



Warrumbungle Shire Council

2019/20 Annual Report

Released November 2020

MAYOR'S MESSAGE



It has continued to be an honour to lead Warrumbungle Shire Council as Mayor, together with Councillor Aniello Iannuzzi as Deputy Mayor. I would like to thank my fellow Councillors for their constructive leadership of Warrumbungle Shire Council. I commend Councillors and Council staff on their focus on achieving the best possible outcomes for our area.

This has been a challenging year with our Shire facing a devastating drought which has continued to impact throughout 2019/20 and during the beginning of 2020 the COVID-19 pandemic hit our nation.

The impacts of drought have continued to be felt by our farmers, businesses and residents. Council has taken a leading role in engaging with the NSW Government to provide greater water security for residents. With the weather turning in our favour at the beginning of 2020 it is very pleasing to see that Timor Dam is now back to 100% capacity.

The recent COVID-19 pandemic is unprecedented in living memory. Council has been following the directions from the Federal and State Government throughout the COVID-19 pandemic and has continued to maintain important services for the community.

Despite the ongoing challenges for our communities Council has some exciting major projects coming to our region. One of the highlights this year was the commencement of works on the Inland Rail project. The construction works for this project could have a positive impact for local businesses and looking to the future, the access to the rail line gives producers a local option for transporting grain and other goods. Another prospective opportunity will be the increased renewable energy projects which are proposed for the southern end of the Shire.

Our Warrumbungle area is well known for its stunning natural resources, from Coolah Tops in the south to the Warrumbungles in the north and our renowned night skies. We are well-placed regionally to receive the benefits of travellers between Melbourne and Brisbane and to access larger regional centres. At our heart is the communities that make the Warrumbungle area home.

We are people who come together during hard times; who value family, friends, a great chat and looking out for each other; who support the local area. Through good times and bad, our communities continue to shine.

DENIS TODD
MAYOR

GENERAL MANAGER'S MESSAGE



2019/20 has been a year of both achievements and challenges for Warrumbungle Shire Council. Major investments have been made in the Warrumbungle communities through Council's capital works program, however the year has been dominated by the impacts of drought and the COVID-19 pandemic.

A number of projects have been delivered in 2019/20. With the generous support of the NSW and Federal Governments a number of grant funding opportunities have been successful. In particular, Council received over \$3 million for road repairs under the NSW Government Fixing Local Roads Funding program; \$1.3 million for a new Robertson Oval sporting amenities building; \$1 million for various small projects across the Shire under Australian Government Drought Communities Programme; and \$590,000 under NSW Government's Stronger Country Communities Fund for upgrades to Mendooran Park Playground facilities and shades installed at Milling Park, a Stop and Play park Coonabarabran, and a new Jump the Stump Skate Park Coolah.

The NSW Government's Stronger Country Communities Fund Round Two projects which have been completed this year were Leadville Hall and amenities block upgrades, construction of the Baradine Skate Park, lighting upgrade for Bowen Oval, improving existing infrastructure at the Coonabarabran Skate Park, installation of a new transportable building for the Mendooran Turf Club, and installation of a new amenities block at the Mendooran Mechanics Institute.

This year has provided Council with some challenges both financially and operationally with the ongoing drought and COVID-19 pandemic. We have been extremely grateful that the COVID-19 pandemic did not affect any essential Council Services throughout the lock down period and I commend Council staff for providing such strong services during this challenging period.

It has been a privilege to work in partnership with the Mayor, Councillors, the Executive Leadership Team and staff of the Warrumbungle Shire. I am pleased to present the 2019/20 Annual Report.

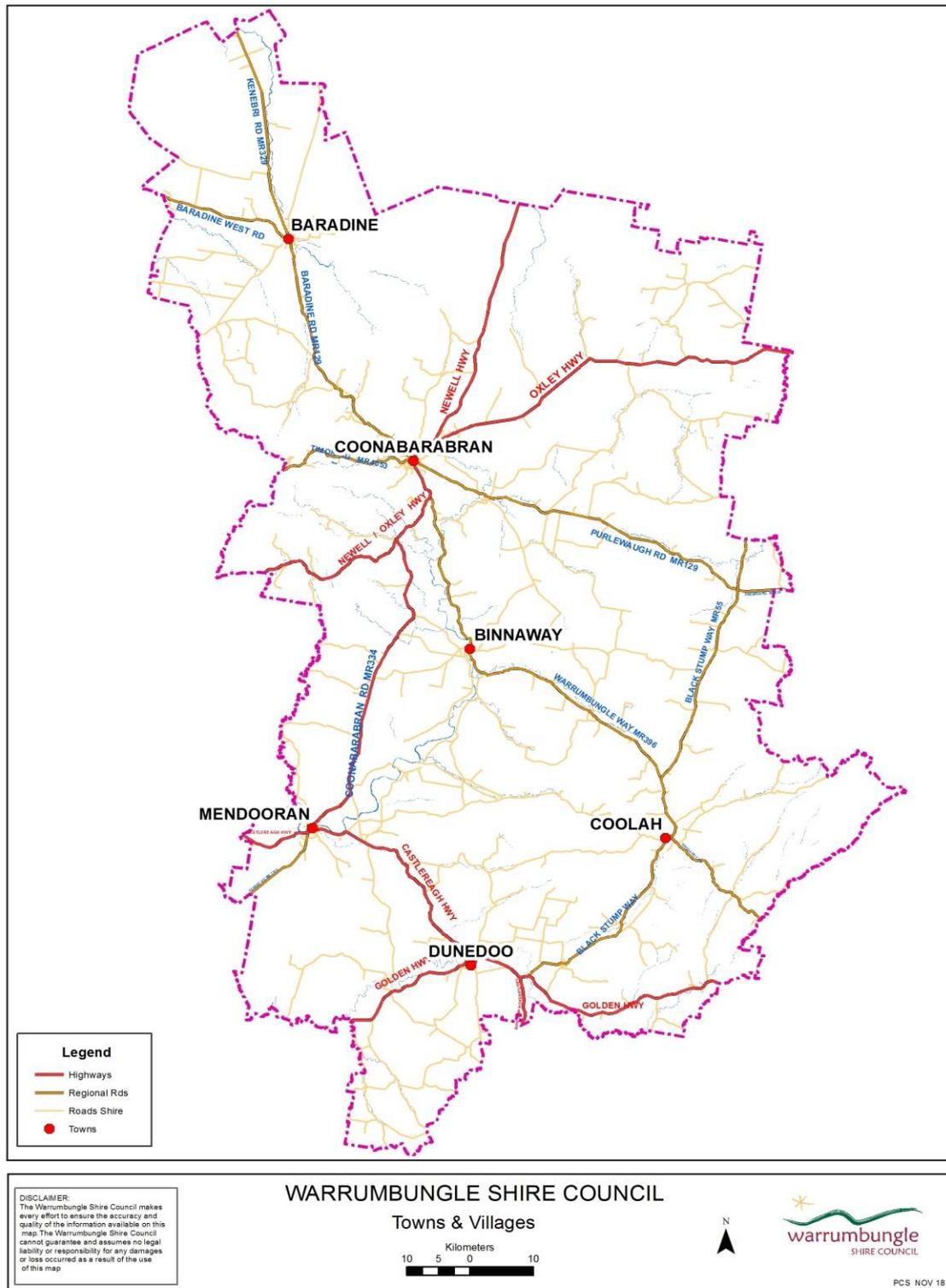
ROGER BAILEY
GENERAL MANAGER

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OUR COMMUNITY

The Warrumbungle Shire local government area is positioned mid-way between Brisbane and Melbourne on the Newell Highway. Taking in the towns of Baradine, Binnaway, Coolah, Coonabarabran, Dunedoo and Mendooran, our local government area is shown below.



COMMUNITY SNAPSHOT



9,348

TOTAL POPULATION

Baradine 593
 Binnaway 425
 Coolah 798
 Coonabarabran 2,537
 Dunedoo 1,215
 Mendooran 302



917

**ABORIGINAL AND
 TORRES STRAIT
 ISLANDER POPULATION**

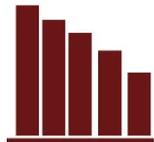


55.7%

EMPLOYED FULL TIME

30.6%

EMPLOYED PART TIME



0.43% pa

**AVERAGE
 POPULATION DECLINE**



49

MEDIAN AGE
 Median age NSW 38
 Median age Australia 37



7.9%

UNEMPLOYMENT RATE

Average unemployment NSW
 6.3%
 Average unemployment
 Australia 6.9%



\$479

MEDIAN WEEKLY INCOME
 Average weekly income NSW \$664
 Average weekly income Australia \$662



6,600

RATED PROPERTIES
 2,627 designated farmland or rural

OUR MOST POPULAR EMPLOYMENT INDUSTRIES INCLUDE AGRICULTURE,
 GOVERNMENT ADMINISTRATION, HEALTH CARE, AND EDUCATION AND TRAINING.

Population, employment and income data sourced from 2016 Census data.

COUNCILLORS



Denis Todd
Mayor



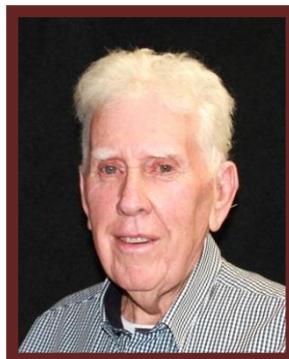
Aniello Iannuzzi
Deputy Mayor



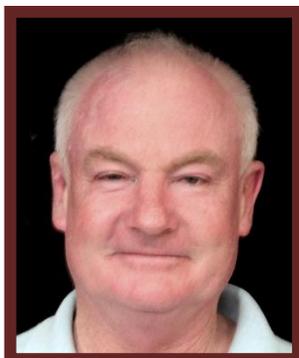
Kodi Brady



Anne-Louise Capel



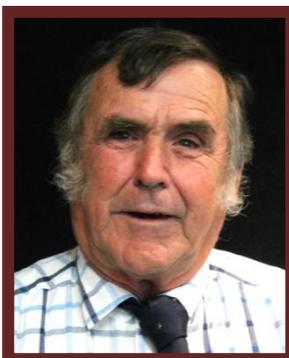
Fred Clancy



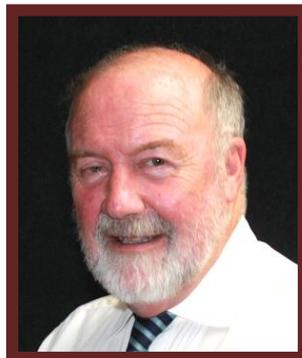
Ambrose Doolan



Wendy Hill



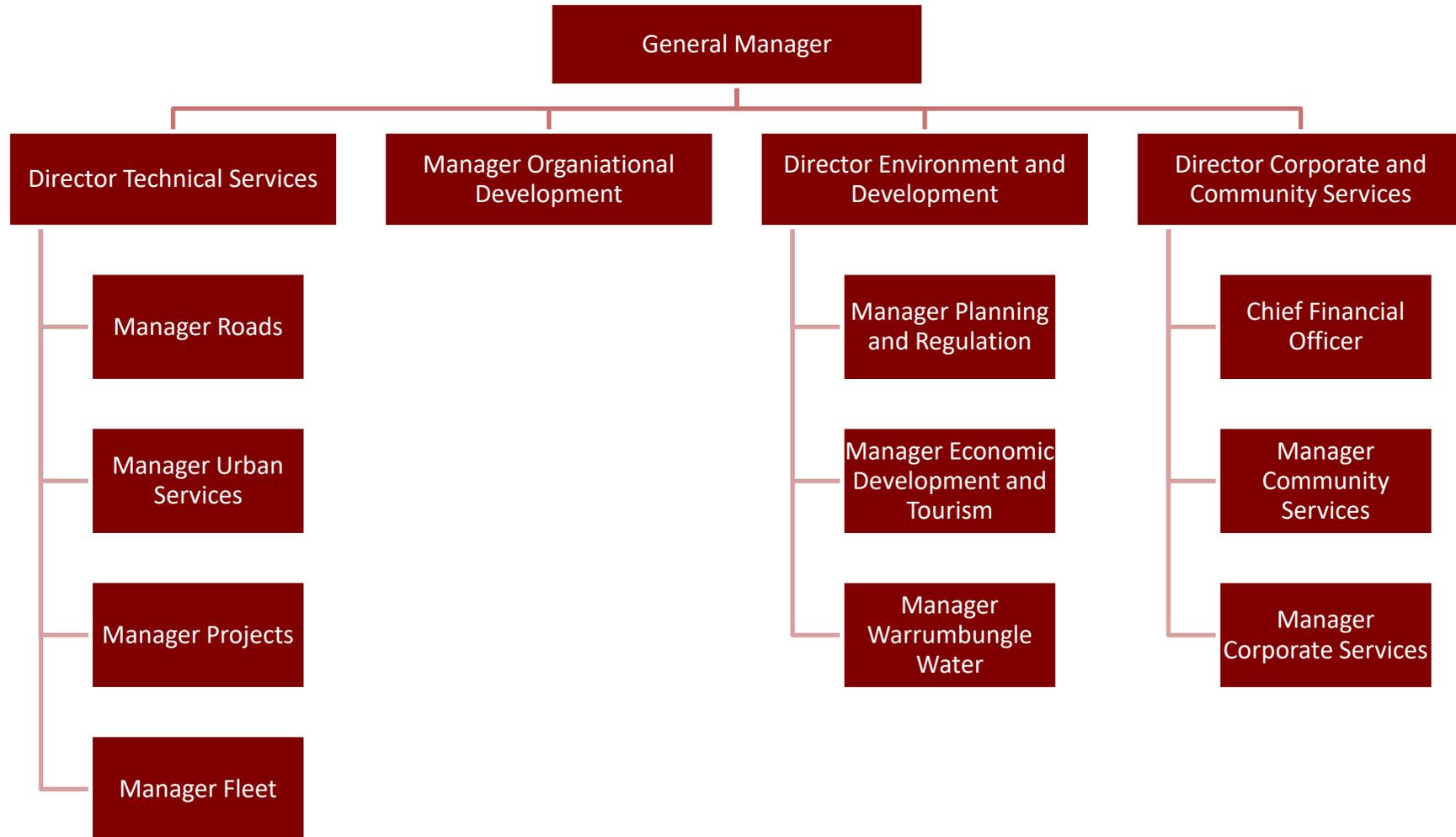
Ray Lewis



Peter Shinton

ORGANISATION

Warrumbungle Shire Council is managed by a General Manager with three Directorates. Council's organisation structure is shown below.



VISION, MISSION AND VALUES

Vision

Excellence in Local Government

Mission

Council will provide

- Quality, cost effective services that will enhance our community's lifestyle, environment, opportunity and prosperity;
- Infrastructure and services which meet the social and economic needs and aspirations of the community now and in the future;
- Effective leadership and good governance, by encouraging teamwork, through a dedicated responsible well trained workforce.

Values

✓ **Honesty**

Frank and open discussion, taking responsibility for our actions

✓ **Integrity**

Behaving in accordance with our values

✓ **Fairness**

Consideration of the facts and a commitment to two way communication

✓ **Compassion**

Working for the benefit and care of our community and the natural environment

✓ **Respect**

To ourselves, colleagues, the organisation and the community listening actively and responding truthfully

✓ **Transparency**

Open and honest interactions with each other and our community

✓ **Passion**

Achievement of activities with energy, enthusiasm and pride

✓ **Trust**

Striving to be dependable, reliable and delivering outcomes in a spirit of goodwill

✓ **Opportunity**

To be an enviable workplace creating pathways for staff development

GUIDING PRINCIPLES

Council is guided by section 8 of the *Local Government Act 1993* (NSW), which contains a set of principles to provide guidance to enable councils to carry out their functions in a way that facilitates local communities that are strong, healthy and prosperous.

Local Government Act 1993, section 8A 'Guiding principles for councils':

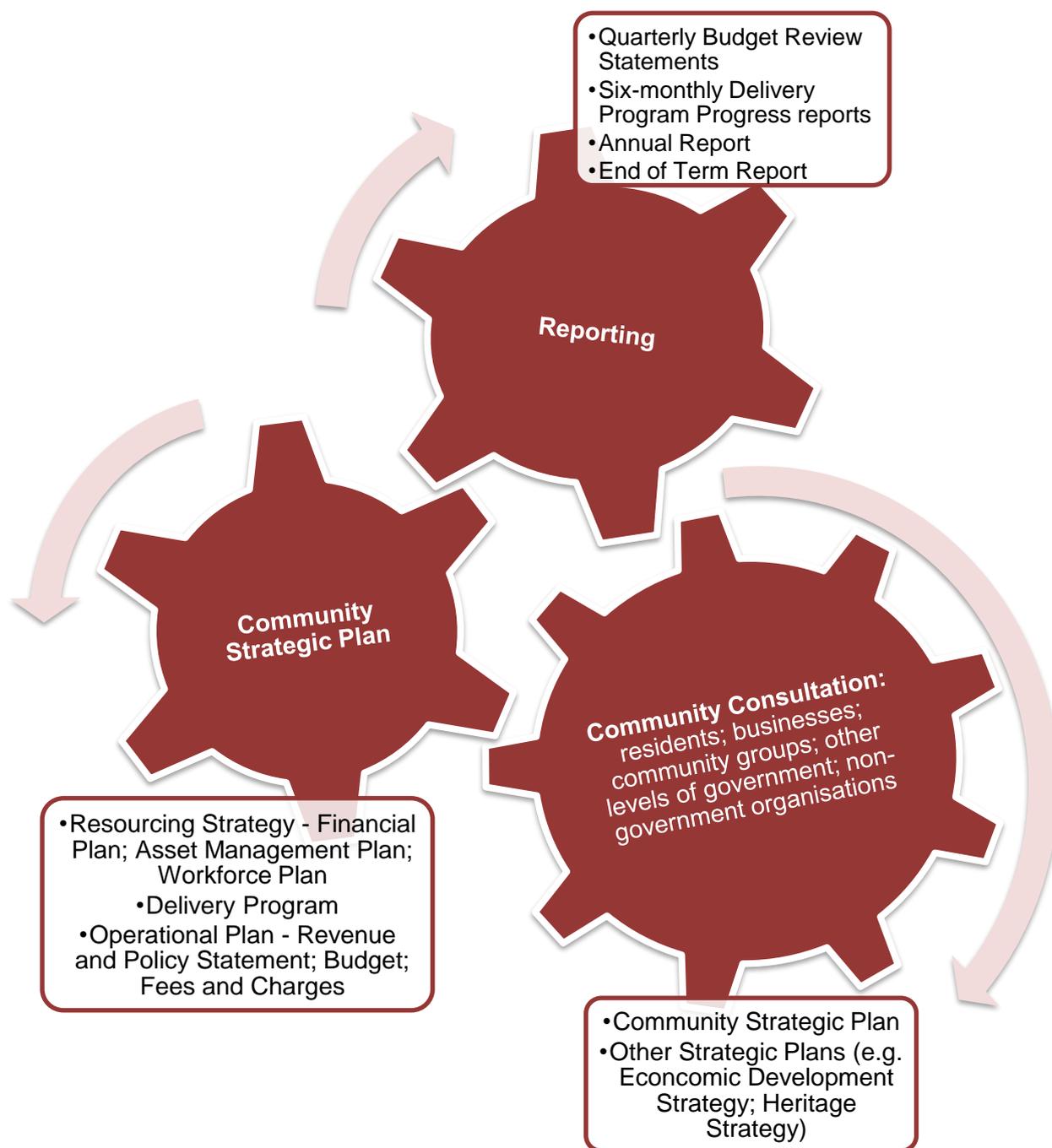
- (1) Exercise of functions generally. The following general principles apply to the exercise of functions by councils:
 - (i) Councils should provide strong and effective representation, leadership, planning and decision-making.
 - (ii) Councils should carry out functions in a way that provides the best possible value for residents and ratepayers.
 - (iii) Councils should plan strategically, using the integrated planning and reporting framework, for the provision of effective and efficient services and regulation to meet the diverse needs of the local community.
 - (iv) Councils should apply the integrated planning and reporting framework in carrying out functions so as to achieve desired outcomes and continuous improvements.
 - (v) Councils should work cooperatively with other councils and the State government to achieve desired outcomes for the local community.
 - (vi) Councils should manage lands and other assets so that current and future local community needs can be met in an affordable way.
 - (vii) Councils should work with others to secure appropriate services for local community needs.
 - (viii) Councils should act fairly, ethically and without bias in the interests of the local community.
 - (ix) Councils should be responsible employers and provide a consultative and supporting working environment for staff.

- (2) Decision-making. The following principles apply to decision-making by councils (subject to any other applicable law):
 - (a) Councils should recognise diverse local community needs and interests.
 - (b) Councils should consider social justice principles.
 - (c) Councils should consider the long term and cumulative effects of actions on future generations.
 - (d) Councils should consider the principles of ecologically sustainable development.
 - (e) Council decision-making should be transparent and decision-makers are to be accountable for decisions and omissions.

- (3) Community participation. Councils should actively engage with their local communities through the use of the integrated planning and reporting framework and other measures.

INTEGRATED PLANNING AND REPORTING FRAMEWORK

All councils in NSW are required to operate within the Integrated Planning and Reporting (IP&R) Framework. This framework aims to facilitate a strong and sustainable local government system by ensuring all councils have in place strategic plans, underpinned by community priorities and supported by appropriate resources. Warrumbungle Shire Council's IP&R is illustrated below.



COMMUNITY PRIORITIES

The Warrumbungle Shire Community Strategic Plan 2017-2032 (the Plan) was developed following community engagement. The Plan's vision describes the importance of our sense of community spirit, our children and our homes. The community's plan for the future will support the growth, resilience and health of our people, our neighbourhoods, the environment and local economy.

The Plan identifies seven key areas of interest to the community's needs and aspirations:

1 NATURAL ENVIRONMENT

We value our pristine, healthy, natural environment with clean water resources and diverse flora and fauna. We enjoy the close proximity to National Parks and large areas of forest and bushland. We love that we are surrounded by wide open spaces and spectacular mountain landscapes. We enjoy the peace and quiet, our temperate climate with four distinct seasons, the fresh, unpolluted air and clear night skies.

GOAL: the good health of our natural environment and biodiversity is preserved and enhanced.

2 LOCAL ECONOMY

Our solid local tourism industry is based on local attractions including three National Parks, Siding Spring Observatory and a range of tailored facilities and amenities. The contribution of our diverse agricultural industry is highly valued, made possible by good climate and rainfall, productive soils, clean water supplies and ready access to markets.

We benefit from good transport links within the Shire and to external markets and customers and from an abundance of natural resources which provide our Shire with opportunities for local economic growth. We have diverse local employment and business opportunities and we have access to a wide range of trades, services and businesses that are locally owned and operated, providing personalised customer service.

GOAL: our economy is strong and sustainable, providing our communities with localised employment opportunities and ease of access to markets, goods and services.



Wellington Street, Baradine

3 COMMUNITY AND CULTURE

Our communities are strong, resilient and inclusive and provide support and assistance to those in need. Local volunteers contribute greatly to our community wellbeing and we enjoy the freedoms that are afforded through our safe, friendly and caring community. Our Shire is a great place to raise a family and we value the contributions and participation of our younger people who are provided opportunities to support their development. Relationships between our indigenous and non-indigenous communities are harmonious and respectful and our diverse community is reflected through a wide range of arts and cultural activities, festivals and events.

GOAL: the communities of our Shire are safe, harmonious and supportive and are bound by vibrant social and cultural interaction and a strong local identity.

4 RURAL AND URBAN DEVELOPMENT

Our Shire is centrally located in NSW, within close proximity to regional centres and cities and we offer a range of affordable housing options. We enjoy a relaxed pace of life with low traffic volumes, no overcrowding and our urban centres are enhanced by the surrounding rural landscape and atmosphere. Our local history and heritage is visible in our towns and villages which are clean, tidy and well-presented.

GOAL: our Shire is characterised by its peaceful rural landscape, its thriving towns and villages and diverse agricultural activities.

5 RECREATION AND OPEN SPACE

People within the Shire have opportunities to participate in a diverse range of locally based sports catering for people of all ages, activity levels and interests. Our rural setting provides children with opportunities to play in and explore their natural environment and our communities have easy access to a wide range of active and passive recreational pursuits through close proximity to National Parks and other open spaces. Organised sporting and recreational activities within the Shire are coordinated by an array of active clubs and volunteer organisations and Council provides communities across the Shire with well-maintained sporting facilities, parks and gardens.

GOAL: the communities of our Shire have abundant opportunities to participate in sporting and recreational interests of their choice.



Binnia Street, Coolah

6 PUBLIC INFRASTRUCTURE AND SERVICES

We have a range of essential local services and facilities supporting the health, medical and aged care needs of our communities and we benefit from the local presence of State and Federal agencies and non-government organisations that provide a range of essential services. Local children and young people benefit from provision of high quality educational services and facilities. We have an array of public infrastructure, such as parks, libraries, community halls, swimming pools, sporting facilities and tourism amenities that are important for the prosperity and well-being of our communities.

Our towns benefit from the secure supply of potable water and our villages and rural areas have access to water from rainfall, rivers and artesian systems. Our Shire accommodates major road transport links that are of national importance for the movement of people and freight and Council maintains three aerodromes and an extensive network of roads and bridges that provide connections within the Shire and to other regional centres. We are also supported by volunteer emergency services that are critical in providing immediate accident and disaster response.

GOAL: our communities are provided with safe, functional, and well-maintained infrastructure and a comprehensive range of services.



Recycling Centre, Coolah



Warrumbungles Way, Coolah

7 LOCAL GOVERNANCE AND FINANCE

Our councillors represent the communities of the Shire well and work effectively together, taking their responsibilities as elected officials seriously. Council provides an appropriate range of services and facilities that are responsive to community needs and Council bases its activities and decision-making on principles of openness, transparency and accountability. Council maintains a visible presence across the Shire through decentralised offices, services and depot facilities.

Council is the major employer within the Shire, providing a wide range of local training and employment opportunities and Council's staff members are friendly and approachable and are an integral part of the communities of the Shire. Council is proactive in providing financial, staff and other resources to develop programs and services that support the well-being of its communities.

GOAL: Warrumbungle Shire Council is recognised for its strong community leadership, sound financial and asset management, and ethical, accountable and responsive local government.

COUNCIL HIGHLIGHTS

Warrumbungle Shire Council's implementation of its Delivery Program through the 2019/20 Operational Plan included the following highlights.

NATURAL ENVIRONMENT

Compliance Services

Council has continued to provide information for the keeping of companion animals using social media posts and media releases. Education and regulations on barking dogs is an example of a social media post during 2019/20 financial year.

Council's Compliance Officers responded to a number of nuisance complaints relating to the keeping of animals including cattle, horses and roosters in urban areas. Officers also attended to complaints received about neglected or wandering goats, horses and cattle. Correspondence and Penalty Infringement Notices are issued on an as-needed basis.

Council undertakes routine checks of overgrown properties to ensure the health and safety of all residents. Officers respond to complaints regarding overgrown private land in urban areas and issue correspondence and notices when needed. More frequent inspections are carried out after rain events and heading into fire season to ensure that grass is kept low to reduce the risk of fire.

Noxious Weeds

Council maintained membership to the Macquarie County Council which undertakes inspections and weed spraying on behalf of Council.

Environmental Health Services

Council's Environmental Compliance Officer provided information for the Regional State of the Environment Report Snapshot. This project is in conjunction with a number of regional councils in the area. Council reported on a number of items including office consumables, fuel usage, development and roadworks.

The Environmental Compliance Officer assists other branches within Council to achieve best practice environmental outcomes. Advice is given as required.

Council implements actions from the strategic plan of the Central West Councils Salinity and Water Quality Alliance. Council is a member of the Alliance and implements what it can in line with Council's projects.

LOCAL ECONOMY

Governance

Developing strategic relationships with other levels of government is a Council objective in an effort to ensure that the Shire receives an equitable allocation of resources. Relationships with all levels of government have continued to be developed and maintained. Council is proactive in communication with various State and Federal Ministers and Members of Parliament, as well as with other councils. Although travel was impacted by COVID-19 in the second half of the reporting period, Members of Parliament have visited the area to attend events such as official openings. Council regularly cooperates with other councils and is a member of the Orana Joint Organisation of Councils.

The community has expressed that an important function of Council is to encourage and support local business and industry in creating local employment, and to advocate for long-term creation and retention of high-quality services. Council is active in advocacy of local business and industry. In particular, Council has been involved with the Inland Rail project, which will pass through the northern end of the Shire. Support is also given to small business through engagement with the NSW Government Small Business Commissioner, hosting small business workshops and other events like the touring Small Business Bus, and meeting with various industry representatives.

Private Works

Council staff possesses a range of skills and are able to offer services to customers on a commercial basis. These services or private works are undertaken on an agreed fee for service basis and in accordance with rates published in the Fees and Charges section of the operational plan. The types of private works undertaken by staff include roadworks, slashing, mowing and minor concrete works.

Tourism and Economic Development

The Economic Development and Tourism Advisory Committee holds meetings every two months to discuss and put in place strategic regional initiatives.

Council is working with Pandora Gallery, Coolah to further strengthen and support Coolah's valuable Visitor Information Service at Pandora Gallery, and looking at Visitor Information initiatives in Dunedoo which are still in progress.

Coonabarabran Visitor Information Centre (VIC) supplies and disseminates brochures and visitor's information to operators throughout the shire and to neighbouring local government areas. Coonabarabran VIC has an extensive range of retail products, some of which are sourced locally. The staff and volunteers at both the Coonabarabran and Coolah VIC's record visitors to the centres. This data is used to analyse the visitor economy to the region.

Warrumbungle Region received recognition, being named as 'best camping' and 'best place to view stars' by renowned travel organisations such as Urban List.

Tourism and Economic Promotion

In the 2019/20 financial year local tourism campaigns and economic promotion included:

- Astro tourism - Capture the Cosmos competition
- Geo-trails app development
- Installation of Shire boundary signs
- Installation of Banner pole installation – shop local promotions
- Council nominated 'small business friendly'
- Council has facilitated 'Upskilling Local Businesses' including workshops, webinars and consultation.

VIC staff also attended the Caravan and Camping shows in New South Wales to promote the Warrumbungle region and its tourist attractions.

Community economic development is supported by Council along with the members of the Economic Development and Tourism Advisory Committee, the local community coordinators, Chambers of Commerce, Local Progress Associations, and their associated sub committees.

Manager of Economic Development and Tourism has in the last twelve months established a network of government and business agencies to facilitate business development including Destination NSW, Business Connect business advisors, Regional Development Australia

(Orana) and Service NSW. Manager of Economic Development and Tourism updates the advisory committee each meeting on the Economic Development and Tourism Strategy action plan progress.

Warrumbungle Quarry

Council operated the hard rock quarry near Coonabarabran under a lease agreement with Boral during the year. The quarry produces aggregates for road sealing and local concrete production. The quarry is an important supplier of manufactured sand for the local building industry and the quarry is also a supplier of road base for road pavement construction. Due to falling demand and a significant increase in the increased cost of production, the quarry operated at a loss during 2019/20 and a decision was taken to cease operations at the quarry on the 30 June 2020. Remaining stockpiles are to be used for Council 's own internal works until the lease period expires November 2020.

COMMUNITY AND CULTURE

Castlereagh Family Day Care

Warrumbungle Shire Ordinary Council Meeting on 20 February 2020, resolved that Council would not be re-applying to recommence the provision of Castlereagh Family Day Care Services. It was resolved that Council surrender the Service approval from 27 March 2020. All educators in the Warrumbungle Local Government Area are now administrated from Gunnedah Family Day Care Service.

Community Care

Warrumbungle Community Care (WCC) provides a range of services across the Shire to assist the frail aged, people with a disability, and carers. Services include Community Transport, Meals on Wheels, Respite, Social Support and Home Maintenance. Service delivery is informed by the Quality Standards. Domain One: Dignity, respect, choice and complaints; Domain Two: Care planning and personal and clinical care; Domain Three: Lifestyle and service environment; and, Domain Four: Governance and Human Resources. WCC is now an Approved Home Care Package provider, and is a Registered Authorised NDIS provider.

The range of service supports people to continue to live independently in their own homes. WCC provides services to almost 800 clients across the Shire. These services are provided by our dedicated team of six (6) permanent staff, eight (8) part time/casual staff and a team around 185 volunteers.

In 2019/2020 financial year Warrumbungle Community Care provided the following services:

Service	Outputs
Meals on Wheels	10,874 meals
Social Support	6, 578 hours
Respite	358 hours
Home Maintenance	1,079 hours
CHSP transport	7,616 trips
NDIS Transport	272 trips
CTP Transport	3,650 trips

Service	Outputs
HRT Transport	254 trips
DVA Transport	90 trips
Taxi Vouchers (CHSP, CTP,NDIS)	7,644 vouchers

WCC has introduced a school-based trainee position to the Coonabarabran office for one day a week to provide a community based administrative development opportunity.

Warrumbungle Community Care was the winner of the Meals on Wheels NSW Innovative Awards with their innovative “*Voucher System and Food Partnership*” during COVID 19. This initiative saw 18 food business partnerships developed across the shire with a strong focus on supporting local business. During COVID-19 over \$45,000 was spent using meal vouchers on local meals and promotion and equipment.

Community Development

The role of Community Development Coordinator(s) includes seeking funding on behalf of their Community Development Group and/or Progress Association, and other Community Groups, providing support to locally based community groups and organisations to coordinate and promote local events, and to provide a point of contact for Council in local towns.

In 2019/2020 the Community Development Coordinators once again had a highly successful year with a large amount of funding being sourced for programs, activities and infrastructure in our local towns totalling \$2.2 million. A highlight of the Community Development program is the value-added support provided to other groups in each of their local communities to help them to also source funding to implement a range of activities, infrastructure or service delivery. The Coordinators came together for quarterly meetings and were supported in the secretarial function by Council’s Community Connections Officer. A greater collaboration between these roles has resulted in greater local benefits with the opening of the community hubs.



School of Arts building, Coolah

Connect Five Children’s Service

Connect Five Children’s Services is externally funded by the NSW Department of Education and Communities. Connect Five Children’s Services provides play sessions to families with children not yet attending school in nine (9) communities across three (3) Shires – Warrumbungle, Coonamble and Gilgandra.

In 2019/2020 Connect Five Children's Services provided 45 Play Sessions a term at nine (9) different venues. Attendances for 2019/2020 were 809. In lieu of face to face delivery, due to the impacts of COVID-19, staff developed the PADLET Remote Learning Hub and provided over 60 Family Activity Packs sent out by mail during COVID-19.

As well as providing Play Sessions, Connect Five Children's Services is also a Licensed Service and that provides Occasional Care for those who wish to attend an appointment, school, shopping or something else. Some parents also wish to give their child the opportunity to experience a childcare setting on their own for a short period in preparation for starting pre-school. Although this is a very small part of the Service it is greatly valued by those who use it, particularly in places where there is no childcare service.

The other, very popular, part of the Service is the Mobile Toy Library. The Mobile Toy Library provides toys and equipment for enhancing children's learning and development and may be borrowed at a Play Session or from the Office in Coonabarabran. Other agencies working with young children may also borrow from the Connect Five Children's Services Toy Library. This is an essential service for isolated and disadvantaged families. We have had over 200 toys borrowed from this service.

Connect Five works with other agencies to support families with visits to play sessions from professionals such as nurses and occupational therapists.

In addition to the core services, Connect Five Children's Services also supports the Mobile Pre-school class run by Yuluwirri Kids. In 2019/2020 Monkey Room continued to be run under the Connect Five Children's Services Licence with attendance levels of over 80%.

Yuluwirri Kids Preschool and Long Day Care

Yuluwirri Kids is a 57 licensed Preschool and Long Day Care Centre that opened on 2 February, 2009. The Centre is funded by NSW Education and Communities for a maximum of 57 children a day. The Centre operates three (3) classrooms:

- Panda Room for 0-2 years of age. This room can accommodate up to 11 long day care students a day.
- Possum Room for 2-4 years of age. This room can accommodate up to 13 long day care students and 7 preschool students a day.
- Giraffe Room for 3 – 5 years of age the year before children commence school. This room can accommodate up to six (6) long day care students and 20 preschool students each day.

A fourth Mobile Preschool classroom operates two days a week on Wednesdays and Thursdays at Council's Robertson Street Campus in Coonabarabran. This Mobile Preschool was established in February 2010, in conjunction with Connect Five Children's Services license, to support Yuluwirri Kids waiting lists for three (3) to five (5) year old children who want to attend Preschool.

Over the course of the year these combined services offer 14,350 places per annum. This equates to 325 places a week, 49 weeks a year of Long Day Care and 40 weeks a year of Preschool. Enrolment and attendance rates fluctuated in 2019/20, with 80-85% in terms 3 and 4 of 2019, reducing to around 65% in Terms 1 and 2 of 2020. This reduction can be largely attributed to the impact of COVID-19 pandemic, as enrolments generally build over the course of Term 1 (February to March).

Community Connections Solutions Australia (CCSA) has been facilitating an assessment on access to preschool services with a view of establishing a business sustainability model to be implemented by Children Services in 2021/2022 so we can focus upon providing sustainable quality services to children.

Yuluwirri Kids Aboriginal Trainee completed Certificate 3 in Early Childhood in June 2020 and was a co-winner of the Cr Pat Dixon Memorial Scholarship. This trainee was also a finalist in the NSW TAFE Trainee of the Year. Yuluwirri looks forward to this outstanding trainee mentoring future Aboriginal trainees and coordinating our Dhali Breakfast program for indigenous preschool children.

The Yuluwirri Road Safety book initiative has been worked on over many years with members of staff being a driving force for this initiative. This early childhood innovation was nominated for the National Local Government Safety Award in 2020.



Yuluwirri Kids, Coonabarabran

Libraries

Macquarie Regional Library (MRL) provides a range of services and collections to the communities across the Warrumbungle local government area. There is consistency in services and collections that are offered and a high level of support from MRL Regional Office in the programming and delivery of programs and services. The library provides services and collections at each of the three (3) libraries of Coolah, Coonabarabran, Dunedoo, and limited services to Baradine, Binnaway and Mendooran.

In addition to regular borrowing and utilisation of the internet and other library facilities, local libraries offer a number of other activities in our local communities. The Library's 2019/2020 statistical results were affected by the closure of MRL branches due to COVID-19 pandemic circumstances.

In 2019/20 MRL services once again included:

- Maintenance of a service for housebound members and members in aged care
- Involvement in celebration weeks such as Simultaneous Storytime, National Youth Week, Law Week, Library and Information Week
- Promotion of events and activities in local towns.
- School Holiday programs and activities.
- Engagement with local schools, childcare, story time and homework sessions.
- Regular reading and craft sessions.
- Hosting meetings of local groups including local book clubs, craft groups and gardening groups.
- Hosting information sessions and other activities for people of all ages.

Public Halls

Council owns public halls in the following locations: Baradine, Mendooran, Coonabarabran, Dunedoo, Goolhi, Binnaway, Coolah and Purlewaugh. The Coonabarabran Sport and Recreation building is also categorised as a hall for reporting purposes. The cost of maintaining these halls during 2019/20 totalled \$0.18m.

The halls are available for hire and activities. The halls in Coolah, Baradine, & Purlewaugh are managed by volunteer groups.



Memorial Hall, Baradine

Youth Services

The Targeted Early Intervention Youth Services activities in 2019/2020 consisted of:

- The establishment of community hubs in each of the six towns across the Shire.
- The establishment of the innovative Goose Chase as an interactive IT partnership with Dark Skies.
- Innovation in lieu of face to face National Youth Week activities due to the impact of COVID-19.
- The skatepark mural work in Coonabarabran at the Peter Crystal Park as a collaborative partnership of the Coonabarabran Interagency groups YARN (Youth Suicide Prevention), McKillop and Centacare Services and Rotary.
- The annual footy game in Mendooran between Police, Youth and teachers.
- Further development in the Youth Strategic Plan, with a number of youth consultations that informed.
- The planning for a range of youth leadership development activities to be implemented in 2020/2021 with the Leadership Academy and Civic Citizenship Initiative workshops.
- Support for other service providers and secretarial support for the Community Development Coordinators.

The Youth Development Program continued to actively engage and empower the youth of our Shire through a variety of programs, activities and initiatives under the Department of Justice and Communities Community Builders Program, (previously Department of Family and Community Services). The Targeted Earlier Intervention (TEI) Program has successfully transitioned to replace the former Youth Development Program. This TEI Program is directed at improving connections across the Shire and through a variety of service providers utilising the Community Hub structures as now established in each town on a fortnightly basis.

Strong partnerships and collaborations continued through the ongoing support of local agencies, organisations, schools and community groups ensuring 50 community events and activities were provided across the Shire for 1300 young people.

Compliance Services

Council maintains Alcohol Free Zones throughout the urban areas of the Shire. Compliance Officers undertake regular inspections to ensure the Alcohol-Free Zone signage is current and in the correct position. Signs are replaced if they are old or unreadable.

Drafting of an outdoor dining policy has been underway and will be finalised in 2020/21 financial year.

RURAL AND URBAN DEVELOPMENT

Building Control

Building and Plumbing inspections were carried out by Council's Contract Building Certifier and Council's Building Certifier throughout the year ensuring that the current standard and legislative requirements have been met. Council's Building Certifier inspects buildings to certify that all building works meet the requirements of the National Construction Code.

Town Planning

Council is undertaking a review of the Warrumbungle Shire Local Environmental Plan which will incorporate new land zonings and the proposed bypass corridor. Council is currently undertaking a review of the Section 94A (7.12) Contribution Plan which includes the schedule of works throughout the Shire for money received from the Contribution Plan.

Compliance

Council's contractor Building Certifier along with Council's Compliance Officers have undertaken inspections on swimming pool barriers for houses that are for sale or rent. A number of pool barriers failed inspections and works were required before a compliance certificate could be issued.

Horticulture

Council owns and maintains 19 park areas throughout the Shire and there are eight (8) sets of playground equipment. Some of the maintenance activities in these areas include: grass cutting, watering, weeding, tree pruning, amenities cleaning and maintenance, monitoring and maintenance of playground equipment, and general horticultural tasks associated with numerous garden beds. The annual cost of parks and gardens maintenance activities in 2019/20 was \$0.28m.



Milling Park, Dunedoo

Street Cleaning

Council owns and operates a street sweeper that sweeps gutters in each of the six towns within the Shire. Working on a three-week schedule, gutters are swept in accordance with the following schedule; Coonabarabran 3 days a week, 0.5 days per week in Coolah and Dunedoo and 0.3 days per week in Baradine, Binnaway & Mendooran. The cost of street cleaning in 2019/20 was \$0.28m.

Public Amenities

There are 12 public toilets throughout the Shire that are owned and maintained by Council. The toilets generally opened at dawn and closed at dusk, however there are some toilets that are opened 24 hours 7 days a week. The toilets are cleaned at various times during the week, a total of 70 times each week. The cost to clean and maintain these toilets in 2019/20 was \$0.30m.

Town Streets

There are six urban areas in the Warrumbungle Shire local government area: Baradine, Coonabarabran, Binnaway, Coolah, Dunedoo, and Mendooran. Within these areas there is a total of 139km of roads. Some of the maintenance activities carried out by Council for these roads include emptying of street bins, street garden and tree maintenance, stormwater infrastructure maintenance and cleaning, and road and footpath maintenance. The total cost of these maintenance activities in 2019/20 was \$0.80m.

Projects associated with renewal of town street assets that occurred during the year include renewal of road pavement in Crane Street and renewal of kerb and guttering in John Street Coonabarabran. There was 6km of resealing completed on town streets at a cost \$0.15m.

Projects associated with new works in town streets include construction of a concrete shared pathway in Cowper Street and Cassilis Street in Coonabarabran; construction of an underground stormwater drainage system in Dunedoo; stormwater drainage works in Cobra Street Mendooran and construction of small median island in Binnia Street, Coolah.



Renshaw Street, Binnaway

Village Streets

Mowing, maintenance grading and tree maintenance was undertaken in the streets of villages across the Shire including; Kenebri, Bugaldie, Ulamambri, Merrygoen, Neilrex, Uarbry and Leadville. The cost of maintaining streets in the villages in 2019/20 was \$25,000.

RECREATION AND OPEN SPACE

Ovals and other Sporting Facilities

Across the Shire there is an oval complex in each town and there are tennis courts in Coonabarabran, Binnaway, Baradine, Mendooran and Coolah. The predominant maintenance activities at each oval include irrigation, mowing, line marking and cleaning up after football events. The annual cost of maintenance and operations during 2019/20 was \$0.42m.

There were significant renewal and improvement projects completed during 2019/20 including:

- New oval lighting at Baradine and Binnaway
- New skate park at Baradine
- New shade shelter over Coonabarabran skate park
- Replacement of perimeter fence at Coonabarabran.



Skate Park, Coonabarabran



Skate Park, Baradine

Pools

Council owns and operates a public pool complex in each of the six towns within the Shire. The 2019/20 season was particularly challenging due to a shortage of Pool Attendants which meant that some pools were closed in February and March. There were 41,000 visits to pools across the Shire, which is a reduction in attendance numbers compared to previous years. The nett operating cost of the pools was \$0.59m.

All of the pools except for Coolah and Mendooran are over 50 years old and they are experiencing chronic maintenance issues particularly in relation to pumps, filter equipment and water leakage. Renewal works during the year included leak repair at Baradine Pool, removal of trees and Coonabarabran Pool and installation of a shade shelter. The installation of a new electronic key access system was undertaken in the off season.

Compliance Services

Compliance Officers undertake inspections to ensure private pools meet the requirements of pool safety legislation. Inspections are carried out upon request and compliance certificates are issued for complying barrier fences.

PUBLIC INFRASTRUCTURE AND SERVICES

Aerodromes

There are registered aerodromes at Coolah and Coonabarabran, and there is an unregistered aerodrome at Baradine. Maintenance tasks undertaken by Council include grass slashing, weekly inspections and maintenance of the bitumen surface on the runway at Coonabarabran. The annual cost of aerodrome maintenance in 2019/20 was \$100,000.

Significant renewal works were undertaken during 2019/20 at Coonabarabran aerodrome with the resurfacing of the bitumen runway and aprons at a cost of \$316,000. Resurfacing of the unsealed runway at Baradine was also completed at a cost of \$45,000. Also, the turning area on the eastern end of the Baradine Aerodrome was bitumen sealed at a cost of \$15,000.



Aerodrome, Baradine

Emergency Services Management

The Local Emergency Management Committee was not activated in response to any emergency during 2019/20, however the Committee met on four occasions throughout the year. The meetings were well attended with representatives from; NSW Police, Fire & Rescue NSW, Rural Fire Service, Ambulance, State Emergency Service, Volunteer Rescue Authority and from the Regional Emergency Management Committee.

Council participates in the Bush Fire Management Committee which prepares plans for managing bush fire risks. The Committee also documents fire-trails within the shire, which assists agencies in applying for funding to maintain fire-trails within the National Parks and also State Forest areas.

Local Roads and Infrastructure

Council is responsible for maintaining and making improvements to 2,276km of local rural roads, of which 450km are sealed. Council is also responsible for 385km of regional main roads.

Council also undertakes roadworks under contract for Transport for New South Wales (TfNSW) on 186km of state roads, including sections of the Golden Highway, Newell Highway and Castlereagh Highway. Expenditure on these roads by Council during 2019/20 was \$1.35m.

The renewal of bitumen seal on local rural roads during the period included 19km bitumen resurfacing at a cost of \$0.36m. There was 21km of bitumen resurfacing works undertaken on various regional main roads throughout the Shire at a cost of \$0.46m.

During the period 409km of maintenance grading was undertaken on unsealed roads across the Shire at a cost of \$1.3m. The length of road graded during 2019/20 is well down on the target length of 550km and this was due to the flood events that occurred in February, March and April. The cost of emergency works and some restoration works undertaken on the roads that were damaged as a result of the flood events was \$0.73m.

The expenditure on maintenance activities associated with sealed local rural roads was \$0.33m and includes activities such as pothole patching, mowing of roadside grass and repair of drainage structures.

Council is committed to renewing road assets to maximise remaining life and provide acceptable standard of service for road users. Renewal projects on road assets in 2019/20 were many and varied including the following:

- Sealed pavement renewal on Coolah Creek Rd, Neilrex Rd and Black Stump Way.
- Renewal of unsealed roads were undertaken through gravel resheeting on the following roads: Berdeen Rd, Cumbil Rd, Gowang Rd, Hollymount Rd, Leaders Rd, Maranoa Rd, Uphills Rd, Coybil Rd, Wardens Rd, & Boltions Ck Rd.
- Shoulder reconstruction and pavement widening works were undertaken on the following roads: Purlewaugh Rd, Black Stump Way and Forest Rd.

Improvements to the road network were undertaken through the following roadwork projects:

- New bridges over Billy Kings Creek 1 and Billy Kings Creek 2.
- 600 metres of new bitumen seal on Munns Road.



Billy Kings Creek Bridge Project

Medical Facilities

Council owns buildings in Coonabarabran, Mendooran and Dunedoo that are leased for provision of medical services. These premises were maintained and met the professional service level expected by the medical practitioners operating in each of the buildings.

A Council owned house in Coolah that was rented for several years by a visiting Doctor was vacated during the year.

Warrumbungle Waste

Council provided and maintained the landfill site at Coonabarabran with transfer stations located in Baradine, Binnaway, Coolah, Dunedoo, Mendooran and Ulamambri.

Warrumbungle Waste continued the weekly general waste collection and fortnightly recycling collection for residents throughout the Shire for residents who pay for the collection.

A review of Warrumbungle Waste was undertaken with changes being implemented in the 2020/21 financial year. The changes include infrastructure being installed at Ulamambri Transfer Station for residents to dispose of rubbish and the reduction in opening hours. Commercial recycling is also being looked at to ensure the health and safety of Council staff as the current woolpacks used for commercial recycling may present WHS issues.

Coonabarabran Landfill and Dunedoo Transfer Station are both Container Deposit Stations with people travelling from other shires to deposit containers for the 10c refund. Council is currently ranked second in the State for the number of containers deposited, which means less plastic and glass is being disposed of into landfill.

A waste management strategy will be developed to establish the current use and future use of the Coonabarabran Landfill Site during the 2020/21 financial year.



Coolah Waste Transfer Station

Warrumbungle Water and Sewer

Council provides potable water services to residents in Baradine, Binnaway, Bugaldie, Coolah, Coonabarabran, Dunedoo, Kenebri and Mendooran; non-potable services to residents in Merrygoen and along the raw water feed main in Timor Road, Coonabarabran. In all there are 3319 service connections. To provide these services, there are 23 groundwater bores, four (4) river wells, one (1) dam, one (1) weir, four (4) water treatment plants, 23 reservoirs including treatment plant clear water tanks and 169 km of water mains including head works, transfer and reticulation mains.

To improve water security, the reservoirs at Kenebri were replaced; Martin Street reservoir in Coolah has been refurbished; Timor Dam and Poundyard Weir in Coonabarabran were dredged; and 800 water meters were replaced Shire-wide. To improve water quality and security, the funded Coolah Water Supply Scheme and Shire-wide Water Supply Systems Automation Upgrade Scoping Studies commenced; the Mendooran Water Supply Upgrade Concept Design progressed; 1.7 km of old water mains were replaced; 1 km of new water mains were installed; and 5 dead ends in the reticulation systems were removed. To improve water safety, 3 old bores were capped; the integrity of 6 reservoirs was restored through repair works; and the filter control at the Coonabarabran Water Treatment Plant has been upgraded. The feasibility study for the raising of the Timor Dam wall, the Baradine Water Treatment Plant Upgrade, the SCADA and Telemetry Network Upgrade and the improvements to the water meter reading operation are all in progress.

Sewage services are provided to residents in Baradine, Coolah, Coonabarabran and Dunedoo. In all, there are 1418 connections. Infrastructure to support these connections includes nine (9) pumping stations, four (4) sewage treatment plants and 83 km of sewer main.

In 2019/20, 75 vacuum pots in Baradine were refurbished by replacing the internal valves and controllers; one vacuum pump at the Baradine sewage pump station was replaced; nine (9) manhole junctions were repaired and sealed in Coonabarabran; and Shire-wide pump station inspections were performed resulting in several pump removals for repair and replacement. The Dunedoo and Coonabarabran Sewage Treatment Plant Upgrade Concept Designs started and progressed, and the scoping study in Mendooran to install sewage services in this currently un-sewered township is being finalised.

Environmental Health Services

Assessment and inspections are carried out on all new applications for on-site sewage management systems (OSSMS). Staff have undergone training to ensure that the assessment and inspections are carried out in accordance with the current standards. Existing OSSMS are inspected as required on an ad-hoc basis.

Compliance

Council Compliance Officers responded to seven (7) reported Stock on Road complaints. Compliance Officers are quick to respond and are usually on site within one (1) hour depending on the location of the stock. Council has purchased signage to warn motorists of stock on the road to ensure the safety of both the stock and staff members who are on site.

LOCAL GOVERNANCE AND FINANCE

Customer Service

During the reporting period, Customer Service staff met the following targets:

- Annual Report, Agency Information Guide and statutory documentation prepared as required.
- Correspondence and reports prepared as required.
- In the report period, 13,217 documents were registered in InfoXpert, Council's Document, Records and Content Management System.

A school-based trainee was introduced into Customer Service at the Coonabarabran office, expanding on opportunities previously provided to young people in the community.

Cemetery Services

Council manages and maintains 12 cemeteries across the Shire. Activities include management of a database of interments, liaison with Funeral Directors, excavation of burial sites, and maintenance of grounds and fences at each cemetery. The nett cost of Cemetery Services in 2019/20 was \$94,000.

Communications and IT

Communications released to keep the community informed of Council activities increased by around 25% over the previous 12-month period. The Community e-Newsletter was launched in September 2019 and currently has a monthly reach of around 500 people. A variety of communications methods are used, including traditional print media, website, social media, posters and letter box drops. Council's social media presence increased during the reporting period, with an audience increase of 33%.

Council relies on a robust IT network to allow staff access across a large geographical area. IT capital projects have been in line with the Delivery Program and include installation of free

wi-fi to towns throughout the local government area and software licensing. A new computer operating environment, the Remote Desktop Server, was built during the reporting period ahead of rollout to the organisation.

Design Services Management

There is a small team in Technical Services that provide technical support across the Council organisation. In particular the design team investigates, designs and prepares drawings for roadworks, drainage works, kerbing and guttering and footpath works. The team also provides rural road addressing services across the Shire and GIS services to the organisation. The design team is also active in preparing funding submissions for road projects, particularly projects under the State Government's Fixing Country Roads program, Safer Roads Program and Active Transport Program.



John Street, Coonabarabran

Environment and Development Management

Council is undertaking a review of its Local Environmental Plan to ensure that zoning is correct and reflects the needs of the community and surrounding agricultural land to ensure fragmentation of agricultural planning does not occur. Council received a total of 59 Development Applications which were assessed within the legislative requirements. Council processed 388 planning certificates throughout the 2019/20 year, with all certificates checked for accuracy by the Town Planner and sent within required timeframes.

Building Certificates were assessed and inspected accurately and processed in a timely manner. Council's Certifiers assessed a total of four (4) Complying Development Certificates throughout the 2019/2020 financial year. As not all applications can be complying development the number is down from previous years.

Council's Environmental Compliance Officer commenced inspections on food shops to ensure that all businesses within the Shire were meeting the requirements of the NSW Public Health order in relation to the number of people, hygiene and social distancing rules. However, inspections ceased with the COVID-19 pandemic and will recommence in the 2020/21 financial year.

Financial Services

The 2019/20 financial year was a busy year for Council's Finance branch working through changes in structure, process and taking on new responsibilities. As well as this, Finance provided extended support for the interim and external audits.

Council's result is higher than last year mainly due to sale proceeds of Council's share in Southern Phone Company Limited in 2019/20 and impairment of Three Rivers Regional Retirement Community (TRRRC) works in 2018/19. Council is set to record a good result in 2019/20, due to the efforts of our good people in Technical Services, Environment and Development, and other staff who secured excellent grant funding for the Warrumbungle community and completed over \$14m in capital works. The result was further boosted by the pre-payment of the first two quarters of the 2020/21 Financial Assistance Grant being made in 2019/20.

Whilst the Fit for the Future assessment by the Office of Local Government is officially over, it does not mean that Council is not being monitored and measured against these benchmarks. So, although Council received \$4.2m in capital grants it is wise to recognise that these types of funds cannot be relied upon year on year and that Council needs to review robustly its way forward financially.

The ability of Council to adjust for the possibility of falling grant income is limited to increasing revenue from user charges and other services, coupled with a preparedness of expenditure reductions through a combination of efficiencies and service reductions.

There were some significant achievements made by Council's Finance branch in the financial year, including: completion of Council's 2019/20 financial statements and lodgement by the statutory deadlines; continued improvement in reporting for RMS contracted works; and completion of all other Integrated Planning and Reporting requirements, including the re-casting of Council's Long Term Financial Plan and Delivery Program Plan. Furthermore, there were no WHS incidents or lost time to injuries in Financial Services during the 2019/20 financial year.

Organisation Development

Council's turnover remained steady at 11.32% in 2019/2020, comparable to the 11.5% average for all NSW councils in 2018/2019. In 2019/2020 Council staff had an average tenure of 10.19 years, which is on par with the 9.82 years average for all NSW councils the previous year.

COVID-19 impacted a range of Council operations in the last quarter, with a number of new procedures and processes introduced to assist in managing the risks associated with the pandemic. The uncertainties surrounding the impacts of COVID-19 also affected Council's recruitment in the latter half of the financial year, delaying the recruitment of some positions.

Council's sick leave decreased by 11.7% in 2019/2020, a cumulative improvement of 26.3% over the last two financial years. Council delivered flu vaccinations in early May 2020, with a higher uptake by staff than in previous years.

There was a 30.75% increase on the previous year's lost time injury hours due to workplace injuries that resulted in significant time away from work for a small number of staff. Council continued to focus attention on getting injured workers back to the workplace as part of its Recover at Work program, as staff recover more quickly at work. Council is working to reinvigorate safety in the workplace, with Due Diligence training delivered to management and supervisory staff and the WHS committee undertaking WHS consultation and inspections.

The first stage of implementing of Council's new online WHS incident and management reporting system (Vault) was brought forward as part of the COVID-19 measures, to allow staff to report incidents and observations online in a timely manner and also eliminating the paper handling that was previously required.

Council commenced a three-year Employee Engagement Program in early 2019/2020. The program includes an annual staff survey, followed by quarterly action plans being prepared and actioned by each department based on feedback from staff. Some early actions included purchasing equipment that allowed staff to achieve better outcomes, and a direction for more time in the field by management to improve internal communication. COVID-19 prevented planned staff events during April however these were rescheduled for later in 2020.

Council continues to support local youth through its apprentice and traineeship programs, appointing two School-Based trainees (SBTs) in Community Services and Corporate Services at Coonabarabran in early 2020, in addition to the remaining three SBTs who commenced in 2019. Council also employs two trainees in Children's Services and one trainee in Warrumbungle Water, and has Apprentice Plumber positions at Coonabarabran and Coolah.

Property Management

Council's property portfolio, excluding public halls and medical centres, includes two (2) administration offices, nine (9) residential houses, three (3) preschools and a range of community buildings.

The cost of maintaining and operating these properties in 2019/20 was \$0.56m. Council has management responsibility for 71 Crown Reserves. Expenditure on these Reserves in 2019/20 was minimal. The development of a formal Plan of Management for each Crown Reserve that commenced in the previous year, continued as a project in 2019/20.

Fleet Services

To support its wide range of services, Council operates workshops in Coolah and Coonabarabran. The mechanics in these workshops provide maintenance and support services for a large fleet of vehicles including 86 sedans and utilities, eight (8) graders, three (3) loaders, three (3) excavators, four (4) backhoes, seven (7) rollers, seven (7) tractors, five (5) large tippers, 23 medium sized trucks, two (2) garbage trucks and one (1) street sweeper. The total cost associated with operations and maintenance of these vehicles for the year was \$2.7m.

Council workshops and mechanics also provide maintenance and registration services to 81 trucks and vehicles used by the Rural Fire Service.

The fleet replacement program was extensive with the following items being replaced: 18 vehicles in the light vehicle fleet, backhoe, 4-tonne excavator, grader, two (2) rollers, front end loader, 5-tonne truck, four (4) x 10-tonne trucks, two (2) dog trailers, street sweeper, tractor and out-front mower. The nett cost of replacing these vehicles and plant items in 2019/20 was \$1.9m.

Risk Management

Risk mitigation throughout the year includes membership of StateWide Mutual, providing access to regional insurance and risk management support. Programs undertaken were the Continuous Improvement Pathways workbooks and Enterprise Risk Management workshops. Regionally, Council participates in the Orana Risk and Safety Management Group. The organisation's Business Continuity Plan was enacted in March 2020 in response to the COVID-19 Pandemic.

FINANCIAL SNAPSHOT

	2020	2019
	\$ '000	\$ '000
Income Statement		
Total income from continuing operations	43,046	43,515
Total expenses from continuing operations	40,786	42,877
Operating result from continuing operations	2,260	638
Net operating result for the year	2,260	638
Net operating result before grants and contributions provided for capital purposes	(1,515)	(5,248)
Statement of Financial Position		
Total current assets	24,690	22,086
Total current liabilities	(8,948)	(7,279)
Total non-current assets	551,335	499,831
Total non-current liabilities	(6,256)	(7,045)
Total equity	560,821	507,593
Other financial information		
Unrestricted current ratio (times)	2.95	4.37
Operating performance ratio (%)	(5.59)%	(17.10)%
Debt service cover ratio (times)	10.30	5.05
Rates and annual charges outstanding ratio (%)	10.93%	10.07%
Infrastructure renewals ratio (%)	48.80%	53.48%
Own source operating revenue ratio (%)	53.08%	47.51%
Cash expense cover ratio (months)	7.74	6.97

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DELIVERY PROGRAM IMPLEMENTATION

Within 5 months after the end of each year, a council must prepare a report (its “**annual report**”) for that year reporting as to its achievements in implementing its delivery program and the effectiveness of the principal activities undertaken in achieving the objectives at which those principal activities are directed.

Council’s achievements in implementing its *Delivery Program 2019/20* are detailed above at ‘Council Highlights’.

AUDITED FINANCIAL REPORTS

A copy of the council’s audited financial reports prepared in accordance with the *Local Government Code of Accounting Practice and Financial Reporting* published by the Department, as in force from time to time.

Copies of Council’s financial statements are provided as attachments to this Annual Report (Attachments 1-3).

RATES AND CHARGES WRITTEN OFF

The Council’s Annual Report must include the amount of rates and charges written off during the year.

Rates and charges written off by Warrumbungle Shire Council in 2019/20:

Description	Amount (\$)
Rates	0
Water charges	0

OVERSEAS VISITS

Details (including the purpose) of overseas visits undertaken during the year by councillors, council staff or other persons while representing the council (including visits sponsored by other organisations).

Councillors and Staff were not involved in any overseas travel during the year.

PAYMENT OF EXPENSES AND PROVISION OF FACILITIES TO COUNCILLORS

Details of the total cost during the year of the payment of the expenses of, and the provision of facilities to, councillors in relation to their civic functions (as paid by the council, reimbursed to the councillor or reconciled with the councillor), including separate details on the total cost of each of the following:

- (i) the provision during the year of dedicated office equipment allocated to councillors on a personal basis, such as laptop computers, mobile telephones and landline telephones and facsimile machines installed in councillors' homes (including equipment and line rental costs and internet access costs but not including call costs);
- (ii) telephone calls made by councillors, including calls made from mobile telephones provided by the council and from landline telephones and facsimile services installed in councillors' homes;
- (iii) the attendance of councillors at conferences and seminars;
 - a. the provision of induction training for councillors, supplementary induction training for mayors and professional development programs for mayors and other councillors;
- (iv) other training of mayors and councillors and the provision of skill development for mayors and councillors;
- (v) interstate visits undertaken during the year by councillors while representing the council, including the cost of transport, the cost of accommodation and other out-of-pocket travelling expenses;
- (vi) overseas visits undertaken during the year by councillors while representing the council, including the cost of transport, the cost of accommodation and other out-of-pocket travelling expenses;
- (vii) the expenses of any spouse, partner (whether of the same or opposite sex) or other person who accompanied a councillor in the performance of his or her civic functions, being expenses payable in accordance with the *Guidelines for the payment of expenses and the provision of facilities for Mayors and Councillors for Local Councils in NSW* prepared by the Director-General from time to time;
- (viii) expenses involved in the provision of care for a child of, or an immediate family member of, a councillor, to allow the councillor to undertake his or her civic functions.

Councillor Fees

Description	Amount (\$)
Election expenses	0
Mayor	26,530
Councillors (8)	106,740

Councillor Allowances

Description	Amount (\$)
Travel and accommodation	16,720.00
Meal allowance	1,829.00
Provision of dedicated office equipment	1,855.95
Telephone charges	1,078.05
Attendance at conferences and seminars	19,611.00
Training and provision of skill development	700.00
Interstate visits, including transport, accommodation and other out of pocket travelling expenses	0
Overseas visits, including transport, accommodation and other out of pocket travelling expenses	0
Expenses of any spouse, partner or other person who accompanied a Councillor	0
Expenses involved in the provision of care for a child or an immediate family member	0
Other allowances – subscriptions and publications	13,496.00
Total	55,290.00

CONTRACTS AWARDED

Details of each contract awarded by the council during that year (whether as a result of tender or otherwise) other than:

- (i) employment contracts (that is, contracts of service but not contracts for services), and
- (ii) contracts for less than \$150,000 or such other amount as may be prescribed by the regulations,

including the name of the contractor, the nature of the goods or services supplied by the contractor and the total amount payable to the contractor under the contract.

Contractor	Goods/Services	Amount (\$)
BMR Quarries	Screening and crushing at Warrumbungle Quarry	784,500 (incl GST)
BMR Quarries Pty Ltd	Design and construction of bitumen reseal at Coonabarabran Airport	330,114.00 (incl GST)
Cadia Group Pty Ltd	Plumbing and sewer parts	218,730.74
Colas NSW Pty Ltd	Supply of bitumen sealing services to Council	573,527.99
Department of Planning Industry and Environment	Valuation fees and compulsory acquisition of land – Coonabarabran Visitor Information Centre	260,317.41
Flovac Vacuum Sewerage Systems	Refurbishment of vacuum pots in Baradine	253,495
Guy Andrews Electrical	Binnaway Oval and Baradine Oval lighting upgrade	599,971 (incl GST)
Guy Andrews Electrical	Miscellaneous electrical works	218,496
Holcim (Australia) Pty Ltd t/a Humes	Supply and delivery of concrete pipes	241,654.93
Hollis Agricultural Welding	Casual Plant Hire	252,071.00
Hunter H2O	Dunedoo and Coonabarabran sewer treatment plant upgrades concept designs	287,890.90 (incl GST)
Liberty Rural T/as West 'n' Owens	Fuel supply	916,579.46
M & I Plant	Casual plant hire	243,944.34
Macquarie Regional Library	Regional Library Services	658,780.56
Origin Energy	Electricity supply	441,954.37
Roads and Maritime Services	Line marking	333,113.73
Saunders Civilbuild Pty Ltd	Design and construct Billy Kings Creek bridges	1,105,260.53 (incl GST)
State Cover Mutual Ltd	Insurance – Workers Compensation	668,691.58
Statewide Mutual Ltd	Insurance	825,920.62
Tamworth Regional Council	Provision of information technology (IT) services to Warrumbungle Shire Council (Agreement for Support and Maintenance – IT End User Support)	234,440.30
Taylor Automotive Group	Plant purchases and parts	613,373.25
Tracserv Pty Ltd	Plant purchases and parts	808,534.77
Vincent Young	Legal fees	649,064.56
WesTrac Pty Ltd	Purchase one (1) Caterpillar 140 Articulated Motor Grader with Sitech Trimble CB450 control box, and that Council sell plant item number 107 to WesTrac Pty Ltd	435,997.50 (incl GST)

Contractor	Goods/Services	Amount (\$)
WesTrac Pty Ltd	Purchase one (1) Caterpillar 432F Backhoe Loader with hydraulic side shift, and that Council sell plant item number 83 to WesTrac Pty Ltd	199,913.75 (incl GST)
WesTrac Pty Ltd	Purchase one (1) Caterpillar CS68B Smooth Drum Roller with compaction meter, and that Council sell plant item number 111 to WesTrac Pty Ltd	170,500.00 (incl GST)
WesTrac Pty Ltd	Purchase one (1) Caterpillar CS68B Smooth Drum Roller with compaction meter, and that Council sell plant item number 112 to WesTrac Pty Ltd	170,500.00 (incl GST)

LEGAL PROCEEDINGS

A summary of the amounts incurred by the council during the year in relation to legal proceedings taken by or against the council (including amounts, costs and expenses paid or received by way of out of court settlements, other than those the terms of which are not to be disclosed) and a summary of the state of progress of each legal proceeding and (if it has been finalised) the result.

Matter and Court	Court	Amount incurred 2019/20 (\$)	Status – Progress or Outcome
WSC v Ou Land & Environment Court (Proceedings No. 2017/286656)	Land & Environment Court (Proceedings No. 2017/286656)	2,749.00	Debt recovery proceedings for amount awarded by Court
Monkton v WSC	Local Court (Case No. 2018/00359830)	5,671.12	Ongoing
Boulus Constructions P/L v WSC Supreme Court of NSW (Proceedings No. 2018/00340246)	Supreme Court of NSW (Proceedings No. 2018/00340246)	649,064.56	Ongoing

PRIVATE WORKS

Details or a summary (as required by section 67(3) of the Act) of resolutions made during that year under section 67 of the Act concerning work carried out on private land and details or a summary of such work if the cost of the work has been fully or partly subsidised by the council, together with a statement of the total amount by which the council has subsidised any such work during that year.

There were no resolutions made in relation to Private Works, as required under section 67 and there no private works fully or partly subsidised by Council during 2019/20.

CONTRIBUTIONS

The total amount contributed or otherwise granted under section 356 of the Act.

Organisation Name	Total Value (\$)
Baradine Central School	200.00
Coonabarabran Golf Club	2,948.00
Orana Arts Inc	2,000.00
Binnaway Tennis Club Inc	400.00
Coolah Historical Arts Tour	500.00
Coolah Youth & Community Centre	500.00
Mendooran Bowling Club Ltd	500.00
Dunedoo Preschool Kindergarden	500.00
Dunedoo & District Historical Society & Museum Inc	500.00
Dunedoo & District Development Group	500.00
Warrumbungle Domestic Violence Committee	500.00
Dunedoo Amateur Swimming Club	500.00
Coonabarabran Junior Rugby League and Netball Club	1,374.49
Mendooran Merrygoen Amateur Swimming Club	500.00
Coolah Sacred Heart Primary School	70.00
Coolah Central School	500.00
2357 Partnerships Incorporated	500.00
Mendooran Youth Group	500.00
Coonabarabran Soccer Club	300.00
Creatives Collective ARI Inc.	500.00
Coonabarabran Military & Civilian Rifle Club	500.00
Coonabarabran Volunteer Rescue Association	500.00
Baradine PA & H Association	50.00
St Michaels Dunedoo	70.00
Binnaway Central School	70.00
Mendooran Central School	70.00
St Lawrence's Primary School	70.00
Dunedoo Central School P&C	500.00
Leadville Community Association	500.00
Dunedoo Central School	500.00
Country Women's Association Coonabarabran	1,420.27

Coonabarabran Girl Guides	500.00
St Andrews Anglican Church Coolah	596.45
Coolah Youth & Community Centre	596.45
Coonabarabran PAI & H Association	473.00
St Vincent De Paul Coonabarabran	1,793.00
Baradine Central School	500.00
Ulamambri Memorial Hall Trust	500.00
St James Presbyterian Church Coolah	480.30
Dunedoo Central School	70.00
Baradine Central School	70.00
Coolah Central School	70.00
Organisation Name	Total Value (\$)
Binnaway Jockey Club	1,000.00
Coolah Historical Arts Tour	2,000.00
Dunedoo Area Community Group	271.00
Trustees of the Bugaldie War Memorial Hall	1,000.00
Coolah Junior Sports Club	672.00
Dunedoo PAH & I Association	604.50
Coolah Lions Club	500.00
Warrumbungle Arts And Craft Inc.	1,762.73
Dunedoo Area Community Group	271.00
Warrumbungle Eventing Inc	500.00
Warrumbungle Wildlife Shelter	552.33
Coonabarabran Pony Club	2,500.00
Bullinda Bikebusters Inc	500.00
Warrumbungle Arts and Craft Inc.	1,000.00
Caring for Coolah (C4C) Inc	210.00
Dunedoo Polocrosse Club Inc	500.00
Coolah Men's Shed Inc	1,000.00
Commonwealth Bank - Fuel for Healthy Sam	110.61
Coonabarabran Junior Rugby	500.00
Mendooran Volunteer Rescue Association	500.00
Coonabarabran Local Aboriginal Lands Council	100.00
Dunedoo Rugby League Football Club	342.00
Dunedoo Rugby League Football Club	348.00
Dunedoo & District Development Group	25,000.00
Coolah District Development Group Inc	25,000.00
2357 Partnerships Incorporated	25,000.00
Baradine Progress Association	25,000.00
Mendooran District Development Group	25,000.00
Binnaway Progress Association	25,000.00
Total	190,436.13

EXTERNAL BODIES

A statement of all external bodies that during the year exercised functions delegated by the council.

External Body	Function
Castlereagh Macquarie County Council	Control noxious weeds on public land and waterways
Macquarie Regional Library	Library Services

During the report period Council also had a number of Committees that advised Council on specific issues. The advice from these Committees is used to assist in the decision making process of Council.

There are four (4) Committees formed as a requirement of statutory obligations or with delegations to perform functions of Council. Those Committees report to Council although have no formal link to Council. A Councillor representing on these Committees is appointed for the term of the Council.

Committee	Function
Castlereagh Bushfire Management	Fire mitigation
Local Emergency Management	Emergency co-ordination
Traffic Advisory	Traffic management
North West Weight of Loads Group	Heavy vehicle regulation

CONTROLLING INTERESTS

A statement of all corporations, partnerships, trusts, joint ventures, syndicates or other bodies (whether or not incorporated) in which the council (whether alone or in conjunction with other councils) held a controlling interest during that year.

Warrumbungle Shire Council did not hold a controlling interest in any company during the reporting period.

JOINT VENTURES

A statement of all corporations, partnerships, trusts, joint ventures, syndicates or other bodies (whether or not incorporated) in which the council participated that year.

During 2019/20 Council was a joint venture member of the Macquarie Regional Library Service with Dubbo City Council, Wellington Shire Council and Narromine Shire Council. During this period Council was also a joint venture member of the Castlereagh Macquarie County Council.

Council coordinated the Connect Five Children's Services which service Warrumbungle, Coonamble and Gilgandra Local Government Areas.

Council is also part of Statewide and State Cover which are Mutuals for the provision of public liability, property insurance, fidelity guarantee and workers compensation insurances.

EQUAL EMPLOYMENT OPPORTUNITY

A statement of the activities undertaken by the council during that year to implement its equal employment opportunity management plan.

In relation to Council's Equal Employment Opportunity (EEO) Management Plan:

- Council's Recruitment and Selection Policy ensures ongoing compliance with EEO and merit selection principles and practices.
- Council utilises online recruitment software which provides increased transparency of decision making.
- Council's statement of being an EEO employer is included in all job advertisements.
- Council conducts ongoing reviews of Council's policies, procedures and practice to ensure they are compliant with EEO principles and practices.

REMUNERATION – SENIOR STAFF

A statement of the total remuneration comprised in the remuneration package of the general manager during the year that is to include the following:

- (i) the total value of the salary component of the package;
 - (ii) the total amount of any bonus payments, performance payments or other payments made to the general manager that do not form part of the salary component of the general manager;
 - (iii) the total amount payable by the council by way of the employer's contribution or salary sacrifice to any superannuation scheme to which the general manager may be a contributor;
 - (iv) the total value of any non-cash benefits for which the general manager may elect under the package;
 - (v) the total amount payable by the council by way of fringe benefits tax for any such non-cash benefits.
-

A statement of the total remuneration comprised in the remuneration packages of all senior staff members (other than the general manager) employed during the year, expressed as the total remuneration of all the senior staff members concerned (not of the individual senior staff members) and including total of each of the following:

- (i) the total values of the salary component of their packages;
 - (ii) the total amount of any bonus payments, performance payments or other payments made to them that do not form part of the salary components of their packages;
 - (iii) the total amount payable by the council by way of the employer's contribution or salary sacrifice to any superannuation scheme to which any of them may be a contributor;
 - (iv) the total value of any non-cash benefits for which any of them may elect under the package;
 - (v) the total amount payable by the council by way of fringe benefits tax for any such non-cash benefits.
-

The General Manager is Council's only designated Senior Staff member as prescribed by section 332 of the Act. The General Manager's total remuneration package was:

Component	Amount (\$)
Salary	249,958.68
Bonus payments, performance payments or other payments not forming part of salary component	0
Employer's contribution or salary sacrifice to any superannuation scheme to which the General Manager is a contributor	26,248.52
Non-cash benefits	0
Fringe benefits tax for any such non-cash benefits	7,599.93

STORMWATER MANAGEMENT SERVICES

If the council has levied an annual charge for stormwater management services - a statement detailing the stormwater management services provided by the council during that year.

Council implemented a stormwater levy in 2017/18 to fund stormwater projects that Council is currently unable to fund, due to funding limitations, from General Fund. This stormwater levy was introduced and is made under section 496A of the *Local Government Act 1993*. Land within an urban area rated as either residential or business for rating purposes (except vacant land) will be charged an annual levy for Council to provide a stormwater management service.

Within the local government area there are a total of 3,828 assessments rated as residential and 379 assessments rated as business. In accordance with section 125AA of the *Local Government (General) Regulation 2005*, the maximum annual charge for stormwater management services levied in respect of a parcel of rateable land is for land categorised as urban residential land at \$25 and for businesses up to \$25 per 350m².

The stormwater levy helps councils improve the management of the quality and quantity of stormwater that flows off a parcel of a privately owned land and also includes a service to manage the re-use of stormwater for any purpose. Council will accrue additional revenue of \$105,175 per annum for expenditure for stormwater management, assuming each business and residential assessment is charged a flat \$25 per assessment.

Council levied a stormwater charge in 2019/20 and the funds were utilised on the drainage works in Cobra Street Mendooran.

SPECIAL VARIATIONS

A report on special variation expenditure if required to do so by the instrument made by the Minister.

As no special variation was received by Council, there are no outcomes or expenditures to report.

COMPANION ANIMALS ACT AND REGULATION

A detailed statement, prepared in accordance with such guidelines as may be issued by the Director-General from time to time, of the council's activities during the year in relation to enforcing, and ensuring compliance with, the provisions of the *Companion Animals Act 1998* and the regulations under that Act.

Statement of enforcement and ensuring compliance with the provisions of the *Companion Animals Act 1988* (CA Act) and the *Companion Animal Regulation 2018*, including:

Lodgement of pound data collection returns with the Office of Local Government (survey of Council seizures of cats and dogs)	Survey has been submitted to OLG to be included in their annual report regarding seizures of cats and dogs
Lodgement of data about dog attacks with the Office of Local Government	Yes – data lodged through Companion Animals register
Amount of funding spent on companion animal management and activities	\$4000 received from Office of Local Government (OLG) as part of the Council Pound Grant Program during COVID-19 pandemic
Community education programs carried out and strategies the Council has in place to promote and assist the de-sexing of dogs and cats	No programs currently in place. This program is carried out locally by veterinarians.
Strategies in place for complying with the requirements under s64 of the CA Act to seek alternatives to euthanasia of unclaimed animals	Re-homing program in place
Off leash areas provided in the Council area	One (1) area is available in each town in the Shire. Information is provided on Council's website
Detailed information on fund money used for managing and controlling companion animals in its area	Entire \$4000 of OLG grant was used for upgrades to the Coonabarabran dog pound to reduce stress of animals and improve hygiene

GOVERNMENT INFORMATION (PUBLIC ACCESS)

Each agency (other than a Minister) must, within 4 months after the end of each reporting year, prepare an annual report on the agency's obligations under this Act for submission to the Minister responsible for the agency. A copy of the report is to be provided to the Information Commissioner.

The annual report of an agency (other than a Minister) required to be prepared under section 125 of the Act must include the following:

(Note: An agency's report under section 125 of the Act can be included in the agency's annual report required to be prepared under the annual reporting legislation – see section 6 of the *Annual Reports (Departments) Act 1985* or section 5A of the *Annual Reports (Statutory Bodies) Act 1984* [as the case requires].)

- (a) details of the review carried out by the agency under section 7(3) of the Act during the reporting year and the details of any information made publicly available by the agency as a result of that review;
- (b) the total number of access applications received by the agency during the reporting year (including withdrawn applications but not including invalid applications);
- (c) the total number of access applications received by the agency during the reporting year that the agency refused, either wholly or partly, because the application was for the disclosure of information referred to in Schedule 1 to the Act (Information for which there is conclusive presumption of overriding public interest against disclosure).

(Note: Table D in Schedule 2 also requires information relating to access applications in respect of which there is a conclusive presumption of overriding public interest against disclosure.)

- (d) information, as set out in the form required by the tables in Schedule 2, relating to the access applications (if any) made to the agency during the reporting year.

Council received three (3) access applications during the reporting period. Details are provided in the table on the following page.

Number of Applications by Type of Application Outcome

	Full Access Granted	Part Access Granted	Refused Access in Full	Information not Held	Information Already Available	Refuse to Deal with Application	Refuse to Confirm/ Deny Information Held	Application Withdrawn	Total	% of Total
Personal Information Applications										
Applications other than personal information	2			1					3	100
Applications partly personal and partly other										
Total	2			1						
% of total	67			33						

Note: A personal information application is an access application for personal information (as defined in clause 4 of schedule 4 to the Act) about the application (the applicant being an individual).

PLANNING AGREEMENTS

A planning authority that has entered into one or more planning agreements must, while any such planning agreements remain in force, include in its annual report particulars of compliance with and the effect of the planning agreements during the year to which the report relates.

A planning authority that has entered into one or more planning agreements must, while any such planning agreements remain in force, include in its annual report particulars of compliance with and the effect of the planning agreements during the year to which the report relates.

Council entered into a Voluntary Planning Agreement with TILT Renewables for the Liverpool Range Wind Farm during 2019/20 financial year.

PUBLIC INTEREST DISCLOSURES

Information required to be provided in accordance with s2 of the *Public Disclosures Regulation 2011* is included herewith:

Personal Interest Disclosures (PID) submitted to the Ombudsman in 2019/20 are outlined in the table below.

	By public officials performing their daily functions	Under a statutory or other legal obligation	All other interest disclosures
PID applications by public officials	1	0	0
Access applications other than personal information	0	3	0
PID received, primarily about:			
Corrupt conduct	1	0	0
Maladministration	0	0	0
Serious and substantial waste	0	0	0
Government information convention	0	0	0
Local government pecuniary interest convention	0	0	0
Total	1	3	0

ATTACHMENTS

Attachments 1-3: 2019/20 Audited Financial Statements

Warrumbungle Shire Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2020



Warrumbungle 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

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

14-22 John Street
Coonabarabran NSW 2357

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.warrumbungle.nsw.gov.au.

General Purpose Financial Statements

for the year ended 30 June 2020

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

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

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 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:

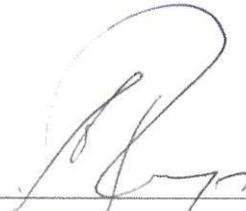
- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

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 19 November 2020.



Clr Ambrose Doolan
Mayor
19 November 2020



Clr Aniello Iannuzzi
Councillor
19 November 2020



Roger Bailey
General Manager
19 November 2020



Kim Parker
Responsible Accounting Officer
19 November 2020

Income Statement

for the year ended 30 June 2020

Original unaudited budget 2020	\$ '000	Notes	Actual 2020	Restated Actual 2019
Income from continuing operations				
13,606	Rates and annual charges	3a	13,844	13,015
8,796	User charges and fees	3b	6,066	5,642
1,338	Other revenues	3c	2,137	1,073
17,435	Grants and contributions provided for operating purposes	3d,3e	16,121	16,424
3,137	Grants and contributions provided for capital purposes	3d,3e	3,775	5,886
493	Interest and investment income	4	460	461
246	Net gains from the disposal of assets	6	599	999
-	Net share of interests in joint ventures and associates using the equity method	19	44	15
45,051	Total income from continuing operations		43,046	43,515
Expenses from continuing operations				
16,360	Employee benefits and on-costs	5a	14,929	14,484
195	Borrowing costs	5b	307	327
8,051	Materials and contracts	5c	7,185	10,024
11,973	Depreciation and amortisation	5d	12,970	12,531
8,502	Other expenses	5e	5,395	5,511
45,081	Total expenses from continuing operations		40,786	42,877
(30)	Operating result from continuing operations		2,260	638
(30)	Net operating result for the year		2,260	638
(30)	Net operating result attributable to council		2,260	638
(3,167)	Net operating result for the year before grants and contributions provided for capital purposes		(1,515)	(5,248)

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	Restated 2019
Net operating result for the year (as per Income Statement)		2,260	638
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	11	50,651	825
Total items which will not be reclassified subsequently to the operating result		50,651	825
Total other comprehensive income for the year		50,651	825
Total comprehensive income for the year		52,911	1,463
Total comprehensive income attributable to Council		52,911	1,463

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	Restated 2019	Restated 1 July 2018
ASSETS				
Current assets				
Cash and cash equivalents	7(a)	6,859	4,738	5,544
Investments	7(b)	11,500	13,000	11,500
Receivables	8	3,766	3,501	6,153
Inventories	9a	725	758	738
Contract assets	13a	1,645	–	–
Other	9b	53	89	220
Non-Current assets classified as 'held for sale'	10	142	–	–
Total current assets		24,690	22,086	24,155
Non-current assets				
Receivables	8	–	–	2
Inventories	9a	299	299	299
Infrastructure, property, plant and equipment	11	550,317	499,037	495,914
Intangible Assets	12	29	95	167
Right of use assets	14a	246	–	–
Investments accounted for using the equity method	19	444	400	385
Total non-current assets		551,335	499,831	496,767
Total assets		576,025	521,917	520,922
LIABILITIES				
Current liabilities				
Payables	15	2,025	2,038	1,775
Income received in advance	15	–	–	544
Contract liabilities	13b	1,265	–	–
Lease liabilities	14b	45	–	–
Borrowings	15	966	795	867
Provisions	16	4,647	4,446	4,438
Total current liabilities		8,948	7,279	7,624
Non-current liabilities				
Lease liabilities	14b	223	–	–
Borrowings	15	2,931	3,870	4,777
Provisions	16	3,102	3,175	2,391
Total non-current liabilities		6,256	7,045	7,168
Total liabilities		15,204	14,324	14,792
Net assets		560,821	507,593	506,130
EQUITY				
Accumulated surplus	17	422,485	419,908	419,270
Revaluation reserves	17	138,336	87,685	86,860
Council equity interest		560,821	507,593	506,130
Total equity		560,821	507,593	506,130

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
					Restated	Restated	Restated
Opening balance		419,906	87,685	507,593	408,050	86,860	494,910
Correction of prior period errors	17b	–	–	–	11,220	–	11,220
Changes due to AASB 1058 and AASB 15 adoption	17	317	–	317	–	–	–
Restated opening balance		420,225	87,685	507,910	419,270	86,860	506,130
Net operating result for the year		2,260	–	2,260	902	–	902
Correction of prior period errors	17b	–	–	–	(264)	–	(264)
Restated net operating result for the period		2,260	–	2,260	638	–	638
Other comprehensive income							
– Gain (loss) on revaluation of IPP&E	11	–	50,651	50,651	–	825	825
Other comprehensive income		–	50,651	50,651	–	825	825
Total comprehensive income		2,260	50,651	52,911	638	825	1,463
Equity – balance at end of the reporting period		422,485	138,336	560,821	419,908	87,685	507,593

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>				
13,604	Rates and annual charges		13,622	12,815
8,795	User charges and fees		5,936	4,986
494	Investment and interest revenue received		424	397
20,573	Grants and contributions		19,569	21,812
–	Bonds, deposits and retention amounts received		25	378
1,331	Other		1,810	4,553
<i>Payments:</i>				
(16,355)	Employee benefits and on-costs		(14,559)	(14,650)
(8,046)	Materials and contracts		(7,295)	(10,137)
(195)	Borrowing costs		(185)	(274)
(8,503)	Other		(5,618)	(4,497)
11,698	Net cash provided (or used in) operating activities	18b	13,729	15,383
Cash flows from investing activities				
<i>Receipts:</i>				
846	Sale of infrastructure, property, plant and equipment		1,210	1,303
<i>Payments:</i>				
–	Purchase of investment securities		1,500	(1,500)
(13,450)	Purchase of infrastructure, property, plant and equipment		(13,523)	(15,012)
–	Purchase of intangible assets		–	(1)
(12,604)	Net cash provided (or used in) investing activities		(10,813)	(15,210)
Cash flows from financing activities				
<i>Payments:</i>				
(913)	Repayment of borrowings and advances		(768)	(979)
–	Lease liabilities (principal repayments)		(27)	–
(913)	Net cash flow provided (used in) financing activities		(795)	(979)
(1,819)	Net increase/(decrease) in cash and cash equivalents		2,121	(806)
11,082	Plus: cash and cash equivalents – beginning of year	18a	4,738	5,544
9,263	Cash and cash equivalents – end of the year	18a	6,859	4,738
–	plus: Investments on hand – end of year	7(b)	11,500	13,000
9,263	Total cash, cash equivalents and investments		18,359	17,738

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

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Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Basis of preparation

These financial statements were authorised for issue by Council on 19 November 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 consolidated financial statements are set out below.

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

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

Council is a not for-profit entity.

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

(a) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities and certain classes of infrastructure, property, plant and equipment 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 11
- (ii) estimated tip remediation provisions – refer Note 16
- (iii) employee benefit provisions – refer Note 16.

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

Note 1. Basis of preparation (continued)

Significant judgements in applying the council's accounting policies

(i) Impairment of receivables

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

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.

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

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

- General purpose operations
- Warrumbungle Water Fund
- Warrumbungle Sewerage Fund
- Warrumbungle Quarry

(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.

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

Goods and Services Tax (GST)

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

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

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

Volunteer services

Council uses volunteers in the following services:

- Visitors Information Centre
- Community care including drivers for meals of Wheels delivery, drivers for health related transport from all our local towns to Tamworth or Dubbo; volunteers assisting with specific activities e.g. Community EXPO, volunteers to act in a carer capacity for frail or clients with disability to attend appointments etc.

The volunteer numbers are small and the hours for each are minor in nature.

As these instances are limited and minor, Council does not include values in the Annual Statements.

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

Note 1. Basis of preparation (continued)

New accounting standards and interpretations issued but not yet effective

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

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

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

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 17.

Key events in 2019/20

Covid-19

The global health crisis from the Covid-19 virus has not had a material impact on Council's operations, which is reflected in the financial statements.

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).

	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 ⁽¹⁾ Restated	2020	2019 ⁽¹⁾ Restated	2020	2019	2020	2019 ⁽¹⁾ Restated
Functions or activities										
General Revenue	15,862	15,557	135	–	15,727	15,557	7,367	7,337	210	2,299
Executive	1,014	1,542	2,631	3,043	(1,617)	(1,504)	161	–	1,245	49
Technical Services	10,347	8,859	14,616	17,409	(4,269)	(8,550)	4,788	4,510	454,502	376,100
Development Services	1,408	1,525	4,089	3,529	(2,681)	(2,004)	769	611	12,119	16,580
Corporate and Community Services	4,784	6,789	8,451	9,497	(3,667)	(2,708)	2,790	5,047	28,601	58,551
Warrumbungle Water	3,647	4,415	4,440	4,149	(593)	266	235	1,345	43,214	43,466
Warrumbungle Sewer	2,142	1,787	2,019	1,860	123	(73)	145	34	22,443	22,159
Warrumbungle Waste	2,855	2,400	3,302	2,389	(447)	31	–	–	12,544	456
Warrumbungle Quarry	787	641	1,103	1,021	(316)	(380)	–	–	680	2,237
Other	–	–	–	–	–	–	–	–	467	–
Total functions and activities	43,046	43,515	40,786	42,877	2,260	638	16,255	18,884	576,025	521,917

(1) Values have been restated – refer note 17

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:

General Revenue

Includes rates revenue, interest revenue and general grants.

General Manager

Includes management and leadership, governance, Cobbora Transition Fund, human resource management, payroll services, WH&S and risk management and learning and development services.

Technical Services

Includes technical services management, design services, road operations, fleet services and urban services.

Development Services

Includes development services management, regulatory services, property and risk and development and tourism.

Corporate and Community Services

Includes corporate services, community and banking agency, bushfire and emergency services, children's and community services.

Warrumbungle Water

The core function of Warrumbungle Water is the provision of water supply to connected properties in each town within the Shire.

Warrumbungle Sewer

The core function of Warrumbungle Sewer is the collection and treatment of sewage effluent from connected properties in Baradine, Coolah, Coonabarabran and Dunedoo.

Warrumbungle Waste

Warrumbungle Waste provides waste services throughout the Warrumbungle Shire as a business arm of Council. The waste services are provided to residential and non-residential customers for both general waste and recycling.

Warrumbungle Quarry

Council has entered into a lease agreement with Boral to operate the basalt quarry south of Coonabarabran. The purpose of the operation is to produce aggregates for bitumen sealing and concrete production on a commercial basis.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations

\$ '000	AASB	2020	2019
(a) Rates and annual charges			
Ordinary rates			
Residential	1058 (1)	2,321	2,271
Farmland	1058 (1)	5,220	5,080
Business	1058 (1)	595	582
Less: pensioner rebates (mandatory)	1058 (1)	(158)	(159)
Rates levied to ratepayers		7,978	7,774
Pensioner rate subsidies received	1058 (1)	87	88
Total ordinary rates		8,065	7,862
Annual charges			
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>			
Domestic waste management services	1058 (1)	1,727	1,632
Water supply services	1058 (1)	1,886	1,609
Sewerage services	1058 (1)	1,761	1,535
Waste management services (non-domestic)	1058 (1)	395	364
Less: pensioner rebates (mandatory)	1058 (1)	(228)	(228)
Liquid trade waste	1058 (1)	9	9
Stormwater levy	1058 (1)	105	105
Annual charges levied		5,655	5,026
Pensioner subsidies received:			
– Water	1058 (1)	38	39
– Sewerage	1058 (1)	27	29
– Domestic waste management	1058 (1)	59	59
Total annual charges		5,779	5,153
TOTAL RATES AND ANNUAL CHARGES		13,844	13,015

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)	1,700	1,431
Sewerage services	15 (1)	119	95
Liquid trade waste	15 (1)	55	40
Total specific user charges		1,874	1,566
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Building regulation	15 (1)	49	63
Private works – section 67	15 (1)	215	59
Registration fees	15 (1)	6	10
Regulatory fees	15 (1)	26	45
Section 10.7 certificates (EP&A Act)	15 (1)	27	30
Section 603 certificates	15 (1)	19	18
Planning regulation	15 (1)	36	52
Total fees and charges – statutory/regulatory		378	277
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Aged care	15 (1)	502	460
Cemeteries	15 (1)	99	93
Child care	15 (1)	461	766
Lease rentals	15 (1)	13	14
Leaseback fees – Council vehicles	15 (1)	51	62
Quarry revenues	15 (1)	768	555
RMS (formerly RTA) charges (state roads not controlled by Council)	15 (2)	1,613	1,587
Swimming centres	15 (1)	118	118
Tourism	15 (1)	49	59
Waste disposal tipping fees	15 (1)	68	51
Other	15 (1)	72	34
Total fees and charges – other		3,814	3,799
TOTAL USER CHARGES AND FEES		6,066	5,642

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

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

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

Accounting policy for user charges and fees

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

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

2019 accounting policy

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

\$ '000	AASB	2020	2019
(c) Other revenues			
Rental income – other council properties	15 (2)	156	140
Legal fees recovery – rates and charges (extra charges)	1058 (1)	5	17
Commissions and agency fees	1058 (1)	179	192
Diesel rebate	1058 (1)	175	192
Insurance claims recoveries	1058 (1)	3	15
Recycling income (non-domestic)	15 (1)	142	71
Container deposit Scheme	15 (1)	339	310
Other	1058 (1)	352	136
Sale Of Southern Phone Share	15 (1)	786	–
TOTAL OTHER REVENUE		2,137	1,073

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

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

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

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

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.

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)	2,331	2,331	–	–
Financial assistance – local roads component	1058 (1)	1,245	1,227	–	–
Payment in advance - future year allocation					
Financial assistance – general component	1058 (1)	2,469	2,417	–	–
Financial assistance – local roads component	1058 (1)	1,322	1,273	–	–
Other					
Other grants		–	17	–	–
Total general purpose		7,367	7,265	–	–
Specific purpose					
Water supplies	1058 (1)	–	16	235	1,329
Aged care	15 (2)	729	677	–	–
Bushfire and emergency services	1058 (1)	702	479	59	229
Child care	1058 (1)	1,042	1,289	22	–
Cobbora transition fund	1058 (1)	–	–	–	(327)
Drought Communities	1058 (1)	249	72	601	494
Economic development	1058 (1)	105	120	–	–
Employment and training programs	1058 (1)	107	53	–	–
Heritage and cultural	1058 (1)	10	36	–	–
Library	1058 (1)	88	51	–	–
LIRS subsidy	1058 (1)	94	112	–	–
Recreation and culture	1058 (1)	30	90	29	589
Secure Communities	1058 (2)	147	266	568	683
Sewerage services	1058 (1)	–	–	145	34
Transport (roads to recovery)	1058 (1)	2,330	2,297	–	–
Transport (other roads and bridges funding)	1058 (2)	241	787	1,823	2,190
Other	1058 (1)	4	20	(472)	33
Total specific purpose		5,878	6,365	3,010	5,254
Total grants		13,245	13,630	3,010	5,254
Grant revenue is attributable to:					
– Commonwealth funding		11,120	11,257	22	494
– State funding		2,125	2,373	3,350	4,760
– Other funding		–	–	(362)	–
		13,245	13,630	3,010	5,254

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

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

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

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

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

Note 3. Revenue from continuing operations (continued)

\$ '000	Notes	AASB	Operating 2020	Operating 2019	Capital 2020	Capital 2019
(e) Contributions						
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
Cash contributions						
S 7.12 – fixed development consent levies		1058 (1)	–	–	51	37
Total developer contributions	27		–	–	51	37
Other contributions:						
Cash contributions						
RMS contributions (regional roads, block grant)		1058 (1)	2,876	2,794	–	–
Total other contributions – cash			2,876	2,794	–	–
Non-cash contributions						
Bushfire services		1058 (1)	–	–	709	547
Heritage/cultural (Non-cash)			–	–	–	48
Other			–	–	5	–
Total other contributions – non-cash			–	–	714	595
Total other contributions			2,876	2,794	714	595
Total contributions			2,876	2,794	765	632
TOTAL GRANTS AND CONTRIBUTIONS			16,121	16,424	3,775	5,886

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.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

Grant income

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

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

Capital grants

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

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

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

Contributions

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

While Council generally incorporates these amounts as part of a Development 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	1,495	3,050
Add: operating grants recognised as income in the current period but not yet spent (2019 only)	–	1,556
Add: operating grants received for the provision of goods and services in a future period	2,145	–
Less: operating grants recognised in a previous reporting period now spent (2019 only)	–	(3,111)
Less: operating grants received in a previous reporting period now spent and recognised as income	(1,495)	–
Unexpended and held as externally restricted assets (grants)	<u>2,145</u>	<u>1,495</u>

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)	166	136
– Cash and investments	278	313
Other	16	12
Total Interest and investment income	<u>460</u>	<u>461</u>

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	11,928	11,957
Employee leave entitlements (ELE)	2,378	2,357
Superannuation	1,232	1,301
Workers' compensation insurance	606	572
Fringe benefit tax (FBT)	41	60
Protective clothing	79	80
Total employee costs	16,264	16,327
Less: capitalised costs	(1,335)	(1,843)
TOTAL EMPLOYEE COSTS EXPENSED	14,929	14,484
Number of 'full-time equivalent' employees (FTE) at year end	175	177
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)	215	213

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 21 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		6	–
Interest on loans		225	242
Total interest bearing liability costs		231	242
Total interest bearing liability costs expensed		231	242
(ii) Other borrowing costs			
Amortisation of discounts and premiums			
– Remediation liabilities	16	76	85
Total other borrowing costs		76	85
TOTAL BORROWING COSTS EXPENSED		307	327

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.

\$ '000	2020	2019
(c) Materials and contracts		
Raw materials and consumables	4,580	5,312
Contractor and consultancy costs	10,694	15,596
Auditors remuneration ²	54	48
Legal expenses:		
– Legal expenses: planning and development	12	24
– Legal expenses: debt recovery	40	33
– Legal expenses: other	518	785
Operating leases expense (2019 only):		
– Operating lease rentals: minimum lease payments ¹	–	67
Other	498	557
Total materials and contracts	16,396	22,422
Less: capitalised costs	(9,211)	(12,398)
TOTAL MATERIALS AND CONTRACTS	7,185	10,024

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:

Library Building	–	60
Office Equipment	–	7
	–	67

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

\$ '000	2020	2019
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	54	48
Remuneration for audit and other assurance services	54	48
Total Auditor-General remuneration	54	48
Total Auditor remuneration	54	48

\$ '000	Notes	2020	2019 Restated
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(d) Depreciation, amortisation and impairment of non-financial assets**Depreciation and amortisation**

Plant and equipment		2,578	2,613
Office equipment		30	15
Furniture and fittings		29	29
Land improvements (depreciable)		49	49

Infrastructure:

	11		
- Buildings – non-specialised		506	555
- Buildings – specialised		1,305	1,337
- Other structures		681	639
- Roads		4,687	4,526
- Bridges		471	466
- Footpaths		147	137
- Stormwater drainage		111	110
- Water supply network		1,484	1,316
- Sewerage network		668	603

Right of use assets

	14	49	-
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Reinstatement, rehabilitation and restoration assets:

- Tip assets	16,11	24	15
- Quarry assets	16,11	85	48
Intangible assets	12	66	73

Total depreciation and amortisation costs

		12,970	12,531
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TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT FOR NON-FINANCIAL ASSETS

		12,970	12,531
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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 11 for IPPE assets and Note 12 for intangible assets and Note 14 for right of use assets.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

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

Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are no longer required to be tested for impairment under AASB 136. This is because these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

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.

\$ '000	2020	2019
(e) Other expenses		
Advertising	124	138
Bad and doubtful debts	193	186
Bank charges	45	47
Conferences	51	55
Contributions/levies to other levels of government		
– Noxious weeds	108	105
– NSW fire brigade levy	51	46
– NSW rural fire service levy	793	584
Councillor expenses – mayoral fee	27	26
Councillor expenses – councillors' fees	107	107
Councillors' expenses (incl. mayor) – other (excluding fees above)	17	26
Donations, contributions and assistance to other organisations (Section 356)	358	241
– Regional library contributions	553	577
Electricity and heating	607	660
Insurance	811	775
Postage	46	45
Printing and stationery	128	137
Quarry product cost of goods sold	256	194
Registration and licences	452	430
Training Costs	165	166
Street lighting	123	181
Subscriptions and publications	94	148
Telephone and communications	131	154
Valuation fees	48	108
Other	107	375
TOTAL OTHER EXPENSES	5,395	5,511

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	11		
Proceeds from disposal – plant and equipment		1,210	1,303
Less: carrying amount of plant and equipment assets sold/written off		(611)	(304)
Net gain/(loss) on disposal		599	999
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		599	999

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.

Note 7(a). Cash and cash equivalents

\$ '000	2020	2019
Cash and cash equivalents		
Cash on hand and at bank	1,010	1,476
Deposits at call	5,849	3,262
Total cash and cash equivalents	6,859	4,738

Accounting policy for cash and cash equivalents

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

Note 7(b). Investments

\$ '000	2020	2020	2019	2019
	Current	Non-current	Current	Non-current
Investments				
'Financial assets at amortised cost'	11,500	–	13,000	–
Total Investments	11,500	–	13,000	–
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS	18,359	–	17,738	–
Long term deposits (>3 months original maturity)	11,500	–	13,000	–
Total	11,500	–	13,000	–

Accounting policy for investments

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

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

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

Note 7(b). Investments (continued)

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

As at 30 June 2020, Council did not have any investments at FVTPL or FVOCI-equity recognised.

Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

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

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

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

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

\$ '000	2020		2019	
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	18,359	–	17,738	–
attributable to:				
External restrictions	7,427	–	6,179	–
Internal restrictions	9,963	–	9,491	–
Unrestricted	969	–	2,068	–
	18,359	–	17,738	–

\$ '000	2020	2019
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Details of restrictions

External restrictions – included in liabilities

Trust	691	667
External restrictions – included in liabilities	691	667

External restrictions – other

Developer contributions – general	201	150
Developer contributions – water fund	102	101
Developer contributions – sewer fund	32	31
Specific purpose unexpended grants (recognised as revenue) – general fund	2,145	1,495
Water supplies	252	934
Sewerage services	3,774	2,764
Domestic waste management	213	–
Stormwater levy	17	37
External restrictions – other	6,736	5,512

Total external restrictions

	7,427	6,179
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Internal restrictions

Plant and vehicle replacement (fleet fund)	2,056	1,872
Employees leave entitlement	1,272	1,401
Carry over works (excl fleet carry overs)	2,357	1,946
FAG's 1st and 2nd qtr. prepayment	3,791	3,690
Information technology (Software upgrade/telephone system)	263	358
Quarry remediation fund	224	224
Total internal restrictions	9,963	9,491

TOTAL RESTRICTIONS

	17,390	15,670
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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	1,610	–	1,464	–
Interest and extra charges	324	–	298	–
User charges and fees	1,033	–	903	–
Accrued revenues				
– Interest on investments	26	–	16	–
– Other income accruals	198	–	171	–
Government grants and subsidies	–	–	450	–
Bonds & Deposits	2	–	2	–
Other debtors	1,226	–	657	–
Total	4,419	–	3,961	–
Less: provision of impairment				
Rates and annual charges	(244)	–	(320)	–
Other debtors	(409)	–	(140)	–
Total provision for impairment – receivables	(653)	–	(460)	–
TOTAL NET RECEIVABLES	3,766	–	3,501	–

\$ '000	2020	2019
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	460	296
+ new provisions recognised during the year	193	164
Balance at the end of the year	653	460

Accounting policy for receivables**Recognition and measurement**

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

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

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

Impairment

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

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

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

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

- the other party is unlikely to pay its credit obligations to the Council in full, without recourse by the Council to actions such as realising security (if any is held) or

Notes to the Financial Statements

for the year ended 30 June 2020

Note 8. Receivables (continued)

- the financial assets (for non-rates debtors) are more than 60 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.

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.

Note 9. Inventories and other assets

\$ '000	2020	2020	2019	2019
	Current	Non-current	Current	Non-current
(a) Inventories				
(i) Inventories at cost				
Real estate for resale	–	299	–	299
Stores and materials	506	–	420	–
Loose tools	22	–	22	–
Other (quarry product)	197	–	316	–
Total inventories at cost	725	299	758	299
TOTAL INVENTORIES	725	299	758	299
(b) Other assets				
Prepayments	53	–	89	–
TOTAL OTHER ASSETS	53	–	89	–

Accounting policy for inventories and other assets**Raw materials and stores, work in progress and finished goods**

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

Land held for resale/capitalisation of borrowing costs

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed, borrowing costs and other holding charges are expensed as incurred. Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 10. Non-current assets classified as held for sale

(i) Non-current assets

\$ '000	2020	2020	2019	2019
	Current	Non-current	Current	Non-current
Non-current assets 'held for sale'				
Land	46	–	–	–
Buildings	96	–	–	–
TOTAL NON-CURRENT ASSETS CLASSIFIED AS 'HELD FOR SALE'	142	–	–	–

(ii) Details of assets

Council has made the decision to sell 2 residential buildings located in Coolah.

Accounting policy for non-current assets classified as held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as assets arising from employee benefits; financial assets; and investment properties that are carried at fair value.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

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

Note 11. 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 renews ⁽¹⁾	Additions non assets	Carrying value of disposals	Depreciation expense	YIP transfers	Adjustments and transfers	The item(s) held for sale category	Revaluation decrements (to equity) (APR)	Revaluation increments to equity (APR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
Capital work in progress	7,123	–	7,123	1,401	2,963	–	–	(3,953)	(84)	–	–	–	7,450	–	7,450
Plant and equipment	34,351	(20,597)	13,754	3,887	89	(611)	(2,578)	4	–	–	–	–	35,731	(21,186)	14,545
Office equipment	1,801	(1,652)	149	65	30	–	(30)	14	–	–	–	–	1,910	(1,682)	228
Furniture and fittings	737	(672)	65	–	–	–	(20)	–	–	–	–	–	737	(701)	36
Land:															
– Operational land	5,801	–	5,801	–	260	–	–	–	–	(46)	–	–	6,015	–	6,015
– Community land	1,429	–	1,429	–	–	–	–	–	–	–	–	–	1,429	–	1,429
Land improvements – depreciable	1,873	(406)	1,467	19	165	–	(49)	14	–	–	–	–	2,071	(455)	1,616
Infrastructure:															
– Buildings – non-specialised	26,234	(15,619)	10,615	–	–	–	(506)	–	–	(96)	–	–	25,468	(15,455)	10,013
– Buildings – specialised	57,709	(33,395)	24,314	614	61	–	(1,305)	41	–	–	–	–	58,424	(34,099)	23,725
– Other structures	24,119	(8,887)	15,232	1,031	100	–	(681)	17	–	–	–	–	25,266	(9,587)	15,699
– Roads :	276,386	(67,070)	209,316	2,249	110	–	(4,687)	1,417	–	–	(7,520)	–	255,242	(54,357)	200,885
– Bridges :	63,991	(7,422)	56,569	–	–	–	(471)	–	–	–	(3,955)	–	70,831	(18,686)	52,145
– Footpaths	6,535	(2,028)	4,507	36	–	–	(147)	–	–	–	–	636	9,233	(4,000)	5,233
– Bulk earthworks (non-depreciable)	88,645	–	88,645	–	–	–	–	–	–	–	–	60,357	149,002	–	149,002
– Stormwater drainage	8,506	(3,677)	4,829	–	24	–	(111)	6	–	–	–	445	9,029	(3,836)	5,193
– Water supply network	69,216	(32,770)	36,446	683	173	–	(1,484)	2,406	–	–	–	332	73,136	(34,580)	38,556
– Sewerage network	34,139	(17,223)	16,916	295	4	–	(668)	34	–	–	–	154	34,797	(18,061)	16,736
Other assets:															
– Other	91	(91)	–	–	–	–	–	–	–	–	–	–	91	(91)	–
Reimbursement, rehabilitation and restoration assets (refer Note 16):															
– Tip assets	539	(83)	456	–	–	(432)	(24)	–	–	–	–	–	–	–	–
– Quarry assets	1,944	(540)	1,404	–	492	–	(85)	–	–	–	–	–	2,436	(625)	1,811
Total Infrastructure, property, plant and equipment	711,169	(212,132)	499,037	10,281	4,471	(1,043)	(12,855)	–	(84)	(142)	(11,473)	62,124	766,296	(217,981)	548,317

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

(2) Values have been restated - refer note 17

continued on next page ...

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

Note 11. 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	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
Capital work in progress	8,532	–	8,532	–	1,248	–	–	(2,655)	–	–	7,123	–	7,123
Plant and equipment	33,045	(20,708)	12,337	4,233	102	(305)	(2,613)	–	–	–	34,351	(20,597)	13,754
Office equipment	1,885	(1,837)	28	121	15	–	(15)	–	–	–	1,801	(1,852)	149
Furniture and fittings	738	(643)	95	–	–	–	(29)	–	(1)	–	737	(672)	65
Land:													
– Operational land	5,738	–	5,738	–	–	–	–	–	55	8	5,801	–	5,801
– Community land	1,485	–	1,485	–	–	–	–	–	(56)	–	1,429	–	1,429
Land Improvements – depreciable	1,851	(357)	1,504	–	11	–	(49)	–	1	–	1,873	(406)	1,467
Infrastructure:													
– Buildings – non-specialised	26,127	(15,064)	11,063	107	–	–	(555)	–	–	–	26,234	(15,619)	10,615
– Buildings – specialised	57,158	(32,058)	25,100	123	789	–	(1,337)	128	(480)	–	57,709	(33,395)	24,314
– Other structures	21,903	(8,248)	13,655	295	1,161	–	(639)	280	480	–	24,119	(8,887)	15,232
– Roads ²	270,926	(82,539)	208,387	4,037	281	–	(4,526)	1,137	–	–	276,386	(87,070)	209,316
– Bridges ²	63,274	(6,956)	56,318	20	571	–	(486)	127	–	–	63,891	(7,422)	56,469
– Footpaths	6,919	(1,891)	4,128	71	229	–	(137)	216	–	–	6,535	(2,028)	4,507
– Bulk earthworks (non-depreciable)	88,646	–	88,646	–	–	–	–	–	(1)	–	88,645	–	88,645
– Stormwater drainage	8,418	(3,567)	4,852	–	84	–	(110)	3	–	–	8,506	(3,677)	4,829
– Water supply network	87,256	(30,936)	56,320	339	241	–	(1,316)	304	–	560	89,216	(32,770)	56,446
– Sewerage network	32,946	(16,350)	16,596	199	16	–	(603)	460	–	257	34,139	(17,223)	16,916
Other assets:													
– Other	91	(91)	–	–	–	–	–	–	–	–	91	(91)	–
Reinstatement, rehabilitation and restoration assets (refer Note 16):													
– Tip assets	359	(68)	290	–	181	–	(15)	–	–	–	539	(83)	456
– Quarry assets	1,335	(492)	843	–	609	–	(48)	–	–	–	1,944	(540)	1,404
Total Infrastructure, property, plant and equipment	697,523	(201,808)	495,715	9,536	5,327	(305)	(12,458)	–	(2)	825	711,189	(212,132)	499,057

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

(2) Values have been restated - refer note 17

Notes to the Financial Statements

for the year ended 30 June 2020

Note 11. 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. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Council will obtain ownership at the end of the lease term. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 20	Playground equipment	5 to 15
Office furniture	7 to 33	Benches, seats etc.	10 to 20
Computer equipment	4 to 5		
Vehicles	5 to 8	Buildings	
Heavy plant/road making equipment	7 to 20	Buildings: masonry	30 to 90
Other plant and equipment	5 to 30	Buildings: other	15 to 90
Water and sewer assets		Stormwater assets	
Dams and reservoirs	15 to 200	Drains	80
Bores	20 to 60	Culverts	80
Reticulation pipes	40 to 80		
Pumps and telemetry	10 to 80		
Treatment plants	15 to 80		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	25	Bulk earthworks	Nil
Sealed roads: pavement base	100	Other structures	10 to 70
Sealed roads: pavement sub-base	180	Aerodromes	10 to 60
Unsealed roads	20 to 25		
Bridges: concrete	120	Land improvements	
Bridges: other	35 to 80	Land improvements	5 to 50
Kerb, gutter, footpaths and causeways	15 to 80		

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

Land under roads

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 11. Infrastructure, property, plant and equipment (continued)

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

Crown reserves

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

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".

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

Note 12. Intangible assets

Intangible assets are as follows:

\$ '000	2020	2019
Software		
Opening values at 1 July		
Gross book value	710	710
Accumulated amortisation	(615)	(543)
Net book value – opening balance	95	167
Movements for the year		
– Other movements	–	1
– Amortisation charges	(66)	(73)
Closing values at 30 June		
Gross book value	710	710
Accumulated amortisation	(681)	(615)
Total software – net book value	29	95
TOTAL INTANGIBLE ASSETS – NET BOOK VALUE	29	95

Accounting policy for intangible assets

IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems.

Costs capitalised include external direct costs of materials and service, direct payroll, and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis over periods generally ranging from three to five years. IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility, and where Council has an intention and ability to use the asset.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 13. Contract assets and liabilities

\$ '000		2020 Current	2020 Non-current
(a) Contract assets			
Grant Contract Asset		1,627	–
Other (Accrued Income)		18	–
Total Contract assets		1,645	–

\$ '000	Notes	2020 Current	2020 Non-current
(b) Contract liabilities			
Grants and contributions received in advance:			
Unexpended capital grants (to construct Council controlled assets)	(i)	1,235	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	30	–
Total grants received in advance		1,265	–
Total contract liabilities		1,265	–

Notes

(i) Council has received funding to construct assets including sporting facilities, bridges, library and other infrastructure. The funds received are under an enforceable contract which require Council to construct an identified asset which will be under Council's control on completion. The revenue is recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue. The revenue is expected to be recognised in the next 12 months.

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

Significant changes in contract assets and liabilities

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

Accounting policy for contract assets and liabilities

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

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

When an amount of consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 14. Leases

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

(i) Council as a lessee

Council has leases over a Building asset. Information relating to the lease in place and associated balances and transactions is provided below.

Buildings

Council leases land and buildings for the Coonabarrabran Library. The lease was commenced in December 2019 and is for a term of 3 years with an option to extend for a further 3 years.

The building lease contains an annual pricing mechanism based on either fixed increases or CPI movements at each anniversary of the lease inception.

\$ '000	Land and Buildings	Total
(a) Right of use assets		
Opening balance at 30 June 2019	-	-
Additions to right-of-use assets	295	295
Depreciation charge	(49)	(49)
<u>RIGHT OF USE ASSETS</u>	<u>246</u>	<u>246</u>

\$ '000	2020 Current	2020 Non-current
(b) Lease liabilities		
Lease liabilities	45	223
<u>TOTAL LEASE LIABILITIES</u>	<u>45</u>	<u>223</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	45	200	23	268	<u>268</u>

Notes to the Financial Statements

for the year ended 30 June 2020

Note 14. Leases (continued)

\$ '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	6
Depreciation of right of use assets	49
	55

(d) Statement of Cash Flows

Total cash outflow for leases	32
	32

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.

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

Refer to Note 5c and Note 15.

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

Note 14. Leases (continued)

(ii) Council as a lessor

(ii) Council as a lessor

Leases at significantly below market value - Concessionary / peppercorn leases

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

- Camp ground

- Community halls

- Tennis courts

- Pre schools

- Men's sheds

The leases are generally between 2 and 20 years and require payments of a maximum amount of \$509 per year. Council does not believe that any of the leases in place are individually material from a statement of financial position or performance perspective.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Payables and borrowings

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Payables				
Goods and services	413	–	556	–
Accrued expenses:				
– Borrowings	56	–	10	–
– Salaries and wages	169	–	–	–
– Other expenditure accruals	558	–	728	–
Security bonds, deposits and retentions	753	–	728	–
Other	76	–	16	–
Prepaid rates	–	–	–	–
Total payables	2,025	–	2,038	–
Borrowings				
Loans – secured ¹	966	2,931	795	3,870
Total borrowings	966	2,931	795	3,870
<u>TOTAL PAYABLES AND BORROWINGS</u>	<u>2,991</u>	<u>2,931</u>	<u>2,833</u>	<u>3,870</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 22.

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

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

Payables – security bonds, deposits and retentions	753	–
Total payables and borrowings	753	–

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Payables and borrowings (continued)

(b) Changes in liabilities arising from financing activities

\$ '000	as at 30/06/19		Non-cash changes				as at 30/06/20
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
Loans – secured	4,665	(768)	–	–	–	–	3,897
TOTAL	4,665	(768)	–	–	–	–	3,897

\$ '000	as at 30/06/18		Non-cash changes			as at 30/06/19
	Opening Balance	Cash flows	Acquisition	Fair value changes	Other non-cash movement	Closing balance
Loans – secured	5,644	(979)	–	–	–	4,665
TOTAL	5,644	(979)	–	–	–	4,665

\$ '000	2020	2019
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(c) Financing arrangements

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

Bank overdraft facilities ¹	500	500
Credit cards/purchase cards	79	79
Total financing arrangements	579	579

Drawn facilities as at balance date:

– Credit cards/purchase cards	33	39
Total drawn financing arrangements	33	39

Undrawn facilities as at balance date:

– Bank overdraft facilities	500	500
– Credit cards/purchase cards	46	40
Total undrawn financing arrangements	546	540

Additional financing arrangements information

Breaches and defaults

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Payables and borrowings (continued)

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.

Payables

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

Borrowings

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

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

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

Note 16. Provisions

\$ '000	2020	2020	2019	2019
	Current	Non-current	Current	Non-current
Provisions				
Employee benefits				
Annual leave	1,338	–	1,430	–
Long service leave	2,691	–	2,619	–
Other leave	67	–	71	–
ELE on-costs	551	–	326	–
Sub-total – aggregate employee benefits	4,647	–	4,446	–
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	3,102	–	3,175
Sub-total – asset remediation/restoration	–	3,102	–	3,175
TOTAL PROVISIONS	4,647	3,102	4,446	3,175

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

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

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

Provisions – employees benefits	3,375	3,035
	3,375	3,035

continued on next page ...

Notes to the Financial Statements

for the year ended 30 June 2020

Note 16. Provisions (continued)

(b) Description of and movements in non-employee benefit provisions

\$ '000	Other provisions	
	Asset remediation	Total
2020		
At beginning of year	3,175	3,175
Remeasurement effects	(149)	(149)
Unwinding of discount	76	76
Total other provisions at end of year	3,102	3,102
2019		
At beginning of year	2,299	2,299
Remeasurement effects	791	791
Unwinding of discount	85	85
Total other provisions at end of year	3,175	3,175

Nature and purpose of non-employee benefit provisions**Asset remediation**

Council has a legal/public obligation to make, restore, rehabilitate and reinstate the councils and private gravel quarries it has used.

Accounting policy for provisions

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

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

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

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.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 16. Provisions (continued)

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.

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 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.

Self-insurance

Council has decided to self-insure for various risks, including public liability and professional indemnity. A provision for self-insurance has been made to recognise outstanding claims. Council also maintains cash and investments to meet expected future claims; refer to Note 7(c).

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

(a) Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

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

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

Nature of prior-period error

As part of its valuation cycle, Council found causeway and culvert assets which were previously not recorded in the roads and bridges asset registers respectively. The impact of recognising these assets resulted in an increase of \$11.220 million to Infrastructure Property, Plant and equipment assets within the Statement of Financial Position as at 30 June 2018. Derecognition expense of \$264 thousand was understated in the Income Statement for the year ended 30 June 2019, resulting in an adjustment to the Statement of Financial Position as at 30 June 2019 of \$10.956 million.

The errors identified above have been corrected by restating the balances at the beginning of the earliest period presented (1 July 2018) and taking the adjustment through to accumulated surplus at that date.

Comparatives have been changed to reflect the correction of errors. The impact on each line item is shown in the tables below.

Changes to the opening Statement of Financial Position at 1 July 2018**Statement of Financial Position**

\$ '000	Original Balance 1 July, 2018	Impact Increase/ (decrease)	Restated Balance 1 July, 2018
Infrastructure, Property Plant and Equipment	484,694	11,220	495,914
Total assets	509,702	11,220	520,922
Net assets	494,910	11,220	506,130
Accumulated Surplus	408,050	11,220	419,270
Revaluation Reserve	86,860	–	86,860
Total equity	494,910	11,220	506,130

Adjustments to the comparative figures for the year ended 30 June 2019**Statement of Financial Position**

\$ '000	Original Balance 30 June, 2019	Impact Increase/ (decrease)	Restated Balance 30 June, 2019
Infrastructure Property Plant and Equipment	488,081	10,956	499,037
Total assets	510,961	10,956	521,917
Net assets	496,637	10,956	507,593
Accumulated Surplus	408,952	10,956	419,908
Revaluation Reserves	87,685	–	87,685
Total equity	496,637	10,956	507,593

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

Income Statement

\$ '000	Original Balance 30 June, 2019	Impact Increase/ (decrease)	Restated Balance 30 June, 2019
Total income from continuing operations	43,515	–	43,515
Depreciation and amortisation	12,267	264	12,531
Total expenses from continuing operations	42,613	264	42,877
Net operating result for the year	902	(264)	638

Statement of Comprehensive Income

\$ '000	Original Balance 30 June, 2019	Impact Increase/ (decrease)	Restated Balance 30 June, 2019
Net operating result for the year	902	(264)	638
Gain (loss) on revaluation of IPP&E	825	–	825
Total comprehensive income for the year	1,727	(264)	1,463

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

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

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

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

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.

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

over the contract using a single margin.

Principal v agent

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

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

Licences

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

Prepaid rates

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

Grants – operating

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

Grants – capital

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

Changes in presentation

In addition to the above changes in accounting policies, the Council has also amended the presentation of certain items to align them with the requirements of AASB 15 and AASB 1058:

- Movement of balances between receivables and contract assets.
- Additional line items of contract assets and contract liabilities have been created.

\$ '000	Balance at 1 July 2019
Opening contract balances at 1 July 2019	
Contract assets	
– Under AASB 1058	527
Total Contract assets	527
Contract liabilities	
– Under AASB 1058	210
Total Contract liabilities	210

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.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

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	6,859	-	-	6,859	
Investments	11,500	-	-	11,500	
Receivables	3,766	1,265	-	5,031	
Inventories	725	-	-	725	
Contract assets	1,645	(1,265)	-	380	
Other	53	-	-	53	
Current assets classified as 'held for sale'	142	-	-	142	
Total current assets	24,690	-	-	24,690	
Current liabilities					
Payables	2,025	-	-	2,025	
Contract liabilities	1,265	-	(1,265)	-	
Lease liabilities	45	-	-	45	
Borrowings	966	-	-	966	
Provisions	4,647	-	-	4,647	
Total current liabilities	8,948	-	(1,265)	7,683	
Non-current assets					
Inventories	299	-	-	299	
Infrastructure, property, plant and equipment	550,317	-	-	550,317	
Intangible assets	29	-	-	29	
Right of use assets	246	-	-	246	
Investments accounted for using equity method	444	-	-	444	
Total non-current assets	551,335	-	-	551,335	
Non-current liabilities					
Lease liabilities	223	-	-	223	
Borrowings	2,931	-	-	2,931	
Provisions	3,102	-	-	3,102	
Total Non-current liabilities	6,256	-	-	6,256	
Net assets	560,821	-	1,265	562,086	
Equity					
Accumulated surplus	422,485	-	1,265	423,750	
Revaluation reserves	138,336	-	-	138,336	
Council equity interest	560,821	-	1,265	562,086	
Total equity	560,821	-	1,265	562,086	

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

Income Statement

\$ '000	Income Statement and comprehensive income under AASB 15 and AASB 1058	Reclassification	Remeasurement	Income Statement and comprehensive income under previous revenue standards	Notes
Income from continuing operations					
Rates and annual charges	13,844	–	–	13,844	
User charges and fees	6,066	–	–	6,066	
Other revenues	2,137	–	–	2,137	
Grants and contributions provided for operating purposes	16,121	–	–	16,121	
Grants and contributions provided for capital purposes	3,775	–	1,055	4,830	
Interest and investment income	460	–	–	460	
Net gains from the disposal of assets	599	–	–	599	
Net share of interests in joint ventures and associates using the equity method	44	–	–	44	
Total Income from continuing operations	43,046	–	1,055	44,101	
Expenses from continuing operations					
Employee benefits and on-costs	14,929	–	–	14,929	
Borrowing costs	307	–	–	307	
Materials and contracts	7,185	–	–	7,185	
Depreciation and amortisation	12,970	–	–	12,970	
Other expenses	5,395	–	–	5,395	
Total Expenses from continuing operations	40,786	–	–	40,786	
Total Operating result from continuing operations	2,260	–	1,055	3,315	
Net operating result for the year	2,260	–	1,055	3,315	
Total comprehensive income	52,911	–	1,055	53,966	

Under Previous standards the contract Liability would have been treated as grant income in the current year.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

Statement of Cash Flows for the year ended 30 June 2020

\$ '000	Reclassific- ation	Cash flows under previous revenue standards
Operating activities		
Grants and Contributions	317	317

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	–	527	527
Total assets	–	527	527
Contract liabilities	–	210	210
Total liabilities	–	210	210
Accumulated surplus	–	317	317
Total equity	–	317	317

(iii) AASB 16 Leases

Council as a lessee

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

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

Practical expedients used on transition

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

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

Financial statement impact of adoption of AASB 16

Council has not recognised any right-of-use assets and lease liabilities as 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.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 18. 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)	6,859	4,738
Balance as per the Statement of Cash Flows		6,859	4,738
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		2,260	638
Adjust for non-cash items:			
Depreciation and amortisation		12,970	12,531
Net losses/(gains) on disposal of assets		(599)	(999)
Non-cash capital grants and contributions		(714)	(48)
Adoption of AASB 15/1058		317	-
Unwinding of discount rates on reinstatement provisions		76	85
Share of net (profits)/losses of associates/joint ventures using the equity method		(44)	(15)
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		(458)	2,490
Increase/(decrease) in provision for impairment of receivables		193	164
Decrease/(increase) in inventories		33	(20)
Decrease/(increase) in other current assets		36	131
Decrease/(increase) in contract assets		(1,645)	-
Increase/(decrease) in payables		(143)	(93)
Increase/(decrease) in accrued interest payable		46	(32)
Increase/(decrease) in other accrued expenses payable		(1)	16
Increase/(decrease) in other liabilities		85	(172)
Increase/(decrease) in contract liabilities		1,265	-
Increase/(decrease) in provision for employee benefits		201	(84)
Increase/(decrease) in other provisions		(149)	791
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		13,729	15,383
(c) Non-cash investing and financing activities			
Asset contributions		714	595
Total non-cash investing and financing activities		714	595

Notes to the Financial Statements

for the year ended 30 June 2020

Note 19. Interests in other entities

\$ '000	Council's share of net income		Council's share of net assets	
	2020	2019	2020	2019
Joint ventures	44	15	444	400
Total	44	15	444	400

Joint arrangements

(i) Joint ventures

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

(a) Net carrying amounts – Council's share

\$ '000	Nature of relationship	Measurement method		
			2020	2019
Macquarie Regional Library	Joint venture	Equity	444	400
Total carrying amounts – material joint ventures			444	400

(b) Details

Principal activity		Place of business
Macquarie Regional Library	Community library services	Dubbo, Coolah, Dunedoo, Coonabarabran, Narromine and Wellington

(c) Relevant interests and fair values

\$ '000	Interest in outputs		Interest in ownership		Proportion of voting power	
	2020	2019	2020	2019	2020	2019
Macquarie Regional Library	20.0%	20.1%	20.0%	20.1%	25.0%	25.0%

Notes to the Financial Statements

for the year ended 30 June 2020

Note 19. Interests in other entities (continued)

(d) Summarised financial information for joint ventures

\$ '000	Macquarie Regional Library	
	2020	2019
Statement of financial position		
Current assets		
Cash and cash equivalents	1,860	1,598
Other current assets	73	19
Non-current assets		
	1,244	1,246
Current liabilities		
Other current liabilities	809	690
Non-current liabilities		
Non-current financial liabilities (excluding trade and other payables and provisions)	22	49
Net assets	2,346	2,124
Reconciliation of the carrying amount		
Opening net assets (1 July)	2,124	2,049
Profit/(loss) for the period	222	75
Closing net assets	2,346	2,124
Council's share of net assets (%)	20.0%	20.1%
Council's share of net assets (\$)	469	426
Statement of comprehensive income		
Income	2,983	2,962
Interest income	23	45
Depreciation and amortisation	(390)	(340)
Other expenses	(2,394)	(2,593)
Profit/(loss) from continuing operations	222	74
Profit/(loss) for the period	222	74
Total comprehensive income	222	74
Share of income – Council (%)	20.0%	20.1%
Profit/(loss) – Council (\$)	44	15
Total comprehensive income – Council (\$)	44	15

Reconciliation

Reconciliation of carrying amount of interest in joint venture to summarised financial information for individually material joint ventures accounted for using the equity method.

	Current year end \$'000	Prior year end \$'000
Share of 20.0% (20.1%) of net assets	469	426
Adjustment to share	(25)	(26)
Carrying amount	444	400
Fair value of investment (if there is a quoted price)	444	426

Notes to the Financial Statements

for the year ended 30 June 2020

Note 19. Interests in other entities (continued)

Accounting policy for joint arrangements

The council has determined that it has joint ventures only.

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 20. Commitments

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

(a) Capital commitments (exclusive of GST)

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Property, plant and equipment

Land and buildings	53	236
Plant and equipment	363	201
Infrastructure	1,620	765
Total commitments	2,036	1,202

These expenditures are payable as follows:

Within the next year	2,036	1,202
Total payable	2,036	1,202

Details of capital commitments

The Council has committed to various capital projects which mainly includes information technology, regional roads, sporting facilities, council properties, town streets, water and sewer over the next 12 months.

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

(b) 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	-	22
Total non-cancellable operating lease commitments	-	22

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

Council had leased computer servers, photocopy machines and a library building in Coonabarabran. A new lease for office equipment has not been negotiated.

Refer to Note 14 for information relating to leases for 2020.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. Contingencies

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

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

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

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

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

Description of the funding arrangements.

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

The standard 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 standard employer contribution rates are:

Division B	1.9 times employee contributions
Division C	2.5% salaries
Division D	1.64 times employee contributions

The additional lump sum contribution for each Pooled Employer is a share of the total additional contributions of \$40 million per annum from 1 July 2019 to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2019. These additional lump sum contributions are used to fund the deficit of assets to accrued liabilities.

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

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

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

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

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

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 \$ 121,728.58 The last valuation of the Scheme was performed by Mr Richard Boyfield, FIAA as at 30 June 2019.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. Contingencies (continued)

Council's expected contribution to the plan for the next annual reporting period is \$111,614.20.

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 100.4	1,757.5	96.5%

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

The share of this deficit that is broadly attributed to Council is estimated to be in the order of \$76,900 as at 30 June 2020.

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

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

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

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.

(iv) Other guarantees

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. Contingencies (continued)

2. Other liabilities

(i) Third party claims

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

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

(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.

(iii) Potential Liability relating to the TRRRC development

Council received funding from State and Federal governments to construct the Three Rivers Regional Retirement Community (TRRRC). After tendering the project, Council engaged a contractor to undertake the construction of the facility. The contract with the contractor was terminated on 2 August 2018 due to default of contract. The contractor has listed the matter for consideration through the Supreme Court, which is being defended by Council. This action may lead to a future liability which at this stage is unable to be determined. Council has resolved to prefer an option to demolish all partially completed units, and seek permission from the two funding bodies to utilise remaining funding for site infrastructure and civil works relating to the project in possible readiness for construction of a smaller number of units if future funding is forthcoming.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. 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.

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

\$ '000	Carrying value 2020	Carrying value 2019	Fair value 2020	Fair value 2019
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	6,859	4,738	6,859	10,738
Receivables	3,766	3,501	3,679	3,501
Investments				
– 'Financial assets at amortised cost'	11,500	13,000	11,500	7,000
Total financial assets	22,125	21,239	22,038	21,239
Financial liabilities				
Payables	2,025	2,038	2,017	2,038
Borrowings	3,897	4,665	3,897	4,665
Lease liabilities	268	–	268	–
Total financial liabilities	6,190	6,703	6,182	6,703

Fair value is determined as follows:

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

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

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

Council has an investment policy which complies with the Local Government Act 1993 and Minister's investment order 625. This policy is regularly reviewed by Council and it's 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 there 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.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. Financial risk management (continued)

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

(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	150	150	(150)	(150)
2019				
Possible impact of a 1% movement in interest rates	177	177	(177)	(177)

Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. Financial risk management (continued)

(b) Credit risk

Council's major receivables comprise rates and annual charges and other receivables. The latter comprises of accrued income for government grants, user charges and fees, interest and extra charges, other debtors.

The major risk associated with these receivables is credit risk – the risk that debts due and payable to Council may not be repaid in full. Council manages this risk by monitoring outstanding debt and employing stringent debt recovery policies.

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

Council makes suitable provision for doubtful receivables as required based on the lifetime expected credit loss at each reporting date.

A profile of Council's receivables credit risk at the reporting date follows.

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	–	1,367	85	158	–	1,610
2019						
Gross carrying amount	–	1,274	190	–	–	1,464

Receivables - non-rates and annual charges

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

The loss allowance provision as at 30 June 2020 is determined as follows. The expected credit losses incorporate forward-looking information.

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
2020						
Gross carrying amount	1,431	805	21	2	550	2,809
Expected loss rate (%)	1.00%	2.00%	10.00%	24.00%	68.80%	14.65%
ECL provision	14	16	2	–	378	410
2019						
Gross carrying amount	1,851	90	297	18	241	2,497
Expected loss rate (%)	1.00%	5.00%	10.00%	20.00%	34.00%	5.54%
ECL provision	19	5	30	4	82	140

Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. Financial risk management (continued)

(c) Liquidity risk

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

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

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

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

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

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
2020							
Trade/other payables	0.00%	753	1,264	–	–	2,017	2,025
Borrowings	4.70%	–	966	2,931	–	3,897	3,897
Total financial liabilities		753	2,230	2,931	–	5,914	5,922
2019							
Trade/other payables	0.00%	728	1,310	–	–	2,038	2,038
Borrowings	4.70%	–	795	3,396	474	4,665	4,665
Total financial liabilities		728	2,105	3,396	474	6,703	6,703

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

Note 23. Material budget variations

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

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

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

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

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

\$ '000	2020 Budget	2020 Actual	2020 ----- Variance -----	
REVENUES				
User charges and fees	8,796	6,066	(2,730)	(31)% U
\$2,278k RMCC contract works down \$383k quarry revenues down.				
Other revenues	1,338	2,137	799	60% F
Mainly due to sale proceeds of \$786K for sale of Council's share in Southern Phone Company Ltd.				
Capital grants and contributions	3,137	3,775	638	20% F
Capital grants not budgeted for 2019/20 (a) RFS \$769k; and (b) Drought communities round 3 capital projects \$251k				
Net gains from disposal of assets	246	599	353	143% F
Sales revenues on plant and equipment were better than anticipated.				
EXPENSES				
Borrowing costs	195	307	(112)	(57)% U
Original budget was understated and also missed lease costs.				
Materials and contracts	8,051	7,185	866	11% F
Variation is a net result of various expenditure items but mainly due to lower RMCC contracts costs.				
Other expenses	8,502	5,395	3,107	37% F
Since 2018/19, Council has ceased its in kind allocation to RFS. This was not factored into the original budget.				
STATEMENT OF CASH FLOWS				
Cash flows from operating activities	11,698	13,729	2,031	17% F
The key variations are the same for revenue and expenditure above.				
Cash flows from investing activities	(12,604)	(10,813)	1,791	(14)% F
Increased Grants enabled Council to retain more cash investments than budgeted.				
Cash flows from financing activities	(913)	(795)	118	(13)% F
Principal loan repayments were budgeted higher than required.				

Notes to the Financial Statements

for the year ended 30 June 2020

Note 24. Fair Value Measurement

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

– Infrastructure, property, plant and equipment

The fair value of assets and liabilities must be estimated in accordance with various accounting standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a 'level' in the fair value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(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	
Recurring fair value measurements					
Infrastructure, property, plant and equipment					
Plant and equipment	30/06/20	–	–	14,545	14,545
Office equipment	30/06/20	–	–	228	228
Furniture and fittings	30/06/20	–	–	36	36
Land – Community	30/06/16	–	74	1,355	1,429
Land – Operational	30/06/18	–	2,981	3,034	6,015
Land improvements – depreciable	30/06/16	–	–	1,616	1,616
Buildings	30/06/18	–	–	33,738	33,738
Other structures	30/06/16	–	–	15,699	15,699
Roads	30/06/20	–	–	200,885	200,885
Bridges	30/06/20	–	–	52,145	52,145
Footpaths	30/06/20	–	–	5,233	5,233
Bulk earthworks	30/06/20	–	–	149,002	149,002
Stormwater drainage	30/06/20	–	–	5,193	5,193
Water supply network	30/06/17	–	–	38,556	38,556
Sewerage network	30/06/17	–	–	16,736	16,736
Tip assets	30/06/20	–	–	–	–
Quarry assets	30/06/19	–	–	1,811	1,811
Total infrastructure, property, plant and equipment		–	3,055	539,812	542,867

Notes to the Financial Statements

for the year ended 30 June 2020

Note 24. Fair Value Measurement (continued)

2019	Date of latest valuation	Fair value measurement hierarchy			Total Restated
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs Restated	
Recurring fair value measurements					
Infrastructure, property, plant and equipment					
Plant and equipment	30/06/19	–	–	13,754	13,754
Office equipment	30/06/19	–	–	149	149
Furniture and fittings	30/06/19	–	–	65	65
Land – Community	30/06/16	–	74	1,355	1,429
Land – Operational	30/06/18	–	2,721	3,080	5,801
Land improvements – depreciable	30/06/16	–	–	1,467	1,467
Buildings	30/06/18	–	–	34,929	34,929
Other structures	30/06/16	–	–	15,232	15,232
Roads	30/06/15	–	–	209,316	209,316
Bridges	30/06/15	–	–	56,569	56,569
Footpaths	30/06/15	–	–	4,507	4,507
Bulk earthworks	30/06/15	–	–	88,645	88,645
Stormwater drainage	30/06/15	–	–	4,829	4,829
Water supply network	30/06/17	–	–	36,446	36,446
Sewerage network	30/06/17	–	–	16,916	16,916
Tip assets	30/06/19	–	–	456	456
Quarry assets	30/06/19	–	–	1,404	1,404
Total infrastructure, property, plant and equipment		–	2,795	489,119	491,914

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

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

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

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

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

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

Infrastructure, property, plant and equipment (IPP&E)Plant and equipment, office equipment and furniture, fixtures and fittings

Plant and equipment, office equipment and furniture, and fixtures and fittings are all valued at depreciated cost (original purchase price) as this assessment is considered to approximate fair value.

Roads, bulk earthworks, bridges, footpaths and stormwater drainage

The values currently displayed are based on the following:

The current replacement cost for these asset classes has been derived from a 2019/20 valuation survey undertaken, for this purpose, by AssetVal Valuers. All asset are assigned useful lives except for bulk earthworks and are condition rated at the time of valuation effective as at 30 June 2020.

Roads are componentised into pavement and surface with pavements split into sealed and unsealed road pavements. A distinction is also made between road pavements on regional, local and urban. Roads also include causeways and kerb and gutter.

Bridges are componentised into bridges sub-structure, super-structure and deck and major culverts.

Stormwater drainage assets include both pits and pipes.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 24. Fair Value Measurement (continued)

Quarry and tip remediation liabilities

Council recognises remediation assets for quarries under its control. These assets are based on the estimated cost to remediate the sites at the end of their useful life. Estimated remediation costs are based on engineering assessments and take into account the inputs needed to rehabilitate the quarry/tip sites. As the final remediation will not happen for several years the input costs are indexed out to the estimated remediation date through the use of CPI, and then discounted back to arrive at the present value, with the discount rate being the ten year government bond rate. No estimate is made for potential increases in rehabilitation scope in future years as such changes can not be reliably measured. Further details on these assets can be found in note 11.

Council has ceased to recognise tip remediation asset based on in-house review conducted during 2019/20 due to following factors:

- a) Capping/closure of cell in 5 years time – Capping of waste cell is being undertaken every year for the part of cell which has been used. The cost of capping is charged as operational expenditure on as we go basis. Therefore, although the cell will be fully capped/closed in 5 years time i.e. in 2025 but it would be only that part of cell that will be used in that year.
- b) Closure of Coonabarabran waste site – Based on recent survey/study conducted by Waste Services, it is estimated that the remaining life of Coonabarabran waste site is 45 years. However, Council is not aware of any obligation where Council has to restore/remediate the site at the end of 45 years. Council will be putting new cells and closing them as part of waste operations during the next 45 years as discussed above but will not be liable to restore the site at the end of useful life.

Operational and community land

Land has been valued at market value, having regard to the "highest and best use", after identifying elements that would be taken into account by buyers and sellers in settling the price. These elements include: land description and dimensions, planning and other constraints on development and the potential for alternative use. Operational land has been valued by Assetval in 2017/18 using a spread of both observable inputs (level 2 inputs) and unobservable inputs (level 3 inputs). For community land, some are valued by Assetval in 2017/18 using observable inputs (level 2 inputs) while the majority is previously valued at Valuer General unimproved capital value (UCV) which takes into account highest and best use values.

Other structures and land improvements (depreciable)

The value of structures and depreciable land improvements have been assessed on the basis of replacement with a new asset having similar service potential and includes allowances for preliminaries and professional fees. These values have been derived from a valuation by Australis Asset Advisory Group for 30/6/2016.

This asset class includes Aerodromes, Pools, landscaping, gardens, sport change rooms, grand stands etc., Major components include pool structures, walls, roofs, pumps, fences, sheds, garden beds etc. Each component is assigned a useful life and long life component, based on engineering estimates and are condition rated at the time of valuation. In some cases Council has limited data for this asset class in relation to original construction date, age, and past maintenance and renewals history.

Water and sewer network

In recent years current replacement costs for water and sewer assets have been derived by Modern Engineering Equivalent Replacement Asset (MEERA) unit costs and lump sums. Water and sewer assets are componentised into mains, treatment plants, pumping stations, and reservoirs. All asset components are assigned a long life component, useful life and remaining useful life, and were condition rated at time of revaluation, with the condition rating determining the remaining useful life. Valuations require a level of professional judgement from both the valuer and Council engineers and the valuation was carried out through the use of condition assessments including through the use of cameras and maintenance/break histories for assets that could not be accessed through a simple inspection. Limitation on current valuations include further data issues around Council mains break historical data, and a lack of long term historical data on renewals.

Buildings

Buildings are valued by applying a unit rate to a structure or a square metre rate to a building, based on its current replacement cost. These rates are derived from substantial analysis of construction costs from over 120 Councils across NSW by Council's valuer (Valued by Assetval in 2017/18). Buildings assets are componentised into Super structure, Sub structure, Finishes, Fittings and Services. Each component is assigned a useful life and remaining useful life with the remaining useful life based on the condition assessment at the time of valuation. Further improvements to the valuation could be achieved with further details on the level of componentisation, as well as more in-depth maintenance history.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 24. Fair Value Measurement (continued)

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

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

\$ '000	Plant and equipment	Office equipment	Furniture and fittings	Land	Land imp – depreciable
2019					
Opening balance	12,337	28	95	4,427	1,505
Transfers from/(to) another asset class / held for sale assets	–	–	(1)	–	–
Purchases (GBV)	4,335	136	–	–	11
Disposals (WDV)	(305)	–	–	–	–
Depreciation and impairment	(2,613)	(15)	(29)	–	(49)
Revaluation increment	–	–	–	8	–
Closing balance	13,754	149	65	4,435	1,467
2020					
Opening balance	13,754	149	65	4,435	1,467
Transfers from/(to) another asset class / held for sale assets	–	–	–	(46)	–
Purchases (GBV)	3,980	109	–	–	198
Disposals (WDV)	(611)	–	–	–	–
Depreciation and impairment	(2,578)	(30)	(29)	–	(49)
Closing balance	14,545	228	36	4,389	1,616

\$ '000	Buildings	Other structures	Roads Restated	Bridges Restated	Footpaths
2019					
Opening balance	36,162	13,655	208,387	56,317	4,128
Transfers from/(to) another asset class / held for sale assets	(352)	760	1,137	127	216
Purchases (GBV)	1,011	1,456	4,318	591	300
Depreciation and impairment	(1,892)	(639)	(4,526)	(466)	(137)
Closing balance	34,929	15,232	209,316	56,569	4,507
2020					
Opening balance	34,929	15,232	209,316	56,569	4,507
Transfers from/(to) another asset class / held for sale assets	(96)	–	–	–	–
Purchases (GBV)	716	1,148	3,776	–	37
Depreciation and impairment	(1,811)	(681)	(4,687)	(471)	(147)
Revaluation increment	–	–	–	–	836
Revaluation decrement	–	–	(7,520)	(3,953)	–
Closing balance	33,738	15,699	200,885	52,145	5,233

Notes to the Financial Statements

for the year ended 30 June 2020

Note 24. Fair Value Measurement (continued)

\$ '000	Bulk earthworks	Stormwater drainage	Water supply network	Sewerage network	Tip asset
2019					
Opening balance	88,645	4,851	36,318	16,596	290
Transfers from/(to) another asset class / held for sale assets	–	3	304	460	–
Purchases (GBV)	–	85	580	206	181
Depreciation and impairment	–	(110)	(1,316)	(603)	(15)
Revaluation increment	–	–	560	257	–
Closing balance	88,645	4,829	36,446	16,916	456
2020					
Opening balance	88,645	4,829	36,446	16,916	456
Purchases (GBV)	–	30	3,262	334	–
Disposals (WDV)	–	–	–	–	(432)
Depreciation and impairment	–	(111)	(1,484)	(668)	(24)
Revaluation increment	60,357	445	332	154	–
Closing balance	149,002	5,193	38,556	16,736	–

\$ '000	Quarry asset	Total
2019		
Opening balance	843	484,584
Transfers from/(to) another asset class	–	2,654
Purchases (GBV)	609	13,819
Disposals (WDV)	–	(305)
Depreciation and impairment	(48)	(12,458)
Revaluation increment	–	825
Closing balance	1,404	489,119
2020		
Opening balance	1,404	489,119
Transfers from/(to) another asset class	–	(142)
Purchases (GBV)	492	14,082
Disposals (WDV)	–	(1,043)
Depreciation and impairment	(85)	(12,855)
Revaluation increment	–	62,124
Revaluation decrement	–	(11,473)
Closing balance	1,811	539,812

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

No transfers were made during the year.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 24. Fair Value Measurement (continued)

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

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

	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment		
Plant and equipment	Cost approach	* Gross Replacement Cost (purchase price) * Remaining Useful Life
Office equipment	Cost approach	* Gross Replacement Cost (purchase price) * Remaining Useful Life
Furniture and fittings	Cost approach	* Gross Replacement Cost (purchase price) * Remaining Useful Life
Operational land	Market approach	* Similar local property prices * Alternative use
Community land	Land Values from NSW VG	* Unimproved capital value from Valuer General
Land improvements (depreciable)	Cost approach (depreciated replacement cost)	* Gross Replacement Cost * Asset Condition * Remaining Useful Life
Buildings	Cost approach (depreciated replacement cost)	* Gross Replacement Cost * Asset Condition * Remaining Useful Life
Other structures	Cost approach (depreciated replacement cost)	* Gross Replacement Cost * Asset Condition * Remaining Useful Life
Roads	Cost approach (depreciated replacement cost)	* Gross Replacement Cost * Asset Condition * Remaining Useful Life
Bridges	Cost approach (depreciated replacement cost)	* Gross Replacement Cost * Asset Condition * Remaining Useful Life
Footpaths	Cost approach (depreciated replacement cost)	* Gross Replacement Cost * Asset Condition * Remaining Useful Life
Bulk earthworks	Cost approach (replacement cost)	* Gross Replacement Cost
Stormwater drainage	Cost approach (depreciated replacement cost)	* Gross Replacement Cost * Asset Condition * Remaining Useful Life
Water supply network	Cost approach (depreciated replacement cost)	* Gross Replacement Cost * Asset Condition * Remaining Useful Life
Sewer supply network	Cost approach (depreciated replacement cost)	* Gross Replacement Cost * Asset Condition * Remaining Useful Life
Other	Cost approach	* Asset Condition * Remaining Useful Life
Tip assets	Cost approach	Unit cost assumptions for rehab rates, discount rates, CPI and regulation changes
Quarry assets	Cost approach	Unit cost assumptions for rehab rates, discount rates, CPI and regulation changes

Notes to the Financial Statements

for the year ended 30 June 2020

Note 24. Fair Value Measurement (continued)

d. The valuation process for level 3 fair value measurements

Warrumbungle Shire Council undertakes to recognise its assets at fair value. Whilst this method does not suit some asset categories such as Plant & Equipment or Office furniture it is the best available method to determine the value of assets such as roads and buildings.

The process by council determines is through:

- * A re examination of the fair value of the relevant asset classes as specified by the OLG on a five year rotation;
- * Seek an external valuer with good knowledge and reputation to undertake the valuation;
- * The "Valuer" selects a sample of assets and in conjunction with Council Staff will then examine the sample to determine any adjustments required;
- * During this process the adequacy and accuracy of costing and usage assumptions are analysed and addressed as required;
- * After the physical examination the Valuer goes over the findings with Council and invites questions and feedback;
- * In conjunction with Council's input the Valuer will then make a determination on which Council will act.

(5) Highest and best use

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

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

Note 25. Related party disclosures

(a) Key management personnel

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

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

\$ '000	2020	2019
Compensation:		
Short-term benefits	759	846
Superannuation	98	61
Total	857	907

(b) Other transactions with KMP and their related parties

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

There are no other disclosures to be made by KMP.

Note 26. Events occurring after the reporting date

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

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

Note 27. Statement of developer contributions

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

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

Summary of contributions and levies

\$ '000	as at 30/06/19	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	as at 30/06/20	
	Opening Balance	Cash	Non-cash				Held as restricted asset	Cumulative internal borrowings due/(payable)
Roads	5	-	-	-	-	-	5	-
Open space	7	-	-	-	-	-	7	-
Community facilities	6	-	-	-	-	-	6	-
Other	2	-	-	-	-	-	2	-
Bushfire	12	-	-	-	-	-	12	-
S7.11 contributions – under a plan	32	-	-	-	-	-	32	-
Total S7.11 and S7.12 revenue under plans	32	-	-	-	-	-	32	-
S7.11 not under plans	118	50	-	1	-	-	169	-
SG4 contributions	132	-	-	2	-	-	134	-
Total contributions	282	50	-	3	-	-	335	-

continued on next page ...

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

Note 27. Statement of developer contributions (continued)

\$ '000	as at 30/06/19	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	as at 30/06/20	
	Opening Balance	Cash	Non-cash				Hold as restricted asset	Cumulative internal borrowings due/(payable)
S7.11 Contributions – under a plan								
CONTRIBUTION PLAN – WARRUMBUNGLE SHIRE COUNCIL								
Roads	5	–	–	–	–	–	5	–
Open space	7	–	–	–	–	–	7	–
Community facilities	6	–	–	–	–	–	6	–
Bushfire	12	–	–	–	–	–	12	–
Other	2	–	–	–	–	–	2	–
Total	32	–	–	–	–	–	32	–
S7.11 Contributions – not under a plan								
CONTRIBUTIONS – NOT UNDER A PLAN								
Other	118	50	–	1	–	–	169	–
Total	118	50	–	1	–	–	169	–
S64 contributions								
S64 Contributions								
Water	101	–	–	1	–	–	102	–
Sewer	31	–	–	1	–	–	32	–
Total	132	–	–	2	–	–	134	–

Notes to the Financial Statements

for the year ended 30 June 2020

Note 28. Result by fund

\$ '000	General ¹ 2020	Water 2020	Sewer 2020
Income Statement by fund			
Income from continuing operations			
Rates and annual charges	10,252	1,855	1,737
User charges and fees	4,198	1,686	182
Interest and investment revenue	322	62	76
Other revenues	2,126	9	2
Grants and contributions provided for operating purposes	16,121	–	–
Grants and contributions provided for capital purposes	3,395	235	145
Net gains from disposal of assets	599	–	–
Share of interests in joint ventures and associates using the equity method	44	–	–
Total income from continuing operations	37,057	3,847	2,142
Expenses from continuing operations			
Employee benefits and on-costs	13,340	1,037	552
Borrowing costs	277	30	–
Materials and contracts	6,289	691	205
Depreciation and amortisation	10,712	1,557	701
Other expenses	3,709	1,125	561
Total expenses from continuing operations	34,327	4,440	2,019
Operating result from continuing operations	2,730	(593)	123
Net operating result for the year	2,730	(593)	123
Net operating result attributable to each council fund	2,730	(593)	123
Net operating result for the year before grants and contributions provided for capital purposes	(665)	(828)	(22)

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

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

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

Note 28. Result by fund (continued)

\$ '000	General ¹ 2020	Water 2020	Sewer 2020
Statement of Financial Position by fund			
ASSETS			
Current assets			
Cash and cash equivalents	2,699	354	3,806
Investments	11,500	–	–
Receivables	1,887	1,219	660
Inventories	719	6	–
Contract assets	1,453	174	18
Other	53	–	–
Non-current assets classified as 'held for sale'	142	–	–
Total current assets	18,453	1,753	4,484
Non-current assets			
Receivables	(192)	–	192
Inventories	299	–	–
Infrastructure, property, plant and equipment	491,089	41,461	17,767
Investments accounted for using the equity method	444	–	–
Intangible assets	29	–	–
Right of use assets	246	–	–
Total non-current assets	491,915	41,461	17,959
TOTAL ASSETS	510,368	43,214	22,443
LIABILITIES			
Current liabilities			
Payables	2,020	5	–
Contract liabilities	1,236	29	–
Lease liabilities	45	–	–
Borrowings	864	102	–
Provisions	4,355	204	88
Total current liabilities	8,520	340	88
Non-current liabilities			
Lease liabilities	223	–	–
Borrowings	2,664	267	–
Provisions	3,102	–	–
Total non-current liabilities	5,989	267	–
TOTAL LIABILITIES	14,509	607	88
Net assets	495,859	42,607	22,355
EQUITY			
Accumulated surplus	391,073	19,898	11,514
Revaluation reserves	104,786	22,709	10,841
Council equity interest	495,859	42,607	22,355
Total equity	495,859	42,607	22,355

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 28. Result by fund (continued)

Details of individual internal loans for the year ended 30 June 2020

(in accordance with s410(3) of the *Local Government Act 1993*)

Details of individual internal loans	Internal Loan 1
Borrower (by purpose)	General Fund
Lender (by purpose)	Sewer Fund
Date of minister's approval	23/12/2012
Date raised	01/07/2012
Term (years)	10
Dates of maturity	30/6/2021
Rate of interest	5.8%
Amount originally raised	1,500,000
Total repaid during year (principal and interest)	884,992
Principal outstanding at end of year	372,744



Notes to the Financial Statements

for the year ended 30 June 2020

Note 29(a). Statement of performance measures – consolidated results

\$ '000	Amounts	Indicator	Prior periods		Benchmark
	2020	2020	2019	2018	
			(Restated)		
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(2,158)	(5.59)%	(17.10)%	(8.96)%	>0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	38,628				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	22,507	53.08%	47.51%	46.45%	>60.00%
Total continuing operating revenue ¹	42,403				
3. Unrestricted current ratio					
Current assets less all external restrictions	15,186	2.95x	4.37x	4.05x	>1.50x
Current liabilities less specific purpose liabilities	5,145				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	11,119	10.30x	5.05x	7.30x	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	1,080				
5. Rates, annual charges, interest and extra charges outstanding percentage					
Rates, annual and extra charges outstanding	1,690	10.93%	10.07%	8.69%	<10.00%
Rates, annual and extra charges collectible	15,457				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	18,359	7.74	6.97	5.76	>3.00
Monthly payments from cash flow of operating and financing activities	2,371	mths	mths	mths	mths

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 29(b). Statement of performance measures – by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2020	2019 (Restated)	2020	2019 (Restated)	2020	2019 (Restated)	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	(3.96)%	(16.02)%	(22.92)%	(34.45)%	(1.10)%	(6.10)%	>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	46.41%	42.34%	93.89%	69.54%	93.23%	98.10%	>60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	3.43x	4.43x	5.16x	7.14x	50.95x	41.22x	>1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	9.03x	4.47x	25.30x	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	14.24%	8.32%	0.00%	18.44%	0.00%	12.05%	<10.00%
Rates, annual and extra charges collectible							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	5.99	6.30	∞	4.37	∞	27.42	>3.00
Payments from cash flow of operating and financing activities	mths	mths		mths		mths	mths

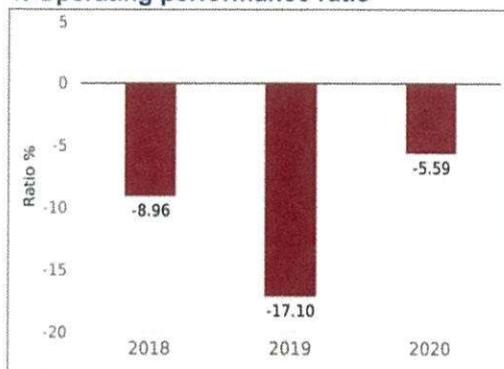
(1) - (2) Refer to Notes at Note 26a above.

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

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

Note 29(c). Statement of performance measures – consolidated results (graphs)

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2019/20 result

2019/20 ratio (5.59)%

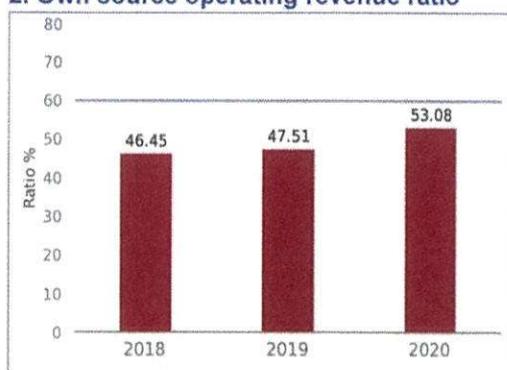
The continued provision of capital grants maintains this ratio below benchmark.

Benchmark: — > 0.00%

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

Ratio achieves benchmark
Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2019/20 result

2019/20 ratio 53.08%

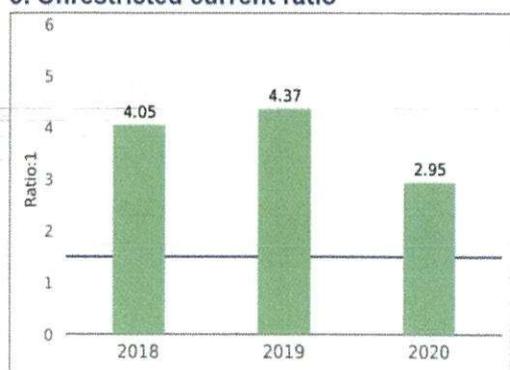
This ratio, whilst important, by its nature will worsen as a council receives more grant monies. Ironically it has been Council's success in attracting Grant monies that is reflected in this result.

Benchmark: — > 60.00%

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

Ratio achieves benchmark
Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.

Commentary on 2019/20 result

2019/20 ratio 2.95x

This ratio is well above the benchmark. This will ultimately see a down spike when the FAG's prepayment is stopped.

Benchmark: — > 1.50x

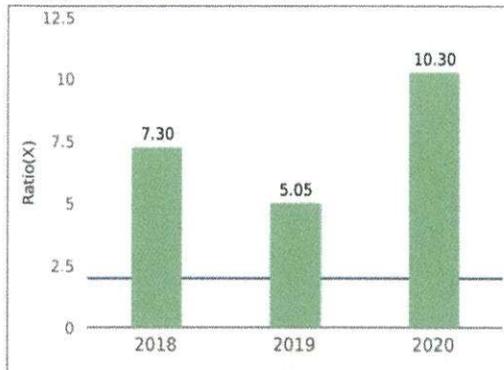
Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio achieves benchmark
Ratio is outside benchmark

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

Note 29(c). Statement of performance measures – consolidated results (graphs)

4. Debt service cover ratio



Purpose of debt service cover ratio

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

Commentary on 2019/20 result

2019/20 ratio 10.30x

This ratio is well above the OLG benchmark and reflects Council's commitment to use debt only as required and without reliance.

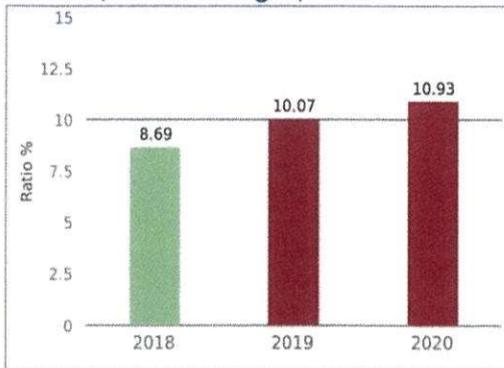
Benchmark: — > 2.00x

Ratio achieves benchmark

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

Ratio is outside benchmark

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



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

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

Commentary on 2019/20 result

2019/20 ratio 10.93%

The increase in this ratio demonstrates the struggles of a drought affected community

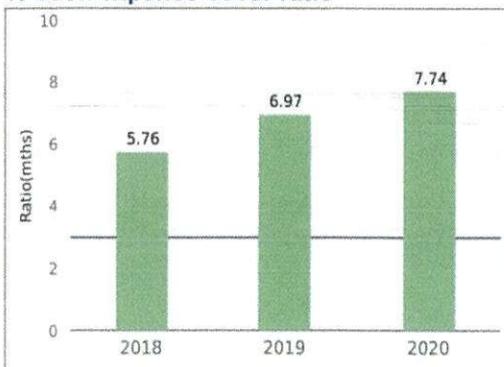
Benchmark: — < 10.00%

Ratio achieves benchmark

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

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.

Commentary on 2019/20 result

2019/20 ratio 7.74 mths

Council continues to remain well above the OLG benchmark.

Benchmark: — > 3.00mths

Ratio achieves benchmark

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

Ratio is outside benchmark

General Purpose Financial Statements
for the year ended 30 June 2020



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Warrumbungle Shire Council

To the Councillors of Warrumbungle Shire Council

Opinion

I have audited the accompanying financial statements of Warrumbungle 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 23 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.



Unaib Jeffrey

Delegate of the Auditor-General for New South Wales

23 November 2020
SYDNEY

Warrumbungle 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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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.

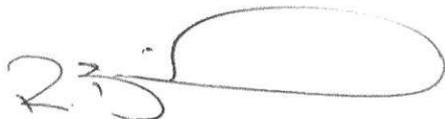
Signed in accordance with a resolution of Council made on 19 November 2020.



Clr Ambrose Doolan
Mayor
19 November 2020



Clr Aniello Iannuzzi
Councillor
19 November 2020



Roger Bailey
General Manager
19 November 2020



Kim Parker
Responsible Accounting Officer
19 November 2020

Income Statement – Water Supply Business Activity

for the year ended 30 June 2020

\$ '000	2020	2019
Income from continuing operations		
Access charges	1,855	1,578
User charges	1,686	1,433
Fees	–	3
Interest	62	46
Grants and contributions provided for non-capital purposes	–	16
Other income	9	10
Total income from continuing operations	3,612	3,086
Expenses from continuing operations		
Employee benefits and on-costs	1,037	1,006
Borrowing costs	30	28
Materials and contracts	691	670
Depreciation, amortisation and impairment	1,557	1,389
Other expenses	1,125	1,056
Total expenses from continuing operations	4,440	4,149
Surplus (deficit) from continuing operations before capital amounts	(828)	(1,063)
Grants and contributions provided for capital purposes	235	1,329
Surplus (deficit) from continuing operations after capital amounts	(593)	266
Surplus (deficit) from all operations before tax	(593)	266
SURPLUS (DEFICIT) AFTER TAX	(593)	266
Plus accumulated surplus	20,463	20,197
Plus/less: other adjustments	28	–
Closing accumulated surplus (deficit)	19,898	20,463
Return on capital %	(1.9)%	(2.5)%
Subsidy from Council	1,163	1,581
Calculation of dividend payable:		
Surplus (deficit) after tax	(593)	266
Less: capital grants and contributions (excluding developer contributions)	(235)	(1,329)
Surplus for dividend calculation purposes	–	–
Potential dividend calculated from surplus	–	–

Income Statement – Sewerage Business Activity
for the year ended 30 June 2020

\$ '000	2020	2019
Income from continuing operations		
Access charges	1,737	1,514
User charges	119	95
Liquid trade waste charges	63	48
Interest	76	91
Other income	2	5
Total income from continuing operations	1,997	1,753
Expenses from continuing operations		
Employee benefits and on-costs	552	513
Materials and contracts	205	111
Depreciation, amortisation and impairment	701	637
Other expenses	561	599
Total expenses from continuing operations	2,019	1,860
Surplus (deficit) from continuing operations before capital amounts	(22)	(107)
Grants and contributions provided for capital purposes	145	34
Surplus (deficit) from continuing operations after capital amounts	123	(73)
Surplus (deficit) from all operations before tax	123	(73)
SURPLUS (DEFICIT) AFTER TAX	123	(73)
Plus accumulated surplus	11,391	11,464
Closing accumulated surplus (deficit)	11,514	11,391
Return on capital %	(0.1)%	(0.6)%
Subsidy from Council	178	341
Calculation of dividend payable:		
Surplus (deficit) after tax	123	(73)
Less: capital grants and contributions (excluding developer contributions)	(145)	(34)
Surplus for dividend calculation purposes	-	-
Potential dividend calculated from surplus	-	-

Income Statement – Warrumbungle Quarry

for the year ended 30 June 2020

\$ '000	2020 Category 2	2019 Category 2
Income from continuing operations	-	
User charges	787	567
Profit from the sale of assets	-	74
Total income from continuing operations	787	641
Expenses from continuing operations		
Employee benefits and on-costs	156	155
Borrowing costs	7	10
Materials and contracts	393	143
Depreciation, amortisation and impairment	55	62
Other expenses	492	651
Total expenses from continuing operations	1,103	1,021
Surplus (deficit) from continuing operations before capital amounts	(316)	(380)
Grants and contributions provided for capital purposes	-	256
Surplus (deficit) from continuing operations after capital amounts	(316)	(124)
Surplus (deficit) from all operations before tax	(316)	(124)
SURPLUS (DEFICIT) AFTER TAX	(316)	(124)
Plus accumulated surplus	188	312
Closing accumulated surplus (deficit)	(128)	188
Return on capital %	(73.4)%	(77.7)%
Subsidy from Council	313	376

Statement of Financial Position – Water Supply Business Activity
as at 30 June 2020

\$ '000	2020	2019
ASSETS		
Current assets		
Contract assets	174	–
Cash and cash equivalents	354	1,036
Receivables	1,219	1,064
Inventories	6	6
Total current assets	1,753	2,106
Non-current assets		
Infrastructure, property, plant and equipment	41,461	41,380
Total non-current assets	41,461	41,380
TOTAL ASSETS	43,214	43,486
LIABILITIES		
Current liabilities		
Contract liabilities	29	–
Payables	5	5
Borrowings	102	86
Provisions	204	190
Total current liabilities	340	281
Non-current liabilities		
Borrowings	267	366
Total non-current liabilities	267	366
TOTAL LIABILITIES	607	647
NET ASSETS	42,607	42,839
EQUITY		
Accumulated surplus	19,898	20,463
Revaluation reserves	22,709	22,376
TOTAL EQUITY	42,607	42,839

Statement of Financial Position – Sewerage Business Activity
as at 30 June 2020

\$ '000	2020	2019
ASSETS		
Current assets		
Contract assets	18	–
Cash and cash equivalents	3,806	2,795
Receivables	660	574
Total current assets	4,484	3,369
Non-current assets		
Receivables	192	1,059
Infrastructure, property, plant and equipment	17,767	17,731
Total non-current assets	17,959	18,790
TOTAL ASSETS	22,443	22,159
LIABILITIES		
Current liabilities		
Provisions	88	81
Total current liabilities	88	81
TOTAL LIABILITIES	88	81
NET ASSETS	22,355	22,078
EQUITY		
Accumulated surplus	11,514	11,391
Revaluation reserves	10,841	10,687
TOTAL EQUITY	22,355	22,078

Statement of Financial Position – Warrumbungle Quarry
as at 30 June 2020

\$ '000	2020 Category 2	2019 Category 2
ASSETS		
Current assets		
Receivables	62	41
Inventories	197	316
Total current assets	259	357
Non-current assets		
Infrastructure, property, plant and equipment	421	476
Total non-current assets	421	476
TOTAL ASSETS	680	833
LIABILITIES		
Current liabilities		
Due to General Fund	440	294
Payables	108	71
Borrowings	49	45
Total current liabilities	597	410
Non-current liabilities		
Borrowings	211	235
Total non-current liabilities	211	235
TOTAL LIABILITIES	808	645
NET ASSETS	(128)	188
EQUITY		
Accumulated surplus (deficit)	(128)	188
TOTAL EQUITY	(128)	188

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)

Warrumbungle Shire Council Combined Water Supply

All individual Water Funds are now combined into one entity known as Warrumbungle Water Fund. This entity incorporates the previous individual Operations and Net Assets of the Water Supply Systems of the towns of Baradine, Binnaway, Coonabarabran, Coolah, Dunedoo and Mendooran.

Category 2

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

a. Warrumbungle Shire Council Sewerage Service

All individual Sewerage Services are now combined into one entity known as Warrumbungle Sewerage Fund. This entity incorporates the previous individual Operations and Net Assets of the Sewerage Treatment and Reticulation Systems of the towns Baradine, Coonabarabran, Coolah and Dunedoo.

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

Note 1. Significant Accounting Policies (continued)

b. Warrumbungle Quarry

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%

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/is not 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:

- 550% 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.

Special Purpose Financial Statements
for the year ended 30 June 2020



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Warrumbungle Shire Council

To the Councillors of Warrumbungle Shire Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Warrumbungle 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
- Warrumbungle Quarry.

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

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

Basis for Opinion

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



Unaib Jeffrey

Delegate of the Auditor-General for New South Wales

23 November 2020
SYDNEY

Warrumbungle 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	8,153	7,932
Plus or minus adjustments ²	b	6	4
Notional general income	c = a + b	8,159	7,936
Permissible income calculation			
Or rate peg percentage	e	2.60%	2.70%
Or plus rate peg amount	i = e x (c + g)	212	214
Sub-total	k = (c + g + h + i + j)	8,371	8,150
Plus (or minus) last year's carry forward total	l	(2)	(4)
Less valuation objections claimed in the previous year	m	-	5
Sub-total	n = (l + m)	(2)	1
Total permissible income	o = k + n	8,369	8,151
Less notional general income yield	p	8,353	8,153
Catch-up or (excess) result	q = o - p	16	(2)
Less unused catch-up ⁵	s	(1)	-
Carry forward to next year ⁶	t = q + r + s	15	(2)

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the Valuation of Land Act 1916.
- (5) Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- (6) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule - Permissible income for general rates

Warrumbungle Shire Council

To the Councillors of Warrumbungle Shire Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Warrumbungle 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.



Unaib Jeffrey

Delegate of the Auditor-General for New South Wales

23 November 2020
SYDNEY

Warrumbungle Shire Council
 Report on Infrastructure Assets
 as at 30 June 2020

Special Schedules 2020

Asset Class	Asset Category	Estimated cost to bring to the agreed level of service set by Council		2019/20 Required maintenance *v	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	\$ '000					\$ '000	\$ '000	\$ '000	\$ '000	1
(a) Report on Infrastructure Assets - Values												
Buildings	Buildings	1,391	15,610	470	469	33,738	83,892	1.0%	72.0%	25.0%	1.0%	1.0%
	Sub-total	1,391	15,610	470	469	33,738	83,892	1.0%	72.0%	25.0%	1.0%	1.0%
Other structures	Other structures	39	387	255	257	15,699	25,266	31.0%	28.0%	39.0%	1.0%	1.0%
	Sub-total	39	387	255	257	15,699	25,266	31.0%	28.0%	39.0%	1.0%	1.0%
Roads	Sealed roads	167	1,436	2,725	2,736	167,696	204,380	43.0%	34.0%	16.0%	5.0%	2.0%
	Unsealed roads	230	1,814	2,000	2,015	21,968	27,713	43.0%	36.0%	18.0%	2.0%	1.0%
	Bridges	581	2,922	375	371	52,145	70,831	31.0%	43.0%	25.0%	1.0%	0.0%
	Footpaths	5	67	20	20	5,233	9,233	6.0%	24.0%	60.0%	9.0%	1.0%
	Other road assets	-	-	250	250	7,154	14,383	1.0%	5.0%	84.0%	9.0%	1.0%
	Bulk earthworks	-	-	-	-	149,002	149,002	100.0%	0.0%	0.0%	0.0%	0.0%
	Kerb & Gutter	-	-	20	20	4,067	8,766	0.0%	1.0%	84.0%	12.0%	3.0%
	Sub-total	983	6,239	5,390	5,412	407,265	484,308	56.1%	23.3%	16.6%	3.0%	1.0%
Water supply network	Water supply network	269	3,631	900	1,173	38,556	73,136	7.0%	44.0%	43.0%	5.0%	1.0%
	Sub-total	269	3,631	900	1,173	38,556	73,136	7.0%	44.0%	43.0%	5.0%	1.0%
Sewerage network	Sewerage network	261	5,915	275	276	16,736	34,797	8.0%	25.0%	46.0%	21.0%	0.0%
	Sub-total	261	5,915	275	276	16,736	34,797	8.0%	25.0%	46.0%	21.0%	0.0%

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

Asset Class	Asset Category	Estimated cost		2019/20 Required maintenance *	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 \$ '000	to bring to the agreed level of service set by Council \$ '000					1	2	3	4	5
Stormwater drainage	Stormwater drainage	58	280	110	109	5,193	9,029	0.0%	36.0%	50.0%	14.0%	0.0%
	Sub-total	58	280	110	109	5,193	9,029	0.0%	36.0%	50.0%	14.0%	0.0%
TOTAL - ALL ASSETS		3,001	32,062	7,400	7,696	517,187	710,428	40.5%	31.6%	23.0%	3.9%	0.9%

* 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
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 periods		Benchmark
			2019	2018	
Infrastructure asset performance indicators (consolidated) ¹					
Buildings and infrastructure renewals ratio ¹					
Asset renewals ²	4,909	48.80%	53.48%	106.99%	>=100.00%
Depreciation, amortisation and impairment	10,060				
Infrastructure backlog ratio ¹					
Estimated cost to bring assets to a satisfactory standard	3,001	0.58%	0.64%	0.65%	<2.00%
Net carrying amount of infrastructure assets	517,187				
Asset maintenance ratio					
Actual asset maintenance	7,696	104.00%	105.40%	107.71%	>100.00%
Required asset maintenance	7,400				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	32,062	4.51%	5.05%	5.02%	
Gross replacement cost	710,428				

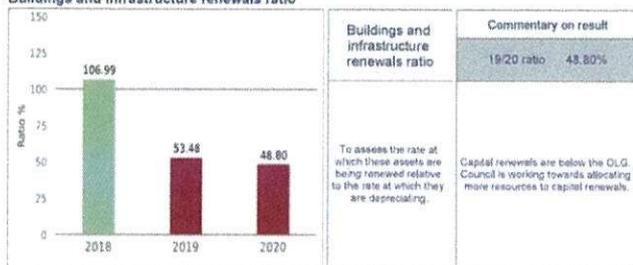
(¹) All asset performance indicators are calculated using classes identified in the previous table.

(¹) Excludes Work In Progress (WIP)

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

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

Buildings and infrastructure renewals ratio

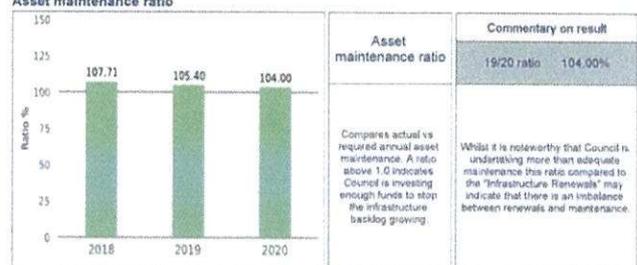


Buildings and infrastructure renewals ratio	
To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.	
Capital renewals are below the OLG. Council is working towards allocating more resources to capital renewals.	

Benchmark — $\geq 100.00\%$ ■ Ratio achieves benchmark ■ Ratio is outside benchmark

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

Asset maintenance ratio

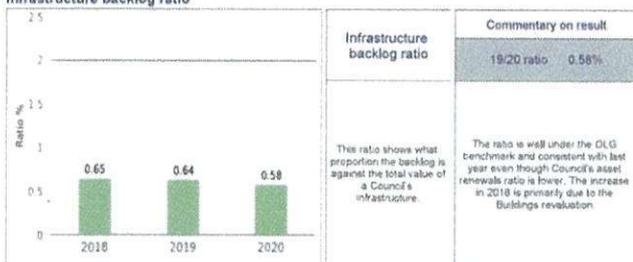


Asset maintenance ratio	
Compares actual vs required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.	
Whilst it is noteworthy that Council is undertaking more than adequate maintenance this ratio compared to the "Infrastructure Renewals" may indicate that there is an imbalance between renewals and maintenance.	

Benchmark — $> 100.00\%$ ■ Ratio achieves benchmark ■ Ratio is outside benchmark

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

Infrastructure backlog ratio

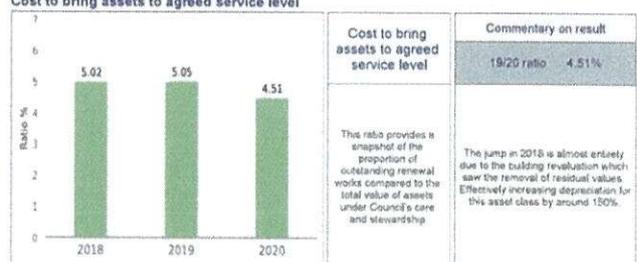


Infrastructure backlog ratio	
This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.	
The ratio is well under the OLG benchmark and consistent with last year even though Council's asset renewals ratio is lower. The increase in 2018 is primarily due to the Buildings revaluation.	

Benchmark — $< 2.00\%$ ■ Ratio achieves benchmark ■ Ratio is outside benchmark

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

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level	
This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.	
The jump in 2018 is almost entirely due to the building revaluation which saw the removal of residual values. Effectively increasing depreciation for this asset class by around 150%.	

continued on next page ...

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	49.70%	59.88%	46.02%	25.76%	44.31%	31.51%	>=100.00%
Infrastructure backlog ratio ¹							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	0.53%	0.60%	0.70%	0.74%	1.56%	1.54%	<2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	100.35%	102.13%	130.33%	144.03%	100.36%	82.93%	>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	3.74%	4.24%	4.96%	5.25%	17.00%	17.33%	

(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.