	0.0%	0.0%	50.0%	50.0%	0.0%
	Sub-total		64	–	31	10	694	3,269	0.0%	0.0%	50.0%	50.0%
Open space / recreational assets	Swimming pools	550	–	550	443	–	3,800	0.0%	50.0%	50.0%	0.0%	0.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Recreation	300	–	150	212	–	2,100	0.0%	50.0%	50.0%	0.0%	0.0%
	Sub-total		850	–	700	655	–	5,900	0.0%	50.0%	50.0%	0.0%
TOTAL - ALL ASSETS		35,849	–	6,931	5,068	162,485	278,084	0.0%	43.6%	28.1%	20.8%	7.5%

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

Infrastructure asset condition assessment 'key'

- 1 **Excellent/very good** No work required (normal maintenance)
- 2 **Good** Only minor maintenance work required

Report on Infrastructure Assets - Values (continued)

as at 30 June 2020

3	Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

Report on Infrastructure Assets (continued)

as at 30 June 2020

\$ '000	Amounts 2020	Indicator 2020	Prior period 2019	Benchmark
Infrastructure asset performance indicators (consolidated) *				
Buildings and infrastructure renewals ratio ¹				
Asset renewals ²	3,278	88.81%	178.59%	>=100.00%
Depreciation, amortisation and impairment	3,691			
Infrastructure backlog ratio ¹				
Estimated cost to bring assets to a satisfactory standard	65,693	40.43%	18.99%	<2.00%
Net carrying amount of infrastructure assets	162,485			
Asset maintenance ratio				
Actual asset maintenance	5,068	73.12%	78.82%	>100.00%
Required asset maintenance	6,931			
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%	
Gross replacement cost	278,084			

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

(1) Excludes Work In Progress (WIP)

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

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

\$ '000	General fund		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	110.41%	224.77%	0.00%	0.00%	0.00%	0.00%	>=100.00%
Infrastructure backlog ratio ¹							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	35.33%	9.74%	68.38%	67.26%	33.28%	29.96%	<2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	75.00%	82.99%	71.55%	69.72%	43.93%	39.29%	>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.