



Edward
River
COUNCIL

Annual Report
2019-20



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MESSAGE FROM THE MAYOR

At the start of this financial year no one could have anticipated the impact Covid-19 would have on the world. To date Edward River has escaped Covid-19 infections, however the impact on many businesses and residents has been devastating.

In recognising this Council postponed an increase in the General Rate for next year.

Also, Council extended its support for ratepayers who are experiencing financial hardship and will not charge interest on rate arrears for those on a payment plan.

Assistance to business through Covid-19 and into the recovery is important to our future. Council has freed red tape for local purchases under \$5,000, promoted assistance which may be available through State and Federal Governments and is delivering a massive capital works program providing in excess of 100 additional jobs.

Revitalising the Deniliquin Central Business District is a priority for the Council. Works have been completed in Napier Street and Cressy Street and work has begun for the Civic Precinct project which will deliver a renovation to the Town Hall and Estates Building and a Civic Plaza.

In recent years the Edward River community and the region have benefited from unprecedented funding through the Australian Government's Drought Communities, the Murray Darling Basin Regional Economic Diversification Programs and the New South Wales Government's Stronger Communities and Stronger Country Communities Funds. In addition, we have seen upgrades to state, regional and local roads through both State and Federal funding.

Projects completed in 2019/20 under these programs include,

- Napier Street revitalisation, for which Council received a Local Government Excellence Award
- Roads programs \$3.2m
- Deniliquin Sports Stadium \$1.5M
- Rural Village Beautification Program
- McLean Beach to Willoughbys Beach improvements \$.3m

Our economy has taken a solid blow since the Autumn as a result of Covid-19. To support a recovery, to stimulate the economy and to bring our tourists back the Council

- Is implementing the Edward River Agribusiness Masterplan to attract businesses and improve networking;
- has commenced projects on Deniliquin's riverfront;
- is progressing the Public Space Strategy to improve town entrances, revitalise the CBD and install wayfinding signage; and
- is pursuing strategies through the Tourism Development Plan.

Due to Covid-19 the State government legislated the elections due to be held in September 2020 will not be held and the Council term will be extended by one year.

Unfortunately, our highly regarded General Manager Adam McSwain departed the Council in April to take up a new position in Victoria. Adam did

an outstanding job in bringing the staff of the former Councils together and setting a direction for the organisation to ensure its capability and efficiency into the future.

Adam was respected in the community and by the Councillors. Thank you, Adam, we wish you well.

On behalf of my fellow Councillors I must thank the General Manager, Directors and staff for their drive and enthusiasm in delivering our large works program and in maintaining and improving the many services the Council provides.

I appreciate the efforts and support from Councillors and the contribution from so many individuals and groups in the community to make Edward River a better place to live, work and play.



Mayor, Cr Norm Brennan



MESSAGE FROM THE GENERAL MANAGER

Merging the former Conargo Shire and the Deniliquin Councils together is a significant challenge. From an administrative perspective bringing staff and systems and processes together is of the highest priority. The progress to date has been exceptional but slowed down in the last quarter of the 2019/20 Financial Year by Covid-19.

The organisation is coping with this dramatic change to our life and work. Staff were provided with technology and support to facilitate many people working from home but still performing their duties. Our staff also continued with their construction and maintenance programs under safe working conditions.

Essential governance and financial policies are in place including the adoption of the Financial Sustainability Principles Policy which aims at achieving an annual General Fund operating surplus of 2% to 5% and a regular review of services and assets to ensure they are appropriate, relevant and are being provided cost effectively.

The financial result for 19/20 was satisfactory during a year characterised by Covid-19 pandemic and the revaluation of Council's infrastructure assets. The revaluation resulted in infrastructure decrement/impairment of \$11.4m. However, our financial position remains strong with a 4.29% above industry benchmark operating performance ratio and a net loss result of \$4.4m for the year.

Congratulations must go to the staff on completing 110 of the 125 actions in

the Operational Plan. Of the 15 actions either delayed or stopped, five were directly attributed to Covid-19.

Over recent years Council has had the benefit of \$21.7million in additional Government funding enabling it to bring forward many much-needed projects to improve the facilities, amenity and infrastructure of Edward River. Delivery of these additional projects has placed considerable pressure on the organisation, and I am pleased to report that progress is more than satisfactory.

Council is now receiving further funding to assist the economy recover from the Covid-19 crisis and current and future projects will continue activity until the financial year 2021/2022.

Council's new information software, Technology One, continued through the implementation and staff training phase. The system will underpin the organisation's financial and management needs. The systems will also improve the flow of information available to and interaction with the community.

Staff development and strengthening of the organisation will be a priority in the coming year. There are parts of the organisation where we will need to strengthen our internal capacity so that these teams are sustainable, and we have succession plans into the future.

I must compliment Council's former General Manager, who recently resigned

to take up another local government position, on his outstanding leadership in developing the staff, improving the services they deliver and strengthening the organisation. He created a solid platform from which the organisation can move to the next level of its development. Well done Adam.

I extend my appreciation to the Councillors, staff and those in the community who are working to make Edward River a better place.



Interim General Manager, John Rayner



ABOUT OUR ANNUAL REPORT



The Annual Report must be prepared in accordance with the Act and Local Government (General) Regulation 2005 and include a copy of the Council's audited Financial Statements. Once adopted, the Annual Report must also be posted on the Council's website.

Performance Reporting

Under the Local Government Act 1993 (the Act) section 428 (1), all Councils in NSW are required to report on their progress in implementing their Delivery Program and the effectiveness of the principal activities undertaken in achieving the objectives in there at which those activities are directed. Performance achievements are set out in *Achieving our Operational Plan 2019-20: Table A*.

Financial Statements

Council's financial statements are provided as an Appendix (Appendix A) to this Annual Report. The Appendix contains the general purpose financial statements, special purpose financial statements and the special schedules.

Our Values

Values form the basis of our culture; they add meaning to work and provide a basis for consistent planning and decision-making across our organisation. Edward River Council has adopted a set of values which were developed through a consultative process involving staff across the whole organisation.

All Council employees are expected to demonstrate our corporate values when undertaking their roles and making decisions that impact our customers and community:

L	Leadership We seek to provide strong leadership for our community and customer. We lead with empathy and integrity.
E	Excellence We strive for excellence and continuous improvement: in who we are, in how we work, and in how we deliver results for our community.
A	Accountability We are open, honest and transparent in how we do business, the decisions we make and the actions we take.
D	Delivery We are committed to delivering results for our community and outstanding service to our customers.

ORGANISATIONAL STRUCTURE

Edward River Council's organisational structure comprises two Directorates and the Office of the General Manager. Together, the General Manager and two Directors comprise the organisation's Executive Management Team and are responsible for providing the Organisation with strong effective leadership in delivering a diverse range of Council services to the community.



Office of the General Manager

The Office of the General Manager provides executive support to the Mayor and Councillors and is responsible for managing Council's relationships with Federal, State and local governments, as well as residents and ratepayers of the Edward River region. Its functions and services include:

- Advocacy, regional partnerships and government relations;
- Civic events and Citizenship ceremonies;
- Community engagement and development;
- Council Business and meeting support;
- Mayor and Councillor secretarial support;
- Community and Economic Development;
- Environmental Services; and
- Communications and media relations.

Corporate Services Directorate

Corporate Services is responsible for providing corporate support and financial services to the organisation's internal and external customers, including managing the systems and processes required to enable outstanding service delivery to our customers. Its functions and services include:

- Customer service;
- Finance, rates and revenue;
- Governance;
- Integrated planning and reporting;
- Human resources;
- Information communications technology;
- Records management;
- Internal audit; and
- Workplace health and safety.

Infrastructure Directorate

Infrastructure is responsible for the operation, maintenance and renewal of Council's asset infrastructure and open spaces, including parks and gardens and recreational reserves. Its functions and services include:

- Asset management;
- Engineering and technical services;
- Footpaths, kerb and gutter;
- Open space, parks and gardens, and recreation facilities;
- Roads and transport infrastructure;
- Stormwater drainage; and
- Water and sewerage services.

OUR COUNCIL

Edward River Council's governing body comprises of nine Councillors, all of whom were elected at the inaugural elections held on 9 September 2017. Councillors are elected to represent the entire region, rather than individual wards, with the Mayor and Deputy Mayor being elected by the Councillors.

Councillors are responsible for making decisions and developing policies that guide the activities of the Council. This role is performed at the Council and Committee meetings, where the decision-making takes place. Our Councillors also provide leadership and guidance to the General Manager and facilitate communication between the Council as a governing body and the community.



Cr Norm Brennan
Mayor



Cr Pat Fogarty
Deputy Mayor



Cr Peta Betts



Cr Marg Bull



Cr Ashley Hall



Cr Norm McCallister



Cr Peter McCrabb



Cr Nick Metcalfe



Cr Mac Wallace

Mayoral Election

The Council elected Cr Norm Brennan as mayor and Cr Pat Fogarty as deputy mayor at its Ordinary Meeting in September 2017. Both Cr Brennan and Cr Fogarty were elected to their respective positions for a two-year term until September 2019 and re-elected to these positions in September 2019 for a further one year term, this was extended to a two year term in June 2020 due to the postponement of the local government elections into 2021 because of the COVID-19 pandemic.

Council Meetings

In 2019-20, Council held eleven (11) Ordinary Meetings and five (5) Extraordinary Meetings. A total of number six (6) presentations from the gallery were made to Council during 2019-20.

355 Committees

Under section 355 of the Local Government Act, Council may delegate some of its functions to a Committee of Council. Council uses this delegation to appoint community members to manage its facilities or functions through a committee or board of management.

During the reporting period, Council had constituted the following committees under section 355 of the Act:

- Blighty Hall Committee;
- Boooroban Hall Committee;
- Conargo Hall Committee;
- Deniliquin Multi-Arts Centre Committee;
- Deniliquin Promotional Advisory Group;
- Edward River Community Garden Committee;
- Edward River Heritage Committee;
- Edward River Concert Band Committee;
- Edward River Tidy Towns Committee;
- Long Paddock Committee;
- Mayrung Hall Committee;
- Memorial Park Users Advancement Committee;
- Pretty Pine Hall Committee;
- Rotary Park Advancement Committee; and
- Wanganella Hall Committee.

External Committees

During the reporting period, Council was represented on a range of advisory committees, community groups, industry bodies and advocacy organisations, including:

- Central Murray County Council;
- Central Murray Regional Library;
- Country Mayors Association;
- Deniliquin/ Conargo Area Local Emergency Management Committee;
- Edward River Users Group;
- Edward River Country Education Fund;
- Murray Darling Association;
- Murray Valley Industry Park;
- NSW Rural Fire Service Liaison Committee (Mid Murray Zone);
- NSW Rural Fire Service Zone Bushfire Management Committee;
- Riverina and Murray Joint Organisation;
- South West Music Regional Conservatorium; and
- Werkitya Kalpal Deniliquin and District Indigenous Working Party.

Advisory Committees and Working Groups

A number of advisory committees and working groups have been established or are in the process of being established to enable Council to develop a greater strategic planning capability, including:

- Australia Day Committee;
- Disability Advisory Committee;
- Edward River Council Airport Advisory Committee;
- Edward River Council Floodplain Risk Management Advisory Committee;
- Edward River Council Open Space and Public Space Strategic Working Group; and
- Local Traffic Committee.

INTEGRATED PLANNING AND REPORTING FRAMEWORK



The Local Government Act 1993 (the Local Government Act) requires all Councils in NSW to operate within the Integrated Planning and Reporting Framework, which allows Councils to draw their various plans together, understand how they interact and get the maximum leverage from their efforts by planning holistically for the future.

Community Strategic Plan

Sitting above all other Council plans and policies in the planning hierarchy, the Community Strategic Plan identifies the main priorities and aspirations of the community and provides a clear set of strategies to achieve this vision.

While Council has a custodial role in preparing and maintaining the Community Strategic Plan, other stakeholders, including NSW Government agencies and community groups, may also be engaged in delivering the long-term objectives of the Plan.

Resourcing Strategy

The Resourcing Strategy articulates how Council intends on delivering the Community Strategic Plan. The Strategy consists of three components: Long Term Financial Planning; Workforce Management Planning; and Asset Management Planning.

Delivery Program

The Delivery Program translates the goals of the community, as contained in the Community Strategic Plan, into actions. The Program sets out the principal activities to be undertaken by Council in implementing the Plan within the resources available under the Resourcing Strategy.

Operational Plan

Spelling out the details of the Delivery Program, the Operational Plan lists the individual projects and activities that will be undertaken for the year to achieve the commitments made in the Delivery Program.



ACHIEVING OUR OPERATIONAL PLAN 2019-20

The Local Government Act requires Council to report on the effectiveness of the principal activities in implementing the Delivery Program and Operational Plan in its Annual Report.

TABLE A: Performance Status Summary							
Edward River 2030 Strategic Outcome		Completed		Behind Plan Programmed for delivery in 2019/20		Not Completed and/or Not programmed for delivery in 2019/20	
		No.	%	No.	%	No.	%
1	A great place to live	24	88.9%	0	0%	3	11.1%
2	A prosperous and vibrant economy	17	94.4%	0	0%	1	5.6%
3	A valued and enhanced natural environment	18	85.7%	1	4.8%	2	9.5%
4	A region with quality and sustainable infrastructure	10	71.5%	1	7.1%	3	21.4
5	A community working together to achieve its potential	41	91.1%	4	8.9%	0	0%
Total		110	88%	6	4.8%	9	7.2%

88 per cent of Council's annual Operational Plan actions for the year ending 30 June 2020 were successfully completed and 4.8% are progressing well for successful completion in the Operational Plan 2020-2021. 7.2 per cent were not completed by the end of the reporting period or ceased altogether.

KEY ACHIEVEMENTS 2019-20

Notable achievements for the 2018-19 period included:

1. A great place to live

- A revised Advocacy Strategy for the improvement of health, education, economic development and connectivity was developed
- Council provided \$50,000 through the Community Grants Program across 18 projects
- Continued delivery of projects funded through the NSW Government Stronger Country Communities and Stronger Communities Programs including:
 - Delivered the Napier Street revitalisation works
 - Partnered with the Deniliquin Lawn Tennis Club, Deniliquin Golf Club, Deniliquin Rams, Football Netball Club, Deniliquin Memorial Park Users Group to provide upgraded recreation and sporting facilities
 - Partnered with Play on the Plains Deni Ute Muster to secure funding for the Ute Muster Headquarters and Ute Museum
 - Developed detailed designs for the Deniliquin Town Hall Revitalisation Project
- Developed masterplans for the Davidson Street Rest Stop and Edward River Oval
- Completed the Deniliquin Water Tower Art Project at Scott's Park
- Completed community resilience projects through the Drought Communities Programme including:
 - Delivered a range of business and community events and resilience programs
 - Completed town entrance upgrades in Crispe Street and Davidson Street
 - Improved access to the Harfleur Street boat ramp
 - Expanded the Visit Deni Marketing Campaign
 - Completed Booroorban Heavy Vehicle layby
- Completed the Riverfront Beautification project through the Federal Government Building Better Regions funding - Our Rivers, Our Region Project
- Commenced the Cressy Street revitalisation works through the Federal Government

Building Better Regions funding - Our Rivers, Our Region Project

- Commenced upgrades and renovations at the Crossing Café and Peppin Heritage Centre
- Hosted a range of community events including the Edward River Christmas Party, International Women's Day and the Senior's Week Festival
- Implemented the Companion Animals De-sexing and Microchip Program

2. A prosperous and vibrant economy

- Delivered the Napier Street Revitalisation works
- Delivered the CBD Painting projects to refresh appearance and signage throughout the CBD
- Provided a generous Trading While Upgrading business support package for businesses affected by the Napier Street Revitalisation works
- Expanded the Visit Deni Marketing Campaign
- Provided free advertising for over 60 local businesses in the new Visit Deni Official Visitor Guide

- Developed the Edward River Agribusiness Masterplan – a regional plan to harness the region’s competitive advantages in scalable agriculture and drive innovation and investment in the region
- Delivered a significant program of business events to build resilience and prosperity through drought conditions including Resilient Women in Business, Resilient Farming Forum and Resilient Small Businesses which attracted over 100 businesses
- Developed the Investment Attraction and Expansion Policy
- Sold the former South Depot to facilitate business expansion and economic development

3. A valued and enhanced natural environment

- Developed the Community Participation Plan to enhance opportunities for all members of the community to participate in planning decisions
- Developed the Local Strategic Planning Statement
- Delivered the Annual Rural Tree Scheme
- Commenced delivery of the Waring Gardens Masterplan

- Enhanced access to the Edward River through the Riverfront Revitalisation Project
- Progressed the development of the Edward River Local Environment Plan (LEP)

4. A region with quality and sustainable infrastructure

- Gold Award at the 2020 Local Government Awards for the Napier Street Revitalisation Project, including the Trading while Upgrading support for affected businesses
- Completed the Capital Works renewal program for:
 - Gravel Road re-sheeting
 - Reseals
 - Sealed road rehabilitation
 - Kerb and gutter
- Upgraded the Deni Industrial Estate Turning Lane intersection
- Upgraded the Napier Street and Cobb Highway intersection
- The Riverina Highway Reconstruction – Stage 1
- Completed the Deniliquin Water Tower Art Project at Scott’s Park
- Completed the Booroorban Heavy Vehicle Layby

5. A community working together to achieve its potential

- Provided \$50,000 of community grants across 18 projects
- Completed a strategic review of the Central Murray Library service
- Helped guide the community through the onset of the COVID 19 pandemic through media messaging and financial support mechanisms
- Implemented the Disability and Inclusion Action Plan
- Developed detailed plans to progress the revitalisation of the Civic Precinct and Estates Building
- Progressed options to implement the Edward River Council Rates Harmonisation Project
- Completed the Business Continuity Main Plan and a detailed COVID response sub-plan
- Completed the Leadership Capability Program for the Leadership Team
- Completed identification and analysis of strategic and operational risks for Council’s Risk Register
- Completed the Salary Harmonisation Project
- Developed the Equal Employment Opportunity and Diversity Policy and Plan

MAJOR PROJECTS PROGRAM

Over the past three years Council has received significant funding for major projects. These funds come from a variety of sources including both State and Federal Government. A breakdown of the funding received by funding program is detailed below.

Stronger Communities Fund

The Stronger Communities Fund was established by the NSW Government to provide all new councils, including Edward River Council, with funding to kick-start the delivery of projects that improve community infrastructure and services.

Council received \$10 million in 2016-17 and \$3.99 million 2018-19 through the Stronger Communities Fund. The primary objective of this funding is to provide councils with funding to spend on priority Community initiatives and projects.

Stronger Communities Fund (Round 1)	Grant Amount
Deniliquin Swim Centre	\$880,000
Community Masterplans and Initial Works	\$2,105,000
Deniliquin Regional Sports and Entertainment Extension	\$540,000
Blighty Community Netball and Tennis Facility	\$550,000
Deniliquin Children's Centre Extension	\$500,000
Deniliquin Netball Facility and Improvement Works	\$320,000
Rural Villages Beautification Projects	\$300,000
Beach to Beach Walk Connectivity Improvements	\$300,000
Deniliquin Community Facility Refurbishments	\$165,000
Urban Road Infrastructure Program	\$2,390,000
Deniliquin Airport Heritage Centre Redevelopment	\$50,000
Various Community Group Grants	\$1,400,000
Unallocated Funding for New Council	\$500,000
Total	\$10,000,000

Stronger Communities Fund (Round 2)	Grant Amount
Cressy Street CBD	\$1,200,000
Riverfront Enhancement	\$700,000
Waring Gardens Upgrade	\$640,000
Lagoon to Riverwalk Road Treatments	\$250,000
Civic Plaza	\$390,000
Truck Stop Strategy	\$10,000
Peppin Heritage / Visitor Centre Upgrade	\$200,000
Ute Muster Office and Museum	\$600,000
Total	\$3,990,000

Stronger Country Communities Fund

Since 2017, the Stronger Country Communities Fund (SCCF) has supported local projects that make regional communities even better places to call home.

In Round One, the NSW Government allocated funding to improve community facilities such as recreational facilities, shared paths and playgrounds. Edward River Council was allocated funding for the following projects:

Stronger Country Communities (Round 1)	Grant Amount
Scott's Park – A Destination Playground	\$676,620
Deniliquin Swim Centre – All Abilities	\$295,796
Lagoons to Riverwalk	\$297,425
Total	\$1,269,841

In Round Two, the NSW Government allocated funding to provide high quality community and sports-related infrastructure. Edward River Council was allocated funding for the following projects:

Stronger Country Communities (Round 2)	Grant Amount
The Deniliquin Town Hall	\$1,315,170
Deni Central Streetscape (Napier Street)	\$401,500
Deniliquin Memorial Park	\$786,000
Deniliquin RAMS Facility	\$559,000
Deni Lawn Tennis Club	\$198,910
Deni Golf Club	\$111,170
Total	\$3,371,750

Murray Darling Basin Regional Economic Diversification Fund

The Federal Government released additional funding under the Murray Darling Basin Regional Economic Diversification Funding programme to Edward River Council in February 2019 for the following projects:

Murray Darling Basin Diversification Fund	Grant Amount
Deniliquin Industrial Park Road Works	\$350,000
Crossing Café and Peppin Heritage Centre Revitalisation	\$300,000
Rotary Park Earthworks	\$100,000
Total	\$750,000

Our Region Our Rivers – Regional Growth Fund

The Commonwealth released additional funding through the Department of Infrastructure, Regional Development and Cities 'Our Region Our Rivers' Regional Growth Fund. Edward River Council has been allocated funding for the following projects:

Regional Growth Fund	Grant Amount
Riverfront Revitalisation	\$550,000
CBD Revitalisation	\$1,123,080
Total	\$1,673,080

Drought Communities Programme

The Commonwealth released funding under the Drought Communities Programme - Extension which provides councils with funding for drought relief projects. Funding is for councils in areas impacted by drought. Edward River Council has been allocated funding for the following projects:

Drought Communities Program (Round 1)	Grant Amount
Drought Support Officer and Drought Events	\$100,000
Tourism Marketing Program	\$50,000
CBD Painting	\$100,000
Town Entrance - Crispe Street	\$200,000
Town Entrance - Davidson Street	\$100,000
Road Upgrades - Harfleur and Wyatt Street	\$250,000
Booororban Lay-By	\$200,000
Total	\$1,000,000

NSW Showgrounds Stimulus

Edward River Council has received funding from NSW Showgrounds Stimulus Program for the Memorial Park Showground which is allocated to the following projects:

NSW Showgrounds Stimulus Program – Memorial Park Showground	Grant Amount
Phase 1 – Option A & B (Seating)	\$133,540
Phase 1 – Option B (Fencing)	\$67,650
Phase 1 – Options C (car parking and entrance)	\$111,000
Total	\$312,190



Major Projects Program Highlights

Some of the highlights of the projects completed in 2019-2020 through the Major Projects Program include:

Napier Street

As part of the space revitalisation projects in the Deniliquin Master Plan, the revitalisation of Napier Street has provided local businesses with new opportunities and a fresh look. Tourists now have a more welcoming place to visit, spend time and shop, and locals a sense of optimism that the town is improving and progressing. This project was the winner of the NSW Local Government Excellence Award for Assets Management and Infrastructure Initiatives Projects under \$1.5million.



Deniliquin Swim Centre All Abilities (Changerooms)

The Deniliquin Swim Centre changerooms underwent a major refurbishment. The facility is now new, fresh and safe and allows for all members of the community to utilise the centre. There is now a dedicated unisex family, disability access facility changeroom; also, male and female changerooms have a dedicated ambulant toilet. All these changes allow access for the elderly, people with disabilities and families to easily utilise this new and improved facility.



Deniliquin Sports Stadium

The Deniliquin Sports Stadium underwent a major extension which included the addition of four bays, the reconstruction of a multi-purpose floating timber floor, construction of a multi-purpose room and installation of a fire system and tanks. The completion of the Sports Stadium has created a safe and welcoming environment for people of all ages and abilities to keep active all year round.



Peppin Heritage and Visitor Centre and Crossing Café Upgrades

This project saw the eagerly awaited and very necessary upgrade of the Crossing Café; one of Deniliquin's and the Riverina's premier eateries and function centres. The café had outgrown the space and the building required extensive refurbishment to ensure it remained viable. This project has enhanced the dining experience for tourists to Deniliquin and locals alike and is working to attract many more visitors to this beautiful historic centre.

Deniliquin Ute Sculpture

After more than 10 years on display in George Street, the beloved TransmUTE was retired from public exhibition and will head to the new Ute museum currently under construction at the Deni Ute Muster site. A new "Reutilise" sculpture now stands in its place. The repurposed scrap metal Holden Ute has been created from metal objects collected from farms in the local area.



Deniliquin Industrial Park Road Works

This project involved the design and construction of an RMS approved entrance and side turning lane off the Cobb Highway into the Deni Industrial Park.

Drought Communities Programme

Through the \$1 million Federal Government Drought Communities Programme, Council delivered a range of projects to support community resilience.

Council employed a Drought Officer to administer the applications, manage projects and to engage within and across the community to provide drought support. The Drought Support Officer co-ordinated a range of events to assist with community cohesion and build resilience, identified and worked with groups and individuals to assist with accessing drought support services and funding.

In addition, the funding allowed Council to deliver the following projects:

Community Events and Marketing

- A range of business and community events and resilience programs including:
 - Thrive Riverina - Resilient Women in Business
 - Resilient Farms
 - Resilient Small Businesses
 - Boots Up - Community Mental Health nights
- Expanded the Visit Deni Marketing Campaign to attract new visitation



Town Entrance Crispe Street

Visitors and residents to Deniliquin are now welcomed by a new and improved southern town entrance at Crispe Street. Works to beautify the area included tree planting, irrigation of the parkland and landscaping. The project also highlights the intersection as a key entry point into the town and now houses the iconic “Deniliquin” sign, previously positioned on the highway at the eastern entry point to town.



Town Entrance Davidson Street

Work commenced to enhance the town entrance from the north with the demolition of the North Deni Tennis Courts. This site sat unused and the prominent space passed by residents and visitors was cleared to be utilised as a rest area in the near future.



CBD Painting Program

Council launched a dollar-for-dollar Painting and Signage project with the aim of encouraging local businesses and landowners within the CBD to beautify their shop fronts. The project was received well by local businesses who focused on cosmetic upgrades which greatly enhanced the appearance of their shop fronts and signage, which in turn created a more welcoming and visually appealing CBD.



Booroorban Heavy Vehicle Layby

The completion of the Booroorban Heavy Vehicle layby for safer truck parking on the Cobb Highway.

Road Upgrades

Improved access to the Edward River from the Harfleur Street boat ramp to encourage further tourism.



CAPITAL WORKS



This section is Edward River Council's Capital Works Report as required under the Capital Expenditure Guidelines, issued by the Department of Premier and Cabinet pursuant to section 23A of the Local Government Act 1993. Council had a successful year in the delivery of Council's Capital Works Program. The highlights include:

Roads and Road Related Infrastructure

Gravel Roads

Approximately \$700K for gravel roads re-sheeted across the Edward River Council area such as:

- Lawrence Road
- Augustus Street
- Coborro Street
- Scott Rogers Lane
- Aratula North Road
- McEwans Lane
- Willurah Road
- Cowie Road

Resealing

Council has undertaken approximately \$1.2M of resealing works on local roads and approximately \$480,000 of resealing works on regional roads throughout the local government area. As indicated by its name, this work seals the road surface from water entering the underlying pavement, thereby reducing the likelihood the road will need costly rehabilitation and reconstruction in the near future.

Resealing works undertaken in 2019-20 include:

- Booroorban-Tchelery Road (\$140,000),
- Conargo Road (\$105,000),
- Hartwood Road (\$295,000),
- Maude Road (\$85,000),
- Millears Road (\$160,000),
- Moonee Swamp Road (\$65,000),
- Pretty Pine Road (\$290,000), and;
- Various streets throughout the Deniliquin town area (\$540,000).

Approximately \$900K for urban and rural roads resealing. This work protects the road pavements and reduces the likelihood the roads will need a costly rehabilitation in the near future. Some of the works completed in 2019-20 include:

- \$210,000 7km of Millears Road
- \$120,000 Napier Street (Ochertyre Street to Sloane Street and Wood to Harfleur)
- \$75,000 Saleyards Road (Cemetery Road to Cobb Highway)
- \$65,000 1.5km Moonee Swamp Road

Balance spent across a further 20 roads.

Road Renewal and Kerb & Gutter

Council has continued to focus on renewals for urban streets as part of its road renewal and kerb and gutter program. Where required both road and kerb and gutter renewal are undertaken as part of the same project in order to provide better outcomes and efficiencies for the community.

Works undertaken during 2019-20 include:

- Reconstruction of Rice Mill Road, between the railway crossing and Saleyards Road,
- Full road reconstruction and renewal of kerb and gutter along the following streets:
 - Charlotte Street, between Macauley Street and Butler Street,
 - Macauley Street, between Wood Street and Henry Street,
 - Wood Street, between Napier Street and Edwardes Street,
- Reconstruction of road shoulders and renewal of kerb and gutter along the following streets:
 - Cressy Street, between Hardinge Street and Macauley Street,
 - Macauley Street, between Henry Street and Wilkinson Street, and:
 - Hetherington Street, between Norris Street and Hughes Street.

Footpath

The following footpath renewals were completed during the 2019-20 financial year:

- Russell Street, between Cressy Street and George Street,
- Victoria Street, between Box Street and Hyde Street,
- Henry Street, between Wellington Street and Junction Street, and;
- Poitiers Street in front of the Swim Centre.

Plant

Council allocated approximately \$1.1 million, towards plant replacement in 2019-20. This included replacement of a Multityre Roller, Tractor and Woodchipper Machine and two small trucks. A new Jetpatcher was tendered and ordered and will delivered in 20/21.

Sewerage Services

During the 2019-20 financial year Council undertook the following works on the Sewerage System:

- Relining of existing earthenware sewer pipes as part of the annual Sewer Relining program;
- CCTV investigation of sections of the sewer network;
- Investigation into the condition of the sewer pump stations, including pumps and electrical systems, and;
- Refurbishments and minor upgrades at the Sewerage Treatment Plant.

Asset Management

During 2019-20 Council undertook a revaluation of all its infrastructure assets, including:

- Transport asset (roads, bridges, kerb and gutter, footpaths, airport);
- Building assets;
- Flood Mitigation and Drainage assets (stormwater system and levee);
- Open Space and Recreation assets (parks, reserves, sporting grounds);
- Water Supply system assets, and;
- Sewerage System assets.

The revaluation was undertaken by an independent consultant and the results integrated into Council's financial system and asset registers.

Council also undertook a detailed condition inspection and evaluation of its building and other structure assets.

Parks and Gardens

The parks and gardens teams continued to maintain a high standard through the town and villages. In 2019-20 the team's areas of maintenance responsibility increased with completion of capital projects including the revitalisation of Napier and Crispe Street and the redevelopment of Scott's Park and Lions Park. Development has commenced on the Waring Gardens and will continue into 2020-21.

Waste Management

The Waste Management Strategy was adopted by Council in 2018-19. This provides strategic direction to Council regarding waste management over the next 30 years, including:

- Provision of recycling and food organics/garden organics (FOGO) collection and management,
- Providing additional capacity at the existing waste facility in Deniliquin,
- Converting rural landfill sites to transfer stations so that waste can be managed at the Deniliquin facility, and;
- Undertaking community education and information projects regarding the reduction of waste and recycling.

Council has also commenced planning for recycling and FOGO services with business plans for these activities having been prepared.

Water Supply System

During the 2019-20 financial year Council undertook the replacement of the following sections of the water supply system:

- Cressy Street, between Hardinge Street and Macauley Street,
- Macauley Street, between Cressy Street and Whitelock Street, and;
- Poitiers Street, between Butler Street and Fowler Street.

STATUTORY REPORTING



Overview

Edward River Council's general reporting requirements are set out in section 428 of the Local Government Act 1993 (the Local Government Act) and the Local Government (General) Regulation 2005 (Part 9, Division 7) (the Regulation). Copies of the Act and Regulation can be accessed from www.legislation.nsw.gov.au.

This section also meets Council's reporting requirements under the Companion Animals Act 1998 and Companion Animals Regulation 2008 and the Environmental Planning and Assessment Act 1979.

Rates and Charges Written Off

Local Government (General) Regulation - Clause 132

Table B details the Rates written off by Council in the reporting period:

Table B: Rates and Charges Written Off	
Category	Amount
Pensioner Rebates - Mandatory	\$145,861.34
Pensioner Rebates - Voluntary	\$0
Rates – Other	\$68,357.78
Interest	\$0
Total	\$214,219.12
* Council receives a subsidy equivalent to 55 per cent of the amount of Pension Rebates.	

Overseas Visits

Local Government Act 1993 – Section 428(4)(b), Local Government (General) Regulation 2005 – Clause 217(1)(a).

The Act and Regulation require Council to report on overseas visits undertaken by Councillors, Council staff or other persons representing Council during the reporting period.

No Councillors nor Council staff nor any other person representing Council travelled overseas during the reporting period.

Councillor Expenses and Provision of Facilities

Local Government (General) Regulation 2005 – Clause 217(1)(a1)

Council's Payment of Expenses and Provision of Facilities Policy allows for the payment of expenses incurred by, and the provision of facilities to, Councillors in relation to their roles as elected representatives and members of the governing body of Council.

The total amount of fees received by the elected Councillors was \$135,969.65

Table C details the amount spent on providing facilities and expenses for elected Councillors during the reporting period.

Table C: Councillor Expenses and Provision of Facilities

Category	Amount
Office Equipment	\$0
Telephone Calls	\$7,150.13
Conference and Seminar Attendance	\$1,072.00
Training and Skill Development	\$0
Interstate Visits	\$4,216.94
Overseas Visits	\$0
Spouse Expenses	\$0
Carer Expenses	\$0
General Travel Expenses	\$7,924.19
Total	\$20,363.26

Contracts

Local Government (General) Regulation 2005 – Clause 217(1)(a2)

Council is required to disclose the details of each contract awarded for amounts greater than \$150,000, including the name of the contractor, the nature of goods or services supplied, and the total amount payable under the contract. The following major contracts for works and services were awarded during the reporting period:

Table D - Contracts

Table D: Contracts			
Contract Number	Contractor Name	Contract Description	Contract Value
C2020/01	Deniliquin Outdoor Pools Inc & Deniliquin Indoor Pools Inc	Operation and Management of the Deniliquin Swim Centre	\$155,000
C2020/02	Deni Civil and Construction Pty Ltd	Victoria Street Reconstruction Project	\$468,546
C2020/03	Deni Civil and Construction Pty Ltd	Wood Street Reconstruction Project	\$516,680
C2020/04	CT Management Group Pty Ltd	Asset Revaluation Project	\$169,300
C2020/06	Tutt Bryant Pty Ltd	Purchase of Multi Tyre Roller	\$174,200
C2020/07	Ausroad	Purchase of Jetpatcher	\$394,849
C2020/08	Deni Civil Pty Ltd	Cressy Street Reconstruction	\$218,408
C2020/09	Collard Maxwell Architects	Retirement Living Project	\$292,600*
C2020/10	B Green Construction	Upgrade of Deniliquin Riverfront	\$592,777
C2020/11	Excell Gray Bruni Pty Ltd	Construction of Deniliquin Car Park	\$692,809
C2020/12	Guiney Excavations Pty Ltd	Wood Street Road Renewal	\$266,665
C2020/13	Denbrok Constructions Pty Ltd	Deni Rams Clubroom & Kitchen Refurbishment	\$519,341
C2020/14	Tony Campbell Steel Fabrication	North Depot Sheds – Stage 1	\$331,905
C2020/15	Alliance Automation	Telemetry & SCADA Renewal	\$700,000
C2020/16	Insituform Pacific Pty Ltd	Sewer Relining Program 2019/20	\$345,000
C2020/17	Quarrell Constructions	Cressy Street Revitalisation	\$1,301,220
C2020/18	Quarrell Constructions	Waring Gardens Upgrade	\$1,214,567
C2020/19	The Green Guys Group Pty Ltd	19/20 Solar Panel Project	\$474,311
C2020/20	Denbrok Constructions Pty Ltd	Crossing Café & Peppin Heritage Refurbishment	\$525,172
RQ2020/10	Guiney Excavations Pty Ltd	Construction of Sealing Harfleur and Wyatt Streets	\$151,108
RQ2020/32	Deni Civil and Construction Pty Ltd	Macauley Street Reconstruction Project	\$175,178

* This Contract was cancelled after the completion of Stage 1, amount Payable was \$39,000

Mayor and Councillor Professional Development

Local Government (General) Regulation 2005 Clause 2171 A4

Cr Norm Brennan attended the Local Government NSW Annual Conference.

All training and professional development has been on hold since March 2020 due to COVID-19 restrictions.

Legal Proceedings

Local Government (General) Regulation 2005 – Clause 217(1)(a3)

Council is required to provide a summary of the amounts incurred in relation to legal proceedings, including amounts, costs and expenses paid or received, and a summary of the state of progress of each legal proceeding.

During the reporting period, Council incurred a total of \$27,510 in legal proceedings expenditure. This consisted of \$7722 in relation to the sale of property on Hardinge Street. \$4307 in relation to lease agreements and the balance of \$15481 was for costs relating to legal claims with members of the public.

Subsidised Private Works

Local Government (General) Regulation 2005 – Clause 217(1)(a4)

During the reporting period, Council did not undertake any subsidised works on private land.

Financial Assistance to Others

Local Government (General) Regulation 2005 – Clause 217(1)(a5)

Council provided contributions under section 356 of the Local Government

Act during the reporting period, totalling \$102,365.83. These included cash donations, sponsorships and reductions in charges.

Delegated External Bodies

Local Government (General) Regulation 2005 - Clause 217(1)(a6)

During the reporting period, the following external bodies exercised functions delegated by Council:

- Blighty Hall Committee (Hall Management);
- Boooroban Hall Committee (Hall Management);
- Central Murray Regional Library (Library Services);
- Conargo Hall and Recreation Ground Committee (Hall Management);
- Deniliquin Multi-Arts Centre Committee (Hall Management);
- Mayrung Hall Committee (Hall Management);
- Pretty Pine Hall Committee (Hall Management); and
- Wanganella Hall (Hall Management).

Controlling Interest in Companies

Local Government (General) Regulation 2005 - Clause 217(1)(a7)

Council did not hold a controlling interest in any companies during the reporting period.

Participation in Corporations, Partnerships, Joint Ventures or Other Bodies

Local Government (General) Regulation 2005 –

During the reporting period, Council participated in the following corporations, partnerships and other organisations:

- Country Mayors Association;
- Local Government NSW;
- Murray Darling Association;
- Riverina and Murray Joint Organisation of Councils;
- Statecover Mutual Limited; and
- Statewide Mutual Limited.

In addition to the above, Council employs a Road Safety Officer under a Memorandum of Understanding between Edward River Council, Murray River Council and Roads and Maritime Services NSW.

Equal Employment Opportunity Management Plan

Local Government (General) Regulation 2005 - Clause 217(1)(a9)

Council has adopted a Workforce Management Plan as part of its resourcing strategy. The plan addresses the human resourcing requirements of the Community Strategic Plan. A key strategy of the WMP is the Equal Employment Opportunity and Diversity Plan which was introduced in this year and covers the next three years.

The Equal Employment Opportunity and Diversity Plan (Plan) provides the framework for building a workplace culture that increases diversity and

embeds values of fairness and equality in all aspects of the Edward River Council's business.

Through the implementation of this plan Council will endeavour to ensure that in the application of Council policies, practices and procedures, no discrimination takes place, diversity is encouraged, and employees enjoy equal access to opportunities within the Council.

Staff receive information on their rights and responsibilities for promoting equal employment opportunity through the employee induction program and the plan will aim to build further understanding of these rights and responsibilities.

Council provides an Employee Assistance Program, providing staff and their immediate family members access to a free professional counselling service

Disability Inclusion Action Plan

Disability Inclusion Act 2014 – Clause 13(1)

In July 2017, the Disability Inclusion Plan (DIAP) was adopted by Council. This plan defines strategies and provides a planning framework to promote inclusion and equity for people with a disability. It addresses areas within council workforce where inclusion can be enhanced and issues with accessing community infrastructure and assets for the Edward River residents and visitors to the municipality. The DIAP committee, comprising community members and Council staff guide and prioritise projects each year.

In 2019/20 Council reviewed and audited access and facilities at the Deniliquin Swimming Pool and developed a plan for upgrades to enable best possible access by all people. An all abilities changeroom has been built at the swimming pool.

Kerb ramps and crossings were installed in several locations that were considered high risk including:

- George Street between Hardinge and Napier Streets

As part of the Lagoon to River Walk, kerb ramps were installed in:

- Edwardes Street between Cressy Street and Harrison Street
- Napier Street between Cressy Street and Harrison Street
- Hardinge Street between Whitelock Street and Poitiers Street
- Macauley Street between Whitelock Street and Poitiers Street

General Manager and Senior Staff Remuneration

Local Government (General) Regulation 2005 - Clause 217(1)(b-c)(i-v)

Council employed two general managers in the reporting period. Adam McSwain left council in April 2020 and John Rayner acted as interim general manager while recruitment was undertaken for a new general manager.

For the period 1st July 2019 to the 30th June 2020, Council employed three senior officers. Following the resignation of the Director Corporate Services, Trish Kirkland there was a period of vacancy of four months before Suni Campbell was appointed to the role. The total expenditure for the reporting period in respect of employment for these senior staff, including salary, motor vehicle expenses package benefits, fringe benefits tax, superannuation was \$668,761.

The annual remuneration paid to senior staff for the reporting period was as follows:

- General Manager \$295,446
- Senior Officers \$373,315

Stormwater Management Services

Local Government (General) Regulation 2005 - Clause 217(1)(e)

Council applied a Stormwater Management Charge of \$12.50 per annum for each residential strata property and \$25.00 per annum for each residential, business and business strata property during the reporting period for the purpose of raising revenue to implement its Stormwater Management Plan.

Coastal Protection Services

Local Government (General) Regulation 2005 – Clause 217(1)(e1)

Council does not apply an annual charge for coastal protection services.

Planning Agreements

Environmental Planning and Assessment Act 1979 – Section 93G(5)

Council did not have any Planning agreements in place during the reporting period.

Environmental Upgrade Agreements

Council did not have any Environmental Upgrade agreements in place during the reporting period.

Services to Carers

Carers Recognition Act 2010 (CR Act), s 8(2)

Council is not considered to be a 'human service agency' under the CR Act.

Companion Animal Management

Local Government (General) Regulation 2005 – Clause 217(1)(f)

This statement requires Council to report its activities in enforcing and ensuring compliance with the Companion Animals Act 1998 (Companion Animals Act) and Companion Animals Regulation 2008.

Lodgement of pound data collections returns

The pound collection data for the 2019-20 reporting period was lodged with the Office of Local Government (OLG). Table E summarises the data disclosed to the OLG:

Table E: Summary of Pound Data			
	Cats	Dogs	Total
Seized	39	169	208
Returned to owner	1	63	64
Taken to pound	38	106	144
Rehomed via rehoming shelters	3	24	27
Euthanised	43	11	54

Lodgement of data relating to dog attacks with the Office of Local Government

It is mandatory for all dog attack data to be lodged with the OLG in accordance with the Companion Animals Act. This legislation requires a dog attack to be reported within 72 hours of the incident. In the 2019-20 reporting period, 17 dog attack incidents involving people or animals were recorded.

Animal control expenditure

Council employs one full-time Ranger whose role includes local laws compliance and Companion Animals functions. Improvements were undertaken on the pound during the reporting period with the construction of a new cat enclosure with capacity to house 8 cat and new Firearm purchased for feral animal control and injured animals. Council has been focused on policy and procedure improvements to ensure compliance with the Companion Animals Act. The total expense for this service during the reporting period was \$167,000.

Community education programs

Council completed 4 microchipping weeks during the reporting period and 10 animals were microchipped. Council also offered a subsidised desexing program and 58 companion animals were desexed through this program. Information relating to Companion Animal Management and responsible pet ownership is also available from Council's website at www.edwardriver.nsw.gov.au.

Euthanasia alternatives for unclaimed animals

The Companion Animals Act provides that microchipped animals be held for a period of 14 days and unidentified animals for 7 days. Council releases animals to shelters where those animals are considered to be suitable for rehousing.

Off leash areas

Under the Companion Animals Act, each council must provide at least one off-leash area where dogs can be exercised off-leash during certain hours. While Council does not currently have an off-leash area, a location has been identified in the Edward River Open Space Strategy. A Concept Design for the off-leash area was adopted by Council in the reporting period.

Inspections of Private Swimming Pools

Swimming Pools Act (SP Act) 1992, s22F(2), Swimming Pools Regulation 2018 (SPReg) Clause 23.

Council undertakes a regime of inspections of private swimming pools. In the reporting period, Council undertook the following inspections:

Type	Number
Inspections of tourist and visitor accommodation	0
Inspections of premises with more than 2 dwellings	0
Inspections that resulted in issuance a certificate of compliance under section 22D of the SP Act (This figure includes the inspections of tourist and visitor accommodation)	35
Inspections that resulted in issuance a certificate of non-compliance under clause 21 of the SP Regulation	5

APPENDIX A: AUDITED FINANCIAL STATEMENTS





***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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Statement of Financial Position	7
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5. Independent Auditor's Reports:	
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Overview

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

180 Cressy Street
Deniliquin NSW 2710

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.edwardriver.nsw.gov.au.

Edward River Council

General Purpose Financial Statements

for the year ended 30 June 2020

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

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

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

General Purpose Financial Statements

for the year ended 30 June 2020

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

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

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

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

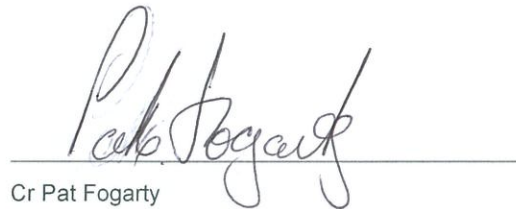
- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

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

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



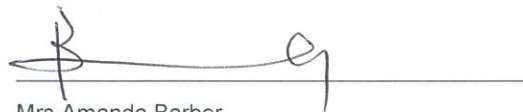
Cr Norm Brennan
Mayor
19 November 2020



Cr Pat Fogarty
Deputy Mayor
19 November 2020



Mr Phil Stone
General Manager
19 November 2020



Mrs Amanda Barber
Responsible Accounting Officer
19 November 2020

Income Statement

for the year ended 30 June 2020

Original unaudited budget 2020 \$ '000		Notes	Actual 2020 \$ '000	Restated Actual 2019 \$ '000
	Income from continuing operations			
12,895	Rates and annual charges	3a	13,074	12,736
3,348	User charges and fees	3b	7,114	4,437
575	Other revenues	3c	504	470
7,447	Grants and contributions provided for operating purposes	3d,3e	8,584	10,165
1,275	Grants and contributions provided for capital purposes	3d,3e	8,220	10,020
825	Interest and investment income	4	912	1,173
–	Net share of interests in joint ventures and associates using the equity method	17	–	72
26,365	Total income from continuing operations		38,408	39,073
	Expenses from continuing operations			
9,219	Employee benefits and on-costs	5a	9,155	8,734
–	Borrowing costs	5b	10	143
3,523	Materials and contracts	5c	6,230	5,127
8,610	Depreciation and amortisation	5d	8,982	8,801
3,405	Other expenses	5e	4,517	3,260
–	Net losses from the disposal of assets	6	2,598	1,208
–	Revaluation decrement / impairment of IPP&E	5d	11,367	–
–	Net share of interests in joint ventures and associates using the equity method	17	10	–
24,757	Total expenses from continuing operations		42,869	27,273
1,608	Operating result from continuing operations		(4,461)	11,800
1,608	Net operating result for the year		(4,461)	11,800
1,608	Net operating result attributable to council		(4,461)	11,800
333	Net operating result for the year before grants and contributions provided for capital purposes		(12,681)	1,780

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

	Notes	2020 \$ '000	Restated 2019 \$ '000
Net operating result for the year (as per Income Statement)		(4,461)	11,800
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	10(a)	48,155	1,111
Impairment (loss) reversal / (Revaluation decrement) relating to IPP&E	10(a)	(1,111)	–
Other comprehensive income – joint ventures and associates	17	(80)	–
Total items which will not be reclassified subsequently to the operating result		46,964	1,111
Total other comprehensive income for the year		46,964	1,111
Total comprehensive income for the year		42,503	12,911
Total comprehensive income attributable to Council		42,503	12,911

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

	Notes	2020 \$ '000	Restated 2019 \$ '000	Restated 1 July 2018 \$ '000
ASSETS				
Current assets				
Cash and cash equivalents	7(a)	12,902	19,456	23,487
Investments	7(b)	31,750	29,014	20,755
Receivables	8	4,054	3,231	4,486
Other	9	62	50	25
Total current assets		48,768	51,751	48,753
Non-current assets				
Infrastructure, property, plant and equipment	10(a)	440,606	396,348	387,980
Intangible Assets	11	–	32	164
Investments accounted for using the equity method	17	346	841	769
Total non-current assets		440,952	397,221	388,913
Total assets		489,720	448,972	437,666
LIABILITIES				
Current liabilities				
Payables	13	4,092	2,340	1,347
Income received in advance	13	–	51	336
Contract liabilities	12a	956	–	–
Borrowings	13	–	–	589
Provisions	14	3,137	2,755	2,580
Total current liabilities		8,185	5,146	4,852
Non-current liabilities				
Payables	13	50	50	49
Borrowings	13	–	–	1,951
Provisions	14	422	582	531
Total non-current liabilities		472	632	2,531
Total liabilities		8,657	5,778	7,383
Net assets		481,063	443,194	430,283
EQUITY				
Accumulated surplus	15	432,908	442,083	430,283
Revaluation reserves	15	48,155	1,111	–
Council equity interest		481,063	443,194	430,283
Total equity		481,063	443,194	430,283

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

	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
		\$ '000	\$ '000	\$ '000	Restated \$ '000	\$ '000	Restated \$ '000
Opening balance		442,083	1,111	443,194	425,027	–	425,027
Correction of prior period errors	15b	–	–	–	5,256	–	5,256
Changes due to AASB 1058 and AASB 15 adoption	15	(4,634)	–	(4,634)	–	–	–
Changes due to AASB 16 adoption		–	–	–	–	–	–
Restated opening balance		437,449	1,111	438,560	430,283	–	430,283
Net operating result for the year		(4,461)	–	(4,461)	12,175	–	12,175
Correction of prior period errors	15b	–	–	–	(375)	–	(375)
Restated net operating result for the period		(4,461)	–	(4,461)	11,800	–	11,800
Other comprehensive income							
– Gain (loss) on revaluation of IPP&E	10(a)	–	48,155	48,155	–	1,111	1,111
– Impairment (loss) reversal / (Revaluation decrement) relating to IPP&E	10(a)	–	(1,111)	(1,111)	–	–	–
– Joint ventures and associates	17	(80)	–	(80)	–	–	–
Other comprehensive income		(80)	47,044	46,964	–	1,111	1,111
Total comprehensive income		(4,541)	47,044	42,503	11,800	1,111	12,911
Equity – balance at end of the reporting period		432,908	48,155	481,063	442,083	1,111	443,194

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 \$ '000	Actual 2019 \$ '000
Cash flows from operating activities				
<i>Receipts:</i>				
13,089	Rates and annual charges		12,880	13,103
3,350	User charges and fees		7,725	4,409
825	Investment and interest revenue received		1,029	1,085
8,722	Grants and contributions		13,126	20,185
–	Bonds, deposits and retention amounts received		218	39
1,890	Other		(87)	1,189
<i>Payments:</i>				
(9,219)	Employee benefits and on-costs		(8,962)	(8,691)
(3,736)	Materials and contracts		(6,689)	(4,700)
–	Borrowing costs		(10)	(143)
(1,502)	Other		(3,532)	(2,920)
13,419	Net cash provided (or used in) operating activities	16b	15,698	23,556
Cash flows from investing activities				
<i>Receipts:</i>				
215	Sale of infrastructure, property, plant and equipment		330	160
<i>Payments:</i>				
–	Purchase of investment securities		(2,736)	(8,259)
(20,386)	Purchase of infrastructure, property, plant and equipment		(19,846)	(16,948)
(20,171)	Net cash provided (or used in) investing activities		(22,252)	(25,047)
Cash flows from financing activities				
<i>Payments:</i>				
–	Repayment of borrowings and advances		–	(2,540)
–	Net cash flow provided (used in) financing activities		–	(2,540)
(6,752)	Net increase/(decrease) in cash and cash equivalents		(6,554)	(4,031)
20,612	Plus: cash and cash equivalents – beginning of year	16a	19,456	23,487
13,860	Cash and cash equivalents – end of the year	16a	12,902	19,456
26,804	plus: Investments on hand – end of year	7(b)	31,750	29,014
40,664	Total cash, cash equivalents and investments		44,652	48,470

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 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.

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts. Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes and are clearly marked:

- Income statement
- Statement of cash flows
- Note 21 – Material budget variations

COVID-19 Impact

The global health crisis from Covid-19 virus has had an impact on Council's operations which is reflected in the financial statements. There was temporary disruption to a number of facilities, services and events with some staff working from home. This did not result in significant reduction in revenue or additional costs.

Council approved a financial hardship assistance package for the Edward River's community. The financial difficulty experienced by many ratepayers led to a higher than normal level of outstanding collections for the financial year.

The impact is not anticipated to affect Council's future operations.

(a) Historical cost convention

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

(b) Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

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

Significant judgements in applying the council's accounting policies

- Impairment of receivables

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Basis of preparation (continued)

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

(d) Monies and other assets received by Council

(i) The Consolidated Fund

In accordance with the provisions of Section 409(1) of the *Local Government Act 1993 (NSW)*, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

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

- General purpose operations
- Water service
- Sewerage service

Due to their immaterial nature, the following Section 355 committees have been excluded from these financial statements:

- Edward River Council Community Garden
- Edward River Concert Band
- Edward River Council Tidy Towns Committee
- Blighty Hall Committee
- Boooroban Hall Committee
- Conargo Hall and Recreation Ground Committee
- Mayrung Hall Committee
- Pretty Pine Hall Committee
- Wanganella Hall Committee
- Multi Arts Centre

(ii) 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.

Trust monies and properties are held by Council but not considered to be under the control of Council and therefore are excluded from these financial statements.

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

(e) 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 does not have material dependence on volunteer services. Volunteers are utilised at the Visitors Information Centre. The estimated value of these services has been included in the financial statements based on average salary and on costs Council would be required to pay if services were not donated.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Basis of preparation (continued)

(f) New accounting standards and interpretations issued not yet effective

New accounting standards and interpretations issued but not yet effective

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

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

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

AASB 1059 Service Concession Arrangements: Grantors

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

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

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

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

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

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

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

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

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

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

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

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 - which is not applicable to ERC
- AASB 15 Revenue from contracts with customers and associated amending standards.
- AASB 1058 Income of Not-for-profit entities

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

Notes to the Financial Statements

for the year ended 30 June 2020

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

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

Functions or activities	Income from continuing operations		Expenses from continuing operations		Operating result from continuing operations		Grants included in income from continuing operations		Carrying amount of assets	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	\$ '000	Restated \$ '000	\$ '000	\$ '000	\$ '000	Restated \$ '000	\$ '000	\$ '000	\$ '000	Restated \$ '000
A community working together to achieve its potential	11,267	13,154	6,890	5,099	4,377	8,055	5,723	5,618	78,715	139,133
A great place to live	1,681	1,289	2,701	1,829	(1,020)	(540)	5,220	11,922	30,849	70,338
A prosperous and vibrant economy	1,061	851	2,163	735	(1,102)	116	2,434	105	24,713	24,038
A region with quality and sustainable infrastructure	21,703	21,347	28,776	16,294	(7,073)	5,053	1,447	278	328,729	189,921
A valued and enhanced natural environment	2,696	2,432	2,339	3,316	357	(884)	129	50	26,714	20,286
Other	–	–	–	–	–	–	–	–	–	5,256
Total functions and activities	38,408	39,073	42,869	27,273	(4,461)	11,800	14,953	17,973	489,720	448,972

(1) Income and expenditure allocated to each function/ activity using cost centres, with each cost centre being attached to one particular function/activity.

(2) Assets allocated to each activity on the basis of the activities expenditure as a proportion of total expenditure. The assumption is that a function's expenditure is a reflection of that activities utilisation of total assets.

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:

These Functions align with Council's Community Strategic Plan and are in line with Council's Integrated Planning and Reporting framework.

A community working together to achieve its potential

These are activities that relate to council's leadership, including governance, administration and general purpose operations. Council's objectives of this function are:

1. Our community is informed and engaged.
2. We collaborate and pursue partnerships that achieve great outcomes for our community.
3. Our local government is efficient, innovative and financially sustainable.

A great place to live

These activities relate to council's society and community, including health, public order and security, community services and education, as well as recreation and culture. Council's objectives for this function are:

1. Our community has access to essential services.
2. Our community is safe, happy and healthy, both physically and mentally.
3. Our community and public spaces are accessible and inclusive and reflect our history, heritage and culture.

A prosperous and vibrant economy

These activities relate to the economy in Council's area of operation and include agriculture, manufacturing, construction and economic affairs. Council's objectives for this function are:

1. Our economy is strong and diverse.
2. We develop our key assets to enhance agriculture, boost tourism and support existing business.
3. Our region provides strong education, employment and training opportunities.

A region with quality and sustainable infrastructure

These activities relate to infrastructure, including water and sewerage, roads, transport and communication. Council's objectives for this function are:

1. Our built environment is managed, maintained and improved.
2. Our road network is a source of pride.
3. Our water and sewer infrastructure is efficient and fit for purpose.

A valued and enhanced natural environment

These activities relate to the natural environment in which council operates, including solid waste management, drainage and storm water management. Council's objectives for this function are:

1. We are committed to resource recovery and waste management.
2. Our natural environment is protected and enhanced.
3. We plan for the future to accommodate and facilitate sustainable growth and development.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations

	AASB	2020 \$ '000	2019 \$ '000
(a) Rates and annual charges			
Ordinary rates			
Residential	1058 (1)	3,603	3,505
Farmland	1058 (1)	2,783	2,700
Business	1058 (1)	1,045	1,006
Other	1058 (1)	30	29
Less: pensioner rebates (mandatory)	1058 (1)	(148)	(148)
Rates levied to ratepayers		7,313	7,092
Pensioner rate subsidies received	1058 (1)	85	76
Total ordinary rates		7,398	7,168
Annual charges			
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>			
Domestic waste management services	1058 (1)	1,158	1,198
Stormwater management services	1058 (1)	75	75
Water supply services	1058 (1)	1,391	1,344
Sewerage services	1058 (1)	2,976	2,887
Waste management services (non-domestic)	1058 (1)	155	148
Less: pensioner rebates (mandatory)	1058 (1)	(177)	(178)
Annual charges levied		5,578	5,474
Pensioner subsidies received:			
– Water	1058 (1)	36	34
– Sewerage	1058 (1)	34	33
– Domestic waste management	1058 (1)	28	27
Total annual charges		5,676	5,568
TOTAL RATES AND ANNUAL CHARGES		13,074	12,736

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

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

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

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

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

Council has used 2020 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)

	AASB	2020 \$ '000	2019 Restated \$ '000
(b) User charges and fees			
Specific user charges			
(per s.502 - specific 'actual use' charges)			
Water supply services	15 (1)	1,860	1,923
Sewerage services	15 (1)	277	350
Waste management services (non-domestic)	15 (1)	82	85
Total specific user charges		2,219	2,358
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Building regulation	15 (1)	45	24
Inspection services	15 (1)	29	26
Private works – section 67	15 (1)	219	166
Regulatory/ statutory fees	15 (1)	22	20
Section 10.7 certificates (EP&A Act)	15 (1)	2	17
Section 603 certificates	15 (1)	25	24
Development fees	15 (1)	67	36
Impounding fees	15 (1)	5	7
Other – certificates and permits	15 (1)	10	10
Re-zoning fees	15 (1)	–	2
Total fees and charges – statutory/regulatory		424	332
(ii) Fees and charges – other (incl. general user charges (per s.608))			
Aerodrome	15 (1)	98	111
Caravan park	15 (1)	41	79
Cemeteries	15 (1)	106	114
Gravel pits	15 (1)	–	7
Leaseback fees – Council vehicles	15 (1)	7	37
Library and art gallery	15 (1)	6	7
Park rents	15 (1)	8	5
RMS charges (state roads not controlled by Council)	15 (1)	3,870	1,094
Agistment	15 (1)	–	10
Animal control	15 (1)	1	1
Medical centre	15 (1)	98	63
Murray Valley industrial park	15 (1)	21	21
Museum donations	15 (1)	8	14
Other lease rentals	15 (1)	59	83
Truckwash	15 (1)	133	85
Other	15 (1)	15	16
Total fees and charges – other		4,471	1,747
TOTAL USER CHARGES AND FEES		7,114	4,437

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

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

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

Accounting policy for user charges and fees

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

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

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

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

2019 accounting policy

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

	AASB	2020 \$ '000	2019 \$ '000
(c) Other revenues			
Rental income – other council properties	15 (2)	53	47
Fines	1058 (1)	23	20
Legal fees recovery – rates and charges (extra charges)	15 (1)	78	109
Commissions and agency fees	15 (1)	3	9
Diesel rebate	1058 (1)	104	111
Recycling income (non-domestic)	15 (1)	16	1
Sales – general	15 (1)	59	69
Insurance rebates	1058 (1)	81	63
Royalties	15 (1)	7	3
Other	1058 (1)	17	20
Workers compensation reimbursement	1058 (1)	63	18
TOTAL OTHER REVENUE		504	470

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

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

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

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

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

Accounting policy for other revenue

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

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

2019 accounting policy:

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Council and specific criteria have been met for each of the Council’s activities as described below. Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Parking fees and fines are recognised as revenue when the service has been provided, or when the penalty has been applied, whichever occurs first.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

	AASB	Operating 2020 \$ '000	Operating 2019 \$ '000	Capital 2020 \$ '000	Capital 2019 \$ '000
(d) Grants					
General purpose (untied)					
Current year allocation					
Financial assistance – general component	1058 (1)	2,016	1,994	–	–
Financial assistance – local roads component	1058 (1)	763	763	–	–
Payment in advance - future year allocation					
Financial assistance – general component	1058 (1)	2,134	2,068	–	–
Financial assistance – local roads component	1058 (1)	810	792	–	–
Total general purpose		5,723	5,617	–	–
Specific purpose					
Economic development	1058 (1)	834	105	1,600	–
Employment and training programs	1058 (1)	40	–	–	–
Environmental programs	1058 (1)	17	50	50	–
Heritage and cultural	1058 (1)	13	10	–	–
Library – per capita	1058 (1)	56	37	–	–
Library – special projects	1058 (1)	24	–	–	–
Noxious weeds	1058 (1)	62	–	–	–
NSW rural fire services	1058 (1)	240	687	200	3,400
Recreation and culture	1058 (2)	5	3	168	–
Transport (roads to recovery)	1058 (1)	–	–	1,445	–
Transport (other roads and bridges funding)	1058 (1)	–	187	2	12
Crown reserve	1058 (1)	–	79	–	–
Merger funding – new Council implementation	1058 (1)	–	1,600	–	–
Merger funding – stronger communities	15 (1)	–	–	4,474	6,186
Total specific purpose		1,291	2,758	7,939	9,598
Total grants		7,014	8,375	7,939	9,598
Grant revenue is attributable to:					
– Commonwealth funding		5,888	5,618	752	–
– State funding		828	2,071	5,670	9,598
– Other funding		298	686	1,517	–
		7,014	8,375	7,939	9,598

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

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

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

	Notes	AASB	Operating 2020 \$ '000	Operating 2019 \$ '000	Capital 2020 \$ '000	Capital 2019 \$ '000
(e) Contributions						
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):						
Cash contributions						
S 64 – water supply contributions	1058 (1)		51	56	–	–
S 64 – sewerage service contributions	1058 (1)		33	66	–	–
Total developer contributions – cash			84	122	–	–
Total developer contributions	25		84	122	–	–
Other contributions:						
Cash contributions						
RMS contributions (regional roads, block grant)	1058 (1)		1,397	1,560	231	422
Other	1058 (1)		17	2	50	–
Economic Development	1058 (1)		14	36	–	–
Library services	1058 (1)		58	70	–	–
Total other contributions – cash			1,486	1,668	281	422
Total other contributions			1,486	1,668	281	422
Total contributions			1,570	1,790	281	422
TOTAL GRANTS AND CONTRIBUTIONS			8,584	10,165	8,220	10,020

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

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

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

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

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

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

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

The performance obligations are varied based on the agreement but include infrastructure refurbishments performance obligations within AASB 15 grants for Council's showgrounds, truckshop, landfill and fixing roads. 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)

	2020 \$ '000	2019 \$ '000
(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	8,849	11,068
Add: operating grants recognised as income in the current period but not yet spent (2019 only)	2	1,743
Less: operating grants recognised in a previous reporting period now spent (2019 only)	(3,783)	(3,962)
Less: operating grants received in a previous reporting period now spent and recognised as income	–	–
Unexpended and held as externally restricted assets (operating grants)	5,068	8,849
Capital grants		
Unexpended at the close of the previous reporting period	4,634	–
Add: capital grants recognised as income in the current period but not yet spent (2019 only)	556	4,634
Less: capital grants received in a previous reporting period now spent and recognised as income	(4,234)	–
Unexpended and held as externally restricted assets (capital grants)	956	4,634
Contributions		
Unexpended at the close of the previous reporting period	–	39
Less: contributions recognised in a previous reporting period now spent	–	(39)
Unexpended and held as externally restricted assets (contributions)	–	–

Notes to the Financial Statements

for the year ended 30 June 2020

Note 4. Interest and investment income

	2020 \$ '000	2019 \$ '000
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	54	77
– Cash and investments	852	1,061
– Other	6	35
Finance income on the net investment in the lease	–	–
Total Interest and investment income	912	1,173
Interest revenue is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	54	77
General Council cash and investments	262	476
Restricted investments/funds – external:		
Water fund operations	209	192
Sewerage fund operations	143	150
Domestic waste management operations	29	29
Restricted investments/funds – internal:		
Internally restricted assets	215	249
Total interest and investment revenue	912	1,173

Accounting policy for interest and investment revenue

Interest income is recognised using the effective interest rate at the date that interest is earned. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations

	2020 \$ '000	2019 \$ '000
(a) Employee benefits and on-costs		
Salaries and wages	7,097	6,893
Employee termination costs	–	148
Travel expenses	25	–
Employee leave entitlements (ELE)	1,597	1,668
Superannuation	925	826
Workers' compensation insurance	213	292
Fringe benefit tax (FBT)	20	24
Training costs (other than salaries and wages)	120	175
Protective clothing	1	4
Uniform clothing	37	44
Recruitment costs	3	3
OH&S expenses	8	32
Other	4	4
Total employee costs	10,050	10,113
Less: capitalised costs	(895)	(1,379)
TOTAL EMPLOYEE COSTS EXPENSED	9,155	8,734
Number of 'full-time equivalent' employees (FTE) at year end	102	105
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)	106	107

Accounting policy for employee benefits and on-costs

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

Retirement benefit obligations

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

Superannuation plans

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

	Notes	2020 \$ '000	2019 \$ '000
(b) Borrowing costs			
(i) Interest bearing liability costs			
Interest on leases		–	–
Interest on loans		–	131
Total interest bearing liability costs		–	131
Total interest bearing liability costs expensed		–	131
(ii) Other borrowing costs			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	14	10	12
Total other borrowing costs		10	12
<u>TOTAL BORROWING COSTS EXPENSED</u>		<u>10</u>	<u>143</u>

Accounting policy for borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed as incurred.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

	2020 \$ '000	2019 \$ '000
(c) Materials and contracts		
Raw materials and consumables	1,674	1,744
Contractor and consultancy costs		
– Contractor engineering services	38	328
– Contractor merger related	280	214
– Contractor road services	1,166	341
– Contractor waste services	70	129
– Contractor water and sewer services	315	253
– Contractor IT related	88	78
– Contractor sports and recreation	411	348
– Contractor corporate services	259	212
– Contractor other	492	387
– Consultancy merger related	313	33
– Consultancy corporate services	81	128
– Consultancy town planning	77	–
– Consultancy other	312	81
Auditors remuneration ¹	76	74
Legal expenses:		
– Legal expenses: planning and development	2	–
– Legal expenses: debt recovery	80	111
– Legal expenses: other	30	37
Insurance	276	268
Other	190	361
Total materials and contracts	6,230	5,127
TOTAL MATERIALS AND CONTRACTS	6,230	5,127

Accounting policy for materials and contracts

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. 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	76	74
Remuneration for audit and other assurance services	76	74
Total Auditor-General remuneration	76	74
Total Auditor remuneration	76	74

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

	Notes	2020 \$ '000	2019 \$ '000
(d) Depreciation, amortisation and impairment of non-financial assets			
Depreciation and amortisation			
Plant and equipment		1,151	1,166
Office equipment		81	109
Furniture and fittings		25	29
Land improvements (depreciable)		88	92
Infrastructure:	10(a)		
– Buildings – non-specialised		283	193
– Buildings – specialised		798	806
– Other structures		126	135
– Roads		3,836	3,641
– Bridges		74	54
– Footpaths		265	253
– Other road assets		60	103
– Stormwater drainage		383	394
– Water supply network		751	745
– Sewerage network		675	690
– Swimming pools		80	78
– Other open space/recreational assets		171	104
Other assets:			
– Library books		59	29
– Other		43	–
Right of use assets		–	–
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	10,14	1	48
Intangible assets	11	32	132
Total gross depreciation and amortisation costs		8,982	8,801
Total depreciation and amortisation costs		8,982	8,801
Impairment / revaluation decrement of IPP&E			
Community Land		272	–
Infrastructure:	10(a)		
– Buildings – non-specialised		57	–
– Buildings – specialised		3,937	–
– Other structures		1,773	–
– Footpaths		1,409	–
– Water supply network		2,217	–
– Sewerage network		2,786	–
– Swimming pools		27	–
Total gross IPP&E impairment / revaluation decrement costs / (reversals)		12,478	–
Amounts taken through revaluation reserve	10(a)	(1,111)	–
Total IPP&E impairment / revaluation decrement costs / (reversals) charged to Income Statement		11,367	–
<u>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT FOR NON-FINANCIAL ASSETS</u>		20,349	8,801

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

Accounting policy for depreciation, amortisation and impairment expenses of non-financial assets

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note 10 for IPPE assets.

Impairment of non-financial assets

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

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

	2020 \$ '000	2019 \$ '000
(e) Other expenses		
Advertising	309	243
Bad and doubtful debts	97	34
Bank and centrepay charges	44	51
Contributions/levies to other levels of government		
– Central Murray County Council ¹	–	141
– Emergency services levy (includes FRNSW, SES, and RFS levies)	414	336
Donations, contributions and assistance to other organisations (Section 356)	148	171
– Crown reserves contribution program	14	13
– ERC merger section 355 contribution program	314	122
– ERC merger ute muster contribution	1,000	–
– Other contributions/levies	73	–
Councillor expenses – mayoral fee	27	38
Councillor expenses – councillors' fees	121	83
Councillors' expenses (incl. mayor) – other (excluding fees above)	34	34
Electricity and heating	549	564
Information technology	323	251
Insurance	536	577
Licences, fees and permits	49	39
Office expenses	25	32
Postage	31	40
Printing and stationery	17	10
Promotion material	17	17
Street lighting	142	188
Subscriptions and publications	76	87
Telephone and communications	81	99
Valuation fees	41	42
Other	35	48
Total other expenses	4,517	3,260
TOTAL OTHER EXPENSES	4,517	3,260

Accounting policy for other expenses

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

(1) Central Murray County Council dissolved 01 July 2019

Notes to the Financial Statements

for the year ended 30 June 2020

Note 6. Gain or loss from disposal of assets

	Notes	2020 \$ '000	2019 \$ '000
Plant and equipment	10(a)		
Proceeds from disposal – plant and equipment		330	160
Less: carrying amount of plant and equipment assets sold/written off		(71)	(71)
Net gain/(loss) on disposal		<u>259</u>	<u>89</u>
Infrastructure	10(a)		
Less: carrying amount of infrastructure assets sold/written off		(2,857)	(1,297)
Net gain/(loss) on disposal		<u>(2,857)</u>	<u>(1,297)</u>
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		<u>(2,598)</u>	<u>(1,208)</u>

Accounting policy for disposal of assets

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

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

Note 7(a). Cash and cash equivalents

	2020 \$ '000	2019 \$ '000
Cash and cash equivalents		
Cash on hand and at bank	7,005	5,704
Cash-equivalent assets		
– Deposits at call	–	2,252
– Short-term deposits	5,897	11,500
Total cash and cash equivalents	<u>12,902</u>	<u>19,456</u>

Accounting policy for cash and cash equivalents

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 7(b). Investments

	2020 Current \$ '000	2020 Non-current \$ '000	2019 Current \$ '000	2019 Non-current \$ '000
Investments				
b. 'Financial assets at amortised cost'	31,750	–	29,014	–
Total Investments	<u>31,750</u>	<u>–</u>	<u>29,014</u>	<u>–</u>
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS	<u>44,652</u>	<u>–</u>	<u>48,470</u>	<u>–</u>
Financial assets at amortised cost				
Long term deposits	31,750	–	29,014	–
Total	<u>31,750</u>	<u>–</u>	<u>29,014</u>	<u>–</u>

Accounting policy for investments

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

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

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

Financial assets through profit or loss

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

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

	2020 Current \$ '000	2020 Non-current \$ '000	2019 Current \$ '000	2019 Non-current \$ '000
Total cash, cash equivalents and investments	44,652	–	48,470	–
attributable to:				
External restrictions	21,561	–	16,895	–
Internal restrictions	9,260	–	20,868	–
Unrestricted	13,831	–	10,707	–
	44,652	–	48,470	–

	2020 \$ '000	2019 \$ '000

Details of restrictions

External restrictions – included in liabilities

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

External restrictions – other

Developer contributions – general	39	39
Specific purpose unexpended grants (recognised as revenue) – general fund	5,915	1,056
Water supplies	8,363	8,554
Sewerage services	5,523	5,457
Conargo milestones / interpretative	37	37
Conargo Oval M&R	20	20
Deniliquin band committee	21	19
Domestic waste management	1,300	1,300
Deniliquin community gardens	3	3
EPA waste	36	36
Library reserve	301	371
Regional arts	3	3
External restrictions – other	21,561	16,895
Total external restrictions	21,561	16,895

Notes to the Financial Statements

for the year ended 30 June 2020

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

	2020 \$ '000	2019 \$ '000
Internal restrictions		
Plant and vehicle replacement	1,799	1,799
Infrastructure replacement	2,600	3,013
Employees leave entitlement	693	692
Deposits, retentions and bonds	448	230
Airport industrial land	50	50
Asset management	14	14
Airport runway development	187	187
Blighty-upgrade power	70	70
Building maintenance	50	50
Cemetery upgrade	9	9
Conargo landscaping project	–	70
Depot office and gates upgrade	41	41
Dog trail	3	3
Election reserve	12	12
Fencing Conargo	7	7
Gravel pits	14	14
Human resources	18	18
Internal audit	6	6
Land development fund	385	385
Landscaping plans	90	90
Merger operational	–	2,133
Merger stronger communities	–	10,522
Recreation reserves / village landscaping	1,113	1,113
Risk management	44	5
Wanganella hall community	5	5
Shire – entrance signage	5	5
Tourism/industry promotion	13	13
Town planning plans, surveys and studies	103	103
Waste facilities	63	150
Water infrastructure	57	57
Website development	2	2
Booroorban truck layby	50	–
Rural village signage program	15	–
Retirement living project	325	–
Conargo hall refurbishment	70	–
Conargo and Pretty Pine rural landfills	86	–
Cressy street revitalisation	400	–
Deniliquin town hall and civic precinct redevelopment	413	–
Total internal restrictions	9,260	20,868
TOTAL RESTRICTIONS	30,821	37,763

Notes to the Financial Statements

for the year ended 30 June 2020

Note 8. Receivables

	2020 Current	2020 Non-current	2019 Current Restated	2019 Non-current
	\$ '000	\$ '000	\$ '000	\$ '000
Purpose				
Rates and annual charges	1,289	–	683	–
Interest and extra charges	204	–	164	–
User charges and fees (2019 Restated)	1,281	–	1,943	–
Capital debtors (being sale of assets)				
– Other - Dissolution of JV Central Murray County Council	405	–	–	–
Accrued revenues				
– Interest on investments	232	–	389	–
– Other income accruals	473	–	22	–
Net investment in finance lease	–	–	–	–
Amounts due from other councils	–	–	32	–
Net GST receivable	447	–	241	–
Other debtors	7	–	–	–
Total	4,338	–	3,474	–
Less: provision of impairment				
Other debtors	(284)	–	(243)	–
Total provision for impairment – receivables	(284)	–	(243)	–
TOTAL NET RECEIVABLES	4,054	–	3,231	–

Externally restricted receivables

Water supply

– Rates and availability charges	89	–	81	–
– Other	388	–	674	–

Sewerage services

– Rates and availability charges	206	–	180	–
– Other	71	–	114	–

Total external restrictions	754	–	1,049	–
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Unrestricted receivables	3,300	–	2,182	–
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TOTAL NET RECEIVABLES	4,054	–	3,231	–
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	2020 \$ '000	2019 \$ '000
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	243	226
+ new provisions recognised during the year	97	17
- amounts already provided for written off this year	(56)	–
Balance at the end of the year	284	243

Notes to the Financial Statements

for the year ended 30 June 2020

Note 8. Receivables (continued)

Accounting policy for receivables**Recognition and measurement**

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

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

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

Impairment

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

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

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

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

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

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

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

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

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

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

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

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

Rates and annual charges outstanding are secured against the property.

Note 9. Inventories and other assets

	2020 Current \$ '000	2020 Non-current \$ '000	2019 Current \$ '000	2019 Non-current \$ '000
Other assets				
Prepayments	62	–	50	–
TOTAL OTHER ASSETS	62	–	50	–

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

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

	as at 30/06/19			Asset movements during the reporting period										as at 30/06/20		
	Gross carrying amount Restated \$ '000	Accumulated depreciation Restated \$ '000	Net carrying amount Restated \$ '000	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Impairment loss / revaluation decrements (recognised in P/L)	Impairment loss / revaluation decrements (recognised in equity)	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
Capital work in progress	3,853	–	3,853	2,825	–	–	–	–	–	–	–	–	–	6,678	–	6,678
Plant and equipment	14,087	(9,554)	4,533	–	2,216	(71)	(1,151)	–	–	–	–	–	–	14,986	(9,459)	5,527
Office equipment	2,968	(2,625)	343	–	91	–	(81)	–	–	–	–	–	–	3,058	(2,705)	353
Furniture and fittings	280	(207)	73	4	2	–	(25)	–	–	–	–	–	–	287	(233)	54
Land:																
– Operational land	8,671	–	8,671	–	–	–	–	–	–	–	–	(1,045)	–	7,626	–	7,626
– Community land	3,346	–	3,346	–	–	–	–	(272)	–	–	–	–	–	3,074	–	3,074
– Crown land	9,025	–	9,025	–	–	–	–	–	–	–	–	–	4,378	13,403	–	13,403
Land improvements – depreciable	4,394	(1,426)	2,968	215	99	–	(88)	–	–	–	–	–	169	4,774	(1,411)	3,363
Infrastructure:																
– Buildings – non-specialised	15,586	(4,458)	11,128	131	–	–	(283)	(57)	–	–	–	–	–	14,735	(3,816)	10,919
– Buildings – specialised	49,674	(12,834)	36,840	1,782	122	(153)	(798)	(3,937)	–	–	–	–	–	54,847	(20,991)	33,856
– Other structures	18,857	(966)	17,891	–	–	–	(126)	(1,773)	–	–	1,153	–	–	19,683	(2,538)	17,145
– Roads	206,405	(62,513)	143,892	6,182	243	(2,081)	(3,836)	–	–	336	1	–	33,830	236,187	(57,620)	178,567
– Bridges	7,136	(2,302)	4,834	123	–	–	(74)	–	–	–	(1)	–	2,277	10,564	(3,405)	7,159
– Footpaths and kerb and gutter	21,703	(5,867)	15,836	2,262	651	(201)	(265)	(1,409)	–	(273)	–	–	–	24,904	(8,303)	16,601
– Other road assets	3,969	(735)	3,234	390	–	(90)	(60)	–	–	–	–	–	407	4,726	(845)	3,881
– Bulk earthworks (non-depreciable)	27,471	–	27,471	–	16	(11)	–	–	–	–	–	–	5,616	33,092	–	33,092
– Stormwater drainage	33,783	(12,619)	21,164	339	159	14	(383)	–	–	(63)	–	–	3,840	36,871	(11,801)	25,070
– Water supply network	59,230	(22,374)	36,856	781	–	(102)	(751)	(1,637)	(580)	–	–	–	–	60,283	(25,716)	34,567
– Sewerage network	56,085	(22,380)	33,705	–	–	–	(675)	(2,255)	(531)	–	1	–	–	56,529	(26,284)	30,245
– Swimming pools	4,474	(1,047)	3,427	980	77	(234)	(80)	(27)	–	–	(2)	–	–	5,030	(889)	4,141
– Other open space/recreational assets	8,052	(2,147)	5,905	83	647	–	(171)	–	–	–	1	(1,317)	–	8,072	(2,924)	5,148
Other assets:																
– Library books	1,182	(1,026)	156	40	–	–	(59)	–	–	–	–	–	–	1,222	(1,085)	137
– Other	1,290	(94)	1,196	–	–	–	(43)	–	–	–	(1,153)	–	–	–	–	–
Reinstatement, rehabilitation and restoration assets (refer Note 14):																
– Tip assets	431	(430)	1	–	–	–	(1)	–	–	–	–	–	–	430	(430)	–
Total Infrastructure, property, plant and equipment	561,952	(165,604)	396,348	16,137	4,323	(2,929)	(8,950)	(11,367)	(1,111)	–	–	(2,362)	50,517	621,061	(180,455)	440,606

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

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

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

	as at 30/06/18 ¹			Asset movements during the reporting period							as at 30/06/19 ¹		
	Gross carrying amount Restated \$ '000	Accumulated depreciation Restated \$ '000	Net carrying amount ¹ Restated \$ '000	Additions renewals ² \$ '000	Additions new assets \$ '000	Carrying value of disposals \$ '000	Depreciation expense \$ '000	WIP transfers \$ '000	Adjustments and transfers \$ '000	Revaluation increments to equity (ARR) \$ '000	Gross carrying amount Restated \$ '000	Accumulated depreciation \$ '000	Net carrying amount ¹ Restated \$ '000
Capital work in progress	2,710	–	2,710	3,324	44	–	–	(2,225)	–	–	3,853	–	3,853
Plant and equipment	14,287	(9,216)	5,071	699	–	(71)	(1,166)	–	–	–	14,087	(9,554)	4,533
Office equipment	2,861	(2,516)	345	–	–	–	(109)	107	–	–	2,968	(2,625)	343
Furniture and fittings	277	(179)	98	–	4	–	(29)	–	–	–	280	(207)	73
Land:													
– Operational land	8,463	–	8,463	–	611	–	–	4	(407)	–	8,671	–	8,671
– Community land	3,346	–	3,346	–	–	–	–	–	–	–	3,346	–	3,346
– Crown land	8,618	–	8,618	–	–	–	–	–	407	–	9,025	–	9,025
Land improvements – depreciable	3,746	(1,334)	2,412	41	244	–	(92)	363	–	–	4,394	(1,426)	2,968
Infrastructure:													
– Buildings – non-specialised	10,382	(4,265)	6,117	131	5,042	–	(193)	31	–	–	15,586	(4,458)	11,128
– Buildings – specialised	49,046	(12,145)	36,901	47	–	(15)	(806)	713	–	–	49,674	(12,834)	36,840
– Other structures	18,857	(831)	18,026	–	–	–	(135)	–	–	–	18,857	(966)	17,891
– Roads	204,597	(61,024)	143,573	4,278	82	(993)	(3,641)	593	–	–	206,405	(62,513)	143,892
– Bridges	7,135	(2,247)	4,888	–	–	–	(54)	–	–	–	7,136	(2,302)	4,834
– Footpaths	21,921	(6,274)	15,647	270	–	(153)	(253)	325	–	–	21,703	(5,867)	15,836
– Other road assets	4,089	(640)	3,449	–	–	(112)	(103)	–	–	–	3,969	(735)	3,234
– Bulk earthworks (non-depreciable)	27,471	–	27,471	–	–	–	–	–	–	–	27,471	–	27,471
– Stormwater drainage	33,720	(12,225)	21,495	63	–	–	(394)	–	–	–	33,783	(12,619)	21,164
– Water supply network	58,899	(22,620)	36,279	715	50	(23)	(745)	–	–	580	59,230	(22,374)	36,856
– Sewerage network	55,487	(21,691)	33,796	40	28	–	(690)	–	–	531	56,085	(22,380)	33,705
– Swimming pools	4,043	(969)	3,074	4	423	–	(78)	3	–	–	4,474	(1,047)	3,427
– Other open space/recreational assets	7,124	(2,027)	5,097	81	831	–	(104)	–	–	–	8,052	(2,147)	5,905
Other assets:													
– Library books	1,142	(997)	145	40	–	–	(29)	–	–	–	1,182	(1,026)	156
– Other	1,004	(94)	910	200	–	–	–	86	–	–	1,290	(94)	1,196
Reinstatement, rehabilitation and restoration assets (refer Note 14):													
– Tip assets	431	(382)	49	–	–	–	(48)	–	–	–	431	(430)	1
Total Infrastructure, property, plant and equipment	549,656	(161,676)	387,980	9,933	7,359	(1,367)	(8,669)	–	–	1,111	561,952	(165,604)	396,348

(1) Total written down values have been adjusted by \$5.26m which represents the recognition of assets found during revaluation that were not in the asset register.

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

Notes to the Financial Statements

for the year ended 30 June 2020

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

Accounting policy for infrastructure, property, plant and equipment

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

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

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

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 8	Buildings	
Heavy plant/road making equipment	5 to 8	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 40
		Stormwater assets	
Water and sewer assets		Drains	80 to 100
Dams and reservoirs	80 to 100	Culverts	50 to 80
Bores	20 to 40	Flood control structures	80 to 100
Reticulation pipes: PVC	70 to 80		
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 20		
		Other infrastructure assets	
Transportation assets		Bulk earthworks	20
Sealed roads: surface	20	Swimming pools	50
Sealed roads: structure	50	Unsealed roads	20
Unsealed roads	20	Other open space/recreational assets	20
Bridge: concrete	100	Other infrastructure	20
Bridge: other	50		
Road pavements	60		
Kerb, gutter and footpaths	40		

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

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

Crown reserves

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

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

Rural Fire Service assets

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

Council recognises rural fire service assets for land and buildings.

In accordance with the requirements of AASB 116 - *Property, Plant and Equipment*, Council has critically examined whether they control any rural fire-fighting equipment and have determined that Rural Fire Service is a Controlling Authority. Consequently ERC has not brought into account in the financial statements any rural fire service plant and equipment assets that have been vested in Council.

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

	as at 30/06/20			as at 30/06/19		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount Restated	Accumulated depn. and impairment	Net carrying amount Restated
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Water supply						
Plant and equipment	102	102	–	102	102	–
Office equipment	5	5	–	5	5	–
Infrastructure	58,983	25,716	33,267	59,230	22,374	36,856
Total water supply	59,090	25,823	33,267	59,337	22,481	36,856
Sewerage services						
Plant and equipment	46	43	3	46	43	3
Office equipment	4	4	–	4	4	–
Infrastructure	56,529	26,284	30,245	56,085	22,380	33,705
Total sewerage services	56,579	26,331	30,248	56,135	22,427	33,708
TOTAL RESTRICTED IPP&E	115,669	52,154	63,515	115,472	44,908	70,564

Notes to the Financial Statements

for the year ended 30 June 2020

Note 11. Intangible assets

Intangible assets are as follows:

	2020 \$ '000	2019 \$ '000
Software		
Opening values at 1 July		
Gross book value	896	896
Accumulated amortisation	(864)	(732)
Net book value – opening balance	32	164
Movements for the year		
– Amortisation charges	(32)	(132)
Closing values at 30 June		
Gross book value	896	896
Accumulated amortisation	(896)	(864)
Total software – net book value	–	32
<u>TOTAL INTANGIBLE ASSETS – NET BOOK VALUE</u>	<u>–</u>	<u>32</u>

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 12. Contract assets and liabilities

	Notes	2020 Current \$ '000	2020 Non-current \$ '000
(a) Contract liabilities			
Grants and contributions received in advance:			
Unexpended capital grants (to construct Council controlled assets)	(i)	956	–
Total grants received in advance		956	–
Total contract liabilities		956	–

Notes

(i) Council has received funding to construct assets including roads 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.

	2020 Current \$ '000	2020 Non-current \$ '000
(i) Contract liabilities relating to restricted assets		
Total contract liabilities relating to unrestricted assets	956	–
Total contract liabilities	956	–
		2020 \$ '000

(ii) Revenue recognised (during the financial year) from opening contract liability balances

Grants and contributions received in advance:

Capital grants (to construct Council controlled assets)	4,234
Total Revenue recognised during the financial year that was included in the contract liability balance at the beginning of the period	4,234

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.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 12. Contract assets and liabilities (continued)

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.

(b) Contract cost assets

Council did not incur any material costs to fulfill a contract during the year, therefore had no contract cost assets as at 30 June 2020.

Accounting policy for contract cost assets

Council recognises assets relating to the costs incurred to fulfil a contract that are directly related to the contract provided they will be recovered through performance of the contract.

Costs to fulfill a contract

Where costs are incurred to fulfil a contract, they are accounted for under the relevant accounting standard (if appropriate), otherwise if the costs relate directly to a contract, the costs generate or enhance resources of Council that will be used to satisfy performance obligations in the future and the costs are expected to be recovered then they are capitalised as contract costs assets and released to the income statement on a systematic basis consistent with the transfer to the customer of the goods or services to which the asset relates.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 13. Payables and borrowings

	2020 Current \$ '000	2020 Non-current \$ '000	2019 Current \$ '000	2019 Non-current \$ '000
Payables				
Prepaid rates	412	–	–	–
Goods and services – operating expenditure	351	–	810	–
Goods and services – capital expenditure	1,158	–	545	–
Accrued expenses:				
– Salaries and wages	128	–	146	–
– Other expenditure accruals	1,377	–	342	–
Long service levy	22	–	21	–
Rural fire service liability	81	–	81	–
Security bonds, deposits and retentions	436	50	218	50
ATO – net GST payable	–	–	100	–
Workers compensation	72	–	68	–
Other	55	–	9	–
Total payables	4,092	50	2,340	50
Income received in advance				
Payments received in advance	–	–	51	–
Total income received in advance	–	–	51	–
<u>TOTAL PAYABLES AND BORROWINGS</u>	<u>4,092</u>	<u>50</u>	<u>2,391</u>	<u>50</u>

	2020 Current \$ '000	2020 Non-current \$ '000	2019 Current \$ '000	2019 Non-current \$ '000
(a) Payables and borrowings relating to restricted assets				
Externally restricted assets				
Water	84	–	5	–
Sewer	144	–	144	–
Payables and borrowings relating to externally restricted assets	228	–	149	–
Total payables and borrowings relating to restricted assets	228	–	149	–
Total payables and borrowings relating to unrestricted assets	3,864	50	2,242	50
<u>TOTAL PAYABLES AND BORROWINGS</u>	<u>4,092</u>	<u>50</u>	<u>2,391</u>	<u>50</u>

Notes to the Financial Statements

for the year ended 30 June 2020

Note 13. Payables and borrowings (continued)

	2020 \$ '000	2019 \$ '000
(b) Current payables and borrowings not anticipated to be settled within the next twelve months		
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	50	50
Total payables and borrowings	50	50

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, accrued expenses and bonds for development applications.

Payables

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

Borrowings

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 14. Provisions

	2020 Current \$ '000	2020 Non-current \$ '000	2019 Current \$ '000	2019 Non-current \$ '000
Provisions				
Employee benefits				
Annual leave	786	–	683	–
Sick leave	174	–	211	–
Long service leave	1,698	143	1,483	275
RDO leave	64	–	31	–
Time in lieu leave	10	–	8	–
ELE on-costs	144	6	113	10
Sub-total – aggregate employee benefits	2,876	149	2,529	285
Asset remediation/restoration:				
Asset remediation/restoration (future works)	261	273	226	297
Sub-total – asset remediation/restoration	261	273	226	297
<u>TOTAL PROVISIONS</u>	<u>3,137</u>	<u>422</u>	<u>2,755</u>	<u>582</u>

(a) Provisions relating to restricted assets

Total provisions relating to restricted assets	–	–	–	–
Total provisions relating to unrestricted assets	3,137	422	2,755	582
<u>TOTAL PROVISIONS</u>	<u>3,137</u>	<u>422</u>	<u>2,755</u>	<u>582</u>

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

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

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

Provisions – employees benefits	2,109	2,079
	<u>2,109</u>	<u>2,079</u>

Notes to the Financial Statements

for the year ended 30 June 2020

Note 14. Provisions (continued)

(c) Description of and movements in provisions

	ELE provisions					Total \$ '000
	Annual leave \$ '000	Sick leave \$ '000	Long service leave \$ '000	ELE on-costs \$ '000	Other employee benefits \$ '000	
2020						
At beginning of year	683	211	1,758	123	39	2,814
Additional provisions	619	233	145	27	–	1,024
Amounts used (payments)	(539)	(283)	(193)	–	–	(1,015)
Other	23	13	131	–	35	202
Total ELE provisions at end of year	786	174	1,841	150	74	3,025
2019						
At beginning of year	676	226	1,524	108	66	2,600
Additional provisions	526	208	227	16	36	1,013
Amounts used (payments)	(544)	(240)	(131)	–	–	(915)
Remeasurement effects	24	17	138	–	–	179
Other	–	–	–	(1)	(62)	(63)
Total ELE provisions at end of year	682	211	1,758	123	40	2,814

	Other provisions	
	Asset remediation \$ '000	Total \$ '000
2020		
At beginning of year	523	523
Remeasurement effects	11	11
Total other provisions at end of year	534	534
2019		
At beginning of year	511	511
Remeasurement effects	12	12
Total other provisions at end of year	523	523

Notes to the Financial Statements

for the year ended 30 June 2020

Note 14. Provisions (continued)

Accounting policy for provisions

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

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

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

Employee benefits

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

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

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

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

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.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 14. Provisions (continued)

Rehabilitation

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each reporting date, and the cost is charged to the Income Statement.

Provision is made for the estimated present value of the costs of environmental clean-up obligations outstanding at the reporting date. These costs are charged to the Income Statement. Movements in the environmental clean-up provisions are presented as an operating cost, except for the unwinding of the discount which is shown as a borrowing cost.

Remediation procedures generally commence soon after the time the damage, remediation process, and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

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

(a) Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

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

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

Nature of prior-period error

1. Accrued income relating to water meter readings was processed twice in error as at 30 June 2019, resulting in both income and receivables - user charges and fees for 2019 being overstated by \$375k.
2. As part of its revaluation of IPPE as at 29 February 2020, council discovered assets with a total written down value \$5.26m that it did not have on its asset registers. These "found" assets consisted of Other Open Space/ Recreation Assets \$1.77m and Operating Land \$3.49m. Council has decided to bring in these assets as prior period error by restating the asset and equity balances for previous periods.

The errors for IPPE 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**

	Original Balance 1 July, 2018 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 1 July, 2018 \$ '000
Infrastructure, property, plant and equipment	382,724	5,256	387,980
Total assets	432,410	5,256	437,666
Net assets	425,027	5,256	430,283
Accumulated Surplus	425,027	5,256	430,283
Total equity	425,027	5,256	430,283

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

	Original Balance 30 June, 2019 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 30 June, 2019 \$ '000
Receivables	3,606	(375)	3,231
Infrastructure, property, plant and equipment	391,092	5,256	396,348
Total assets	444,091	4,881	448,972
Net assets	438,313	4,881	443,194
Accumulated surplus	437,202	4,881	442,083
Total equity	438,313	4,881	443,194

Notes to the Financial Statements

for the year ended 30 June 2020

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

Income Statement

	Original Balance 30 June, 2019 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 30 June, 2019 \$ '000
User charges and fees	4,812	(375)	4,437
Total income from continuing operations	39,448	(375)	39,073
Net operating result for the year	12,175	(375)	11,800

Statement of Comprehensive Income

	Original Balance 30 June, 2019 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 30 June, 2019 \$ '000
Net operating result for the year	12,175	(375)	11,800
Total comprehensive income for the year	13,286	(375)	12,911

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

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

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

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

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

Statement of Financial Position

(ii) AASB 15 and AASB 1058

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

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

Costs incurred in fulfilling customer contracts

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)**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 not amended the presentation of certain items to align them with the requirements of AASB 15 and AASB 1058 due to the immaterial values arising out of the changes.

\$ '000	Balance at 1 July 2019
Opening contract balances at 1 July 2019	
Contract assets	
– Under AASB 15	–
– Under AASB 1058	–
Total Contract assets	–
Contract liabilities	
– Under AASB 15	4,634
– Under AASB 1058	–
Total Contract liabilities	4,634

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

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

Statement of Financial Position

Notes to the Financial Statements

for the year ended 30 June 2020

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

\$ '000	Carrying amount per Statement of Financial Position under AASB 15 and AASB 1058	Reclassific- ation	Remeasur- ement	Carrying amount under previous revenue standards	Notes
Current assets					
Cash and cash equivalents	12,902	–	–	12,902	
Investments	31,750	–	–	31,750	
Receivables	4,054	–	–	4,054	
Other	62	–	–	62	
Total current assets	48,768	–	–	48,768	
Current liabilities					
Payables	4,092	–	–	4,092	
Contract liabilities	956	–	(956)	–	
Provisions	3,137	–	–	3,137	
Total current liabilities	8,185	–	(956)	7,229	
Non-current assets					
Infrastructure, property, plant and equipment	440,606	–	–	440,606	
Investments accounted for using equity method	346	–	–	346	
Total non-current assets	440,952	–	–	440,952	
Non-current liabilities					
Payables	50	–	–	50	
Provisions	422	–	–	422	
Total Non-current liabilities	472	–	–	472	
Net assets	481,063	–	956	482,019	
Equity					
Accumulated surplus	432,908	–	956	433,864	
Revaluation reserves	48,155	–	–	48,155	
Council equity interest	481,063	–	956	482,019	
Total equity	481,063	–	956	482,019	

Creation of contract liabilities under AASB 15 and AASB 1058 due to funds which have been received prior to the satisfaction of performance obligations. These were recognised as income on receipt under previous accounting standards.

Income Statement

\$ '000	Income Statement and comprehen- sive income under AASB 15 and AASB 1058	Reclassific- ation	Remeasur- ement	Income Statement and comprehen- sive income under previous revenue standards	Notes
<u>Income from continuing operations</u>					

Notes to the Financial Statements

for the year ended 30 June 2020

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

\$ '000	Income Statement and comprehensive income under AASB 15 and AASB 1058	Reclassification	Remeasurement	Income Statement and comprehensive income under previous revenue standards	Notes
Rates and annual charges	13,074	–	–	13,074	
User charges and fees	7,114	–	–	7,114	
Other revenues	504	–	–	504	
Grants and contributions provided for operating purposes	8,584	–	–	8,584	
Grants and contributions provided for capital purposes	8,220	–	(3,678)	4,542	
Interest and investment income	912	–	–	912	
Total Income from continuing operations	38,408	–	(3,678)	34,730	
<u>Expenses from continuing operations</u>					
Employee benefits and on-costs	9,155	–	–	9,155	
Borrowing costs	10	–	–	10	
Materials and contracts	6,230	–	–	6,230	
Depreciation and amortisation	8,982	–	–	8,982	
Other expenses	4,517	–	–	4,517	
Net losses from the disposal of assets	2,598	–	–	2,598	
Revaluation decrement / impairment of IPP&E	11,367	–	–	11,367	
Net share of interests in joint ventures and associates using the equity method	10	–	–	10	
Total Expenses from continuing operations	42,869	–	–	42,869	
Total Operating result from continuing operations	(4,461)	–	(3,678)	(8,139)	
Net operating result for the year	(4,461)	–	(3,678)	(8,139)	
Total comprehensive income	42,503	–	–	42,503	

Difference in revenue treatment between recognition upon receipt under the old standards and recognition when performance obligations are met under AASB 15 and AASB 1058.

Adjustments to the current year figures for the year ended 30 June 2019

Statement of Financial Position

\$ '000	Original Balance 1 July, 2019	Impact Increase/ (decrease)	Restated Balance 1 July, 2019
Contract assets	–	–	–
Total assets	444,091	–	444,091
Contract liabilities	–	4,634	4,634
Total liabilities	5,778	4,634	10,412

Notes to the Financial Statements

for the year ended 30 June 2020

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

\$ '000	Original Balance 1 July, 2019	Impact Increase/ (decrease)	Restated Balance 1 July, 2019
Accumulated surplus	437,202	(4,634)	432,568
Total equity	438,313	(4,634)	433,679

Notes to the Financial Statements

for the year ended 30 June 2020

Note 16. Statement of cash flow information

	Notes	2020 \$ '000	2019 \$ '000
(a) Reconciliation of cash and cash equivalents			
Total cash and cash equivalents per Statement of Financial Position	7(a)	12,902	19,456
Balance as per the Statement of Cash Flows		12,902	19,456
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		(4,461)	11,800
Adjust for non-cash items:			
Depreciation and amortisation		8,982	8,801
Net losses/(gains) on disposal of assets		2,598	1,208
Adoption of AASB 15/1058		(4,634)	–
Losses/(gains) recognised on fair value re-measurements through the P&L:			
– Revaluation decrements / impairments of IPP&E direct to P&L		11,367	–
Share of net (profits)/losses of associates/joint ventures using the equity method		10	(72)
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		(459)	1,238
Increase/(decrease) in provision for impairment of receivables		41	17
Decrease/(increase) in other current assets		(12)	(25)
Increase/(decrease) in payables		(459)	427
Increase/(decrease) in other accrued expenses payable		1,017	41
Increase/(decrease) in other liabilities		530	(105)
Increase/(decrease) in contract liabilities		956	–
Increase/(decrease) in provision for employee benefits		211	214
Increase/(decrease) in other provisions		11	12
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		15,698	23,556

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Interests in other entities

	Council's share of net income		Council's share of net assets	
	2020 \$ '000	2019 \$ '000	2020 \$ '000	2019 \$ '000
Associates *	(10)	72	346	841
Total	(10)	72	346	841

(*) Central Murray County Council was dissolved on 1 July 2019

Associates

(a) Net carrying amounts – Council's share

	Nature of relationship	Measurement method	2020	2019
			\$ '000	\$ '000
Central Murray Regional Library	Associate	% Net assets	346	426
Central Murray County Council *	Associate	% Net assets	–	415
Total carrying amounts – material associates			346	841

(*) Central Murray County Council was dissolved on 1 July 2019

(b) Details

	Principal activity	Place of business
Central Murray Regional Library	Provision of Library Services	Deniliquin
Central Murray County Council *	Noxious Weeds Control	Deniliquin

(*) Central Murray County Council was dissolved on 1 July 2019

(c) Relevant interests and fair values

	Quoted fair value		Interest in outputs		Interest in ownership		Proportion of voting power	
	2020 \$ '000	2019 \$ '000	2020 %	2019 %	2020 %	2019 %	2020 %	2019 %
Central Murray Regional Library	346	426	87%	87%	87%	87%	50%	50%
Central Murray County Council *	–	415	0%	36%	0%	36%	0%	33%

(*) Central Murray County Council was dissolved on 1 July 2019

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Interests in other entities (continued)

(d) Summarised financial information for associates

	Central Murray Regional Library	Central Murray County Council		
	2020	2019	2020	2019
	\$ '000	\$ '000	\$ '000	\$ '000
Statement of financial position				
Current assets				
Cash and cash equivalents	331	400	–	318
Other current assets	–	–	–	77
Non-current assets	166	193	–	865
Current liabilities				
Current financial liabilities (excluding trade and other payables and provisions)	–	–	–	34
Other current liabilities	99	103	–	73
Net assets	398	490	–	1,153
Reconciliation of the carrying amount				
Opening net assets (1 July)	490	449	1,153	1,051
Profit/(loss) for the period	(11)	41	–	102
Other adjustments to equity	(81)	–	(1,153)	–
Closing net assets	398	490	–	1,153
Council's share of net assets (%)	87%	87%	0%	36%
Council's share of net assets (\$)	346	426	–	415
Statement of comprehensive income				
Income	478	486	–	1,024
Interest income	6	10	–	9
Depreciation and amortisation	(67)	(37)	–	(100)
Interest expense	–	(6)	–	–
Other expenses	(428)	(412)	–	(831)
Profit/(loss) from continuing operations	(11)	41	–	102
Profit/(loss) for period	(11)	41	–	102
Total comprehensive income	(11)	41	–	102
Share of income – Council (%) *	87%	87%	0%	36%
Profit/(loss) – Council (\$)	(10)	36	–	37
Total comprehensive income – Council (\$)	(10)	36	–	37
Dividends received by Council	–	–	405	–

(*) Central Murray County Council was dissolved on 1 July 2019

Accounting policy for associates

Interests in associates 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 investee after the date of acquisition.

If the Council's share of losses of an associate equals or exceeds its interest in the associate, the Council discontinues recognising its share of further losses. The Council's share in the associates gains or losses arising from transactions between itself and its associate are eliminated.

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 18. Commitments

	2020 \$ '000	2019 \$ '000
Capital commitments (exclusive of GST)		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Buildings	542	417
Open space and recreational assets	200	300
Water infrastructure	486	628
Sewer infrastructure	338	434
Roads	250	194
Motor vehicles and major plant acquisitions	555	1,508
ERC Merger projects	2,323	–
Total commitments	4,694	3,481
These expenditures are payable as follows:		
Within the next year	4,694	3,481
Total payable	4,694	3,481
Sources for funding of capital commitments:		
Unrestricted general funds	1,547	2,419
Externally restricted reserves	3,147	1,062
Total sources of funding	4,694	3,481

Details of capital commitments

Commitments exist for various stronger communities grant funded projects, roads, water and sewer projects.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 19. Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

Council participates in an employer-sponsored defined benefit superannuation scheme, and makes contributions as determined by the superannuation scheme's trustees.

Member councils bear responsibility of ensuring there are sufficient funds available to pay out the required benefits as they fall due.

The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of its share of the net deficit and accordingly Council has not recorded any net liability from its defined benefit scheme obligations in accordance with AASB 119.

Future contributions made to the defined benefit scheme to rectify the net deficit position will be recognised as an expense when they become payable – similar to the accounting for defined contributions plans.

Member councils are treated as Pooled Employers for the purpose of AASB119. 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 for non-180 Point members Nil for 180 Point Members*
Division C	2.5% salaries
Division D	1.64 times employee contributions

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

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

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

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 entity.

There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up. There is no provision for allocation of any surplus which may be present at the date of withdrawal of an employer.

The plan is a defined benefit plan. However, 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). As such, there is not sufficient reliable information to allow each sponsoring employer to account for its proportionate share of the defined benefit obligation, sub-group assets and costs associated with the sub-group in the same way as it would for a single employer sponsored defined benefit plan.

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of superannuation expenses at Note 5 (a) for the year ending 30 June 2020 was \$147,474.

The last valuation of the scheme was performed by Mr Richard Boyfield FIAA (AFS Licence # 411770) on 30/06/2019.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 19. Contingencies (continued)

Council's expected contribution to the Fund for the next annual reporting period is \$137,183.88.
The estimated employer reserves financial position for the Pooled Employers at 30 June 2020 is:

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

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

The 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.

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review will be completed around November/December 2020.

Council's additional lump sum contribution per annum of 0.26% of the total additional lump sum contributions for all Pooled Employers (of \$40m for each year from 1 July 2019 to 30 June 2021) provides an indication of the level of participation of Council compared with other employers in the Pooled Employer sub group.

(ii) Statewide Limited

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

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

The future realisation and finalisation of claims incurred but not reported to 30 June 2020 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

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.

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.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 19. Contingencies (continued)

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

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

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

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

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

ASSETS NOT RECOGNISED

(i) Land under roads

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 20. Financial risk management

Risk management

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

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

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

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

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

	Carrying value 2020 \$ '000	Carrying value 2019 Restated \$ '000	Fair value 2020 \$ '000	Fair value 2019 Restated \$ '000
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	12,902	19,456	12,902	19,456
Receivables	4,054	3,231	3,734	3,231
Investments				
– 'Financial assets at amortised cost'	31,750	29,014	31,750	29,014
Total financial assets	48,706	51,701	48,386	51,701
Financial liabilities				
Payables	4,142	2,390	3,449	2,390
Total financial liabilities	4,142	2,390	3,449	2,390

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

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

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

The risks associated with the instruments held are:

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 20. Financial risk management (continued)

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

The impact on result for the year and equity of a reasonably possible movement in interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.

	Increase of values/rates		Decrease of values/rates	
	Profit \$ '000	Equity \$ '000	Profit \$ '000	Equity \$ '000
2020				
Possible impact of a 1% movement in interest rates	359	359	(359)	(359)
2019				
Possible impact of a 1% movement in interest rates	389	389	(389)	(389)

(b) Credit risk

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

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

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

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

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

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

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

Credit risk profile

Receivables – rates and annual charges

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

	Not yet overdue \$ '000	< 1 year overdue \$ '000	1 - 2 years overdue \$ '000	2 - 5 years overdue \$ '000	> 5 years overdue \$ '000	Total \$ '000
2020						
Gross carrying amount	–	853	154	194	88	1,289
2019						
Gross carrying amount	–	351	154	127	51	683

Receivables - non-rates and annual charges

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 20. Financial risk management (continued)

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

	Not yet overdue ¹ \$ '000	0 - 30 days overdue \$ '000	31 - 60 days overdue \$ '000	61 - 90 days overdue \$ '000	> 91 days overdue \$ '000	Total \$ '000
2020						
Gross carrying amount	1,447	76	149	543	834	3,049
Expected loss rate (%)	4.05%	13.28%	23.81%	6.48%	18.92%	9.75%
ECL provision	59	10	35	35	158	297
2019 Restated						
Gross carrying amount	786	74	147	730	1,054	2,791
Expected loss rate (%)	0.37%	3.34%	6.49%	3.85%	18.84%	8.66%
ECL provision	3	2	10	28	198	241

(1) 2019 balance reduced by \$375k reflecting correction of overstated debtors.

(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.

	Weighted average interest rate %	Subject to no maturity \$ '000	≤ 1 Year \$ '000	payable in: 1 - 5 Years \$ '000	> 5 Years \$ '000	Total cash outflows \$ '000	Actual carrying values \$ '000
2020							
Trade/other payables	0.00%	486	3,244	–	–	3,730	3,730
Total financial liabilities		486	3,244	–	–	3,730	3,730
2019							
Trade/other payables	0.00%	218	2,138	50	–	2,406	2,391
Total financial liabilities		218	2,138	50	–	2,406	2,391

Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. Material budget variations

Council's original financial budget for 19/20 was adopted by the Council on 27/06/2019 and is unaudited.

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

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

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

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

\$ '000	2020 Budget	2020 Actual	2020 ----- Variance -----		
REVENUES					
Rates and annual charges	12,895	13,074	179	1%	F
User charges and fees	3,348	7,114	3,766	112%	F
This is related to RMS ordered works that were under budgeted and can be difficult to predict for budgeting purposes due to significant work on Riverina Highway.					
Other revenues	575	504	(71)	(12)%	U
Operating grants and contributions	7,447	8,584	1,137	15%	F
600K was unbudgeted for funding received for additional Ute Muster grant income. Increase in actuals for Financial Assistance Grants and Noxious weeds grant income was unbudgeted due to the dissolution of Central Murray County Council. Higher pensions rates subsidy than budgeted as well.					
Capital grants and contributions	1,275	8,220	6,945	545%	F
Additional Roads to recovery grant received above budget, some stronger communities grant income was also not originally included in the budget but was subsequently received. New funding for the NSW Showground stimulus funding. Additional stronger country communities grant income for ongoing projects. Due to restating capital grants from 18/19 under AASB 15, we have increased income not included in budget.					
Interest and investment revenue	825	912	87	11%	F
Similar to prior years, the budget was set conservatively on the lower end of the estimate for investment income. In addition, Councils Investment portfolio balances during were higher than expected due to receipt of additional Grants and higher user charges and fees receipts.					
Joint ventures and associates – net profits	–	–	–	∞	F
EXPENSES					
Employee benefits and on-costs	9,219	9,155	64	1%	F
Borrowing costs	–	10	(10)	∞	U
Materials and contracts	3,523	6,230	(2,707)	(77)%	U
Expenditure was higher than anticipated during the year and therefore budgets were increased for contractors to cover carry forwards budgets for merger and grant funded projects. This also increased due to the higher than expected RMS ordered works noted in User charges and fees.					
Depreciation and amortisation	8,610	8,982	(372)	(4)%	U
Other expenses	3,405	4,517	(1,112)	(33)%	U
Payments of \$1M to Deni Play on the Plains (Ute Muster) has been made as donation and this was not included in the budget.					

Notes to the Financial Statements

for the year ended 30 June 2020

Note 21. Material budget variations (continued)

\$ '000	2020 Budget	2020 Actual	2020 ----- Variance -----	
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This is due to the fact that the asset is not ours and we are acting as an agent and only passing the grant from the funding body to the committee.

Net losses from disposal of assets	-	2,598	(2,598)	∞	U
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Disposal of infrastructure assets which were replaced during the year whilst they still had written down values. This was not included in the original budget.

Revaluation decrement / impairment of IPP&E	-	11,367	(11,367)	∞	U
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Revaluation was not included in the budget and had not been previously done for a period of 5 years so was larger than would occur every 3 years

Joint ventures and associates – net losses	-	10	(10)	∞	U
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One joint venture ceased operation on 30 June 2019, Library had a redundancy which put the venture into a loss, this was not budgeted for.

STATEMENT OF CASH FLOWS

Cash flows from operating activities	13,419	15,698	2,279	17%	F
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Increase in grant funding across the board during the year.

Cash flows from investing activities	(20,171)	(22,252)	(2,081)	10%	U
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Cash flows from financing activities	-	-	-	∞	F
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Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. Fair Value Measurement

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

– Infrastructure, property, plant and equipment

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

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

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

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

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

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

2020	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring fair value measurements					
Infrastructure, property, plant and equipment					
Plant and equipment	30/06/17	–	–	5,527	5,527
Office equipment	30/06/17	–	–	353	353
Furniture and fittings	30/06/17	–	–	54	54
Operational land	29/02/20	–	–	7,626	7,626
Community land	29/02/20	–	–	3,074	3,074
Crown lands	29/02/20	–	–	13,403	13,403
Land improvements – depreciable	29/02/20	–	–	3,363	3,363
Buildings – non-specialised	29/02/20	–	–	10,919	10,919
Buildings – specialised	29/02/20	–	–	33,856	33,856
Other structures	29/02/20	–	–	17,145	17,145
Roads	29/02/20	–	–	178,567	178,567
Bridges	29/02/20	–	–	7,159	7,159
Footpaths and kerb	29/02/20	–	–	16,601	16,601
Other road assets	29/02/20	–	–	3,881	3,881
Bulk earthworks	29/02/20	–	–	33,092	33,092
Stormwater drainage	29/02/20	–	–	25,070	25,070
Water supply network	29/02/20	–	–	34,567	34,567
Sewerage network	29/02/20	–	–	30,245	30,245
Swimming pools	29/02/20	–	–	4,141	4,141
Other open spaces/recreational assets	29/02/20	–	–	5,148	5,148
Library books	30/06/17	–	–	137	137
Total infrastructure, property, plant and equipment		–	–	433,928	433,928

Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. Fair Value Measurement (continued)

2019	Date of latest valuation	Fair value measurement hierarchy			Total 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	30/06/17	–	–	4,533	4,533
Office equipment	30/06/17	–	–	343	343
Furniture and fittings	30/06/17	–	–	73	73
Operational land	30/06/15	–	–	5,187	5,187
Community land	30/06/15	–	–	3,346	3,346
Crown lands	30/06/15	–	–	9,025	9,025
Land improvements – depreciable	30/06/15	–	–	2,968	2,968
Buildings – non-specialised	30/06/15	–	–	11,128	11,128
Buildings – specialised	30/06/15	–	–	36,840	36,840
Other structures	30/06/15	–	–	17,891	17,891
Roads	30/06/15	–	–	143,892	143,892
Bridges	30/06/15	–	–	4,834	4,834
Footpaths and kerb	30/06/15	–	–	15,836	15,836
Other road assets	30/06/15	–	–	3,234	3,234
Bulk earthworks	30/06/15	–	–	27,471	27,471
Stormwater drainage	30/06/15	–	–	21,164	21,164
Water supply network	30/06/17	–	–	36,856	36,856
Sewerage network	30/06/17	–	–	33,705	33,705
Swimming pools	30/06/15	–	–	3,427	3,427
Other open spaces/recreational assets	30/06/15	–	–	4,133	4,133
Library books	30/06/15	–	–	156	156
Total infrastructure, property, plant and equipment		–	–	387,239	387,239

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

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

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

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

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

Plant and Equipment - This class of asset category is not valued at fair value. The category is at depreciated historical cost, but is disclosed as fair value.

Office Equipment - Same as Plant and Equipment above.

Furniture and Fittings - Same as Plant and Equipment above.

Operational Land - The latest valuation was conducted by APV Valuers during the 2019/20 financial year.

The valuation method used is in accordance with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines). Operational Land should be valued at market value after considering the buyers and sellers in the market and, where possible, include elements such as zoning limitations, alternative use and size of the land.

Sources of data used when determining revaluations include: Actual sales evidence, mapping evidence, PDSLIVE property searches, Benchmarking, APV database of recent projects and on-site visits.

The total amount for Operational Land includes \$945,000 worth of assets which APV Valuers did not include in their revaluation. Council has included these at their carrying value and intends to revalue them in the 2020/21 year.

Community Land - The latest valuation was conducted by APV Valuers during the 2019/20 financial year.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. Fair Value Measurement (continued)

The valuation method used is in accordance with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines). Council is unable to provide neither observable nor unobservable valuation techniques and therefore it is reported as a Level 3.

Sources of data used when determining revaluations include: Actual sales evidence, mapping evidence, PDSLIVE property searches, Benchmarking, APV database of recent projects and on-site visits.

Crown Land - Same as Community Land above.

Land Improvements (Depreciable) - The latest valuation was conducted by APV Valuers during the 2019/20 financial year. The valuation method is based on determining the Replacement Cost of the modern equivalent (or cost of reproduction where relevant) and then adjusting for the level of consumed future economic benefit and impairment.

Sources of data used when determining revaluations include: Actual sales evidence, mapping evidence, Rawlinson's Construction Guide, Benchmarking, APV database of recent projects and on-site visits.

Buildings (Non - Specialised) - The latest valuation was conducted by APV Valuers during the 2019/20 financial year. The valuation method is based on determining the Replacement Cost of the modern equivalent (or cost of reproduction where relevant) and then adjusting for the level of consumed future economic benefit and impairment.

In accordance with the depreciation requirements of AASB 116, "complex assets" are componentised and depreciated separately. This is consistent with the AASB's May 2015 decision regarding residual value.

Sources of data used when determining revaluations include: Actual sales evidence, mapping evidence, Rawlinson's Construction Guide (or similar), Benchmarking, APV database of recent projects and on-site visits.

The total amount for Buildings (Non-Specialised) includes \$4,668,387 worth of assets which APV Valuers did not include in their revaluation. Council has included these at their carrying value and intends to revalue them in the 2020/21 year.

Buildings (Specialised) - The latest valuation was conducted by APV Valuers during the 2019/20 financial year.

The total amount for Buildings (Specialised) includes \$65,414 worth of assets which APV Valuers did not include in their revaluation. Council has included these at their carrying value and intends to revalue them in the 2020/21 year.

Refer to Buildings (Non-Specialised) above for valuation method and data sources.

Other Structures - The latest valuation was conducted by APV Valuers during the 2019/20 financial year.

The valuation method is based on determining the Replacement Cost of the modern equivalent (or cost of reproduction where relevant) and then adjusting for the level of consumed future economic benefit and impairment.

In accordance with the depreciation requirements of AASB 116, "complex assets" are componentised and depreciated separately (splitting each component into the short and long life parts). This is consistent with the AASB's May 2015 decision regarding residual value.

Sources of data used when determining revaluations include: Actual sales evidence, mapping evidence, Rawlinson's Construction Guide, Benchmarking, APV database of recent projects and on-site visits.

Roads & Bulk Earthworks - The latest valuation was conducted by APV Valuers during the 2019/20 financial year.

The valuation method is based on determining the Replacement Cost of the modern equivalent (or cost of reproduction where relevant) and then adjusting for the level of consumed future economic benefit and impairment.

In accordance with the depreciation requirements of AASB 116, "complex assets" are componentised and depreciated separately (splitting each component into the short and long life parts). This is consistent with the AASB's May 2015 decision regarding residual value.

Sources of data used when determining revaluations include: Actual construction or purchase prices, mapping evidence, Rawlinson's Construction Guide (or similar), Benchmarking, APV database of recent projects and on-site visits.

The total amount for Roads & Bulk Earthworks includes \$3,949 worth of assets which APV Valuers did not include in their revaluation. Council has included these at their carrying value and intends to revalue them in the 2020/21 year.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. Fair Value Measurement (continued)

Bridges - The latest valuation was conducted by APV Valuers during the 2019/20 financial year. Refer to Roads above for valuation method and data sources.

Footpaths - The latest valuation was conducted by APV Valuers during the 2019/20 financial year. Refer to Roads above for valuation method and data sources.

The total amount for Footpaths includes \$27,516 worth of assets which APV Valuers did not include in their revaluation. Council has included these at their carrying value and intends to revalue them in the 2020/21 year.

Stormwater - The latest valuation was conducted by APV Valuers during the 2019/20 financial year. Refer to Roads above for valuation method and data sources.

The total amount for Stormwater includes \$98,064 worth of assets which APV Valuers did not include in their revaluation. Council has included these at their carrying value and intends to revalue them in the 2020/21 year.

Water Supply Network - The latest valuation was conducted by APV Valuers during the 2019/20 financial year.

The valuation method is based on determining the Replacement Cost of the modern equivalent (or cost of reproduction where relevant) and then adjusting for the level of consumed future economic benefit and impairment.

In accordance with the depreciation requirements of AASB 116, "complex assets" are componentised and depreciated separately (splitting each component into the short and long life parts). This is consistent with the AASB's May 2015 decision regarding residual value.

Sources of data used when determining revaluations include: Actual construction or purchase prices, mapping evidence, Rawlinson's Construction Guide (or similar), Benchmarking, APV database of recent projects and on-site visits.

Sewer Network - The latest valuation was conducted by APV Valuers during the 2019/20 financial year. Refer to Water Supply Network above for valuation method and data sources.

The total amount for Sewerage Network includes \$7,723 worth of assets which APV Valuers did not include in their revaluation. Council has included these at their carrying value and intends to revalue them in the 2020/21 year.

Swimming Pools - The latest valuation was conducted by APV Valuers during the 2019/20 financial year.

The valuation method is based on determining the Replacement Cost of the modern equivalent (or cost of reproduction where relevant) and then adjusting for the level of consumed future economic benefit and impairment.

In accordance with the depreciation requirements of AASB 116, "complex assets" are componentised and depreciated separately (splitting each component into the short and long life parts). This is consistent with the AASB's May 2015 decision regarding residual value.

Sources of data used when determining revaluations include: Actual sales evidence, mapping evidence, Rawlinson's Construction Guide (or similar), Benchmarking, APV database of recent projects and on-site visits.

Other Open Spaces/ Recreational Assets - The latest valuation was conducted by APV Valuers during the 2019/20 financial year. Refer to Swimming Pools above for valuation method and data sources.

The total amount for Other Open Spaces/ Recreational Assets includes \$63,606 worth of assets which APV Valuers did not include in their revaluation. Council has included these at their carrying value and intends to revalue them in the 2020/21 year.

Library Books - Same as Plant and Equipment above.

Other Assets - Refer to Swimming Pools above for valuation method and data sources.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. Fair Value Measurement (continued)

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

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

	Plant and equipment \$ '000	Office equipment \$ '000	Furniture and fittings \$ '000	Operational land Restated \$ '000	Community Land \$ '000
2019					
Opening balance	5,071	345	98	4,979	3,346
Transfers from/(to) another asset class	–	–	–	(407)	–
Purchases (GBV)	699	–	4	611	–
Disposals (WDV)	(71)	–	–	–	–
Depreciation and impairment	(1,166)	(109)	(29)	–	–
Adjustments and transfers	–	107	–	4	–
Closing balance	4,533	343	73	5,187	3,346
2020					
Opening balance	4,533	343	73	5,187	3,346
Purchases (GBV)	2,216	91	6	–	–
Disposals (WDV)	(71)	–	–	–	–
Depreciation and impairment	(1,151)	(81)	(25)	–	(272)
FV gains – other comprehensive income	–	–	–	2,439	–
Closing balance	5,527	353	54	7,626	3,074
	Crown Land \$ '000	Land improv- ements \$ '000	Buildings non specialised \$ '000	Building specialised \$ '000	Other structures \$ '000
2019					
Opening balance	8,618	2,412	6,117	36,901	18,026
Transfers from/(to) another asset class	407	–	–	–	–
Purchases (GBV)	–	285	5,173	47	–
Disposals (WDV)	–	–	–	(15)	–
Depreciation and impairment	–	(92)	(193)	(806)	(135)
Adjustments and transfers	–	363	31	713	–
Closing balance	9,025	2,968	11,128	36,840	17,891
2020					
Opening balance	9,025	2,968	11,128	36,840	17,891
Transfers from/(to) another asset class	–	–	–	–	1,153
Purchases (GBV)	–	314	131	1,904	–
Disposals (WDV)	–	–	–	(153)	–
Depreciation and impairment	–	(88)	(340)	(4,735)	(1,899)
FV gains – other comprehensive income	4,378	169	–	–	–
Closing balance	13,403	3,363	10,919	33,856	17,145

Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. Fair Value Measurement (continued)

	Roads \$ '000	Bridges \$ '000	Footpaths \$ '000	Bulk earthworks \$ '000	Other road assets \$ '000
2019					
Opening balance	143,573	4,888	15,647	27,471	3,449
Purchases (GBV)	4,360	–	270	–	–
Disposals (WDV)	(993)	–	(153)	–	(112)
Depreciation and impairment	(3,641)	(54)	(253)	–	(103)
Adjustments and transfers	593	–	325	–	–
Closing balance	143,892	4,834	15,836	27,471	3,234
2020					
Opening balance	143,892	4,834	15,836	27,471	3,234
Purchases (GBV)	6,761	123	2,640	16	390
Disposals (WDV)	(2,081)	–	(201)	(11)	(90)
Depreciation and impairment	(3,836)	(74)	(1,674)	–	(60)
FV gains – other comprehensive income	33,830	2,277	–	5,616	407
Adjustments and transfers	1	(1)	–	–	–
Closing balance	178,567	7,159	16,601	33,092	3,881
	Stormwater drainage \$ '000	Water supply network \$ '000	Sewerage network \$ '000	Swimming pools \$ '000	Other open spaces Restated \$ '000
2019					
Opening balance	21,495	36,279	33,796	3,074	3,325
Purchases (GBV)	63	765	68	427	912
Disposals (WDV)	–	(23)	–	–	–
Depreciation and impairment	(394)	(745)	(690)	(78)	(104)
Adjustments and transfers	–	580	531	4	–
Closing balance	21,164	36,856	33,705	3,427	4,133
2020					
Opening balance	21,164	36,856	33,705	3,427	4,133
Purchases (GBV)	435	781	–	1,057	730
Disposals (WDV)	14	(102)	–	(234)	–
Depreciation and impairment	(383)	(2,968)	(3,461)	(107)	(171)
FV gains – other comprehensive income	3,840	–	–	–	454
Adjustments and transfers	–	–	1	(2)	2
Closing balance	25,070	34,567	30,245	4,141	5,148

Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. Fair Value Measurement (continued)

	Library books \$ '000	Other assets \$ '000	Tip assets \$ '000	Total \$ '000
2019				
Opening balance	145	910	49	380,014
Purchases (GBV)	40	200	–	13,924
Disposals (WDV)	–	–	–	(1,367)
Depreciation and impairment	(29)	–	(48)	(8,669)
Adjustments and transfers	–	86	–	3,337
Closing balance	156	1,196	1	387,239
2020				
Opening balance	156	1,196	1	387,239
Transfers from/(to) another asset class	–	(1,153)	–	–
Purchases (GBV)	40	–	–	17,635
Disposals (WDV)	–	–	–	(2,929)
Depreciation and impairment	(59)	(43)	(1)	(21,428)
FV gains – other comprehensive income	–	–	–	53,410
Adjustments and transfers	–	–	–	1
Closing balance	137	–	–	433,928

b. 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		
Work in progress	Cost approach	At cost.
Plant and equipment	Cost approach	Gross replacement cost, remaining useful life and residual value
Office equipment	Cost approach	Gross replacement cost, remaining useful life and residual value
Furniture and fittings	Cost approach	Gross replacement cost, remaining useful life and residual value
Operational land	Market value approach	Comparison to other similar land sales/property prices, use of land and land area.
Community land	Market value approach	Use of land, zoning conditions and unit rates per square metre
Crown land	Market value approach	Use of land, zoning conditions and unit rates per square metre
Land improvements – depreciable	Cost approach - depreciated replacement	Unit rates, pattern of consumption and consumption score
Buildings – non specialised	Cost approach - depreciated replacement	Unit rates, pattern of consumption and consumption score
Buildings – specialised	Cost approach - depreciated replacement	Unit rates, pattern of consumption and consumption score
Other structures	Cost approach - depreciated replacement	Unit rates, pattern of consumption and consumption score
Roads	Cost approach - depreciated replacement	Asset condition, relationship between asset consumption rating scale and the level of consumed service potential and unit rate cost.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. Fair Value Measurement (continued)

	Valuation technique/s	Unobservable inputs
Bridges	Cost approach - depreciated replacement	Asset condition, relationship between asset consumption rating scale and the level of consumed service potential and unit rate cost.
Footpaths and kerb	Cost approach - depreciated replacement	Asset condition, relationship between asset consumption rating scale and the level of consumed service potential and unit rate cost.
Bulk earthworks	Cost approach - depreciated replacement	Asset condition, relationship between asset consumption rating scale and the level of consumed service potential and unit rate cost.
Other road assets	Cost approach - depreciated replacement	Asset condition, relationship between asset consumption rating scale and the level of consumed service potential and unit rate cost.
Stormwater drainage	Cost approach - depreciated replacement	Asset condition, relationship between asset consumption rating scale and the level of consumed service potential and unit rate cost.
Water supply network	Cost approach - depreciated replacement	Unit rate cost from market evidence, split between short and long life components, valuation profiles and consumption score.
Sewerage network	Cost approach - depreciated replacement	Unit rate cost from market evidence, split between short and long life components, valuation profiles and consumption score.
Swimming pools	Cost approach - depreciated replacement	Unit rates, pattern of consumption and consumption score.
Other open spaces/recreational assets	Cost approach - depreciated replacement	Unit rates, pattern of consumption and consumption score.
Library books	Cost approach	Gross replacement cost and remaining useful life
Other assets	Cost approach - depreciated replacement	Gross replacement cost and remaining useful life
Tip assets	Cost approach - depreciated replacement	Gross replacement cost and remaining useful life

(4) Highest and best use

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 23. Related party disclosures

(a) Key management personnel

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

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

	2020 \$ '000	2019 \$ '000
Compensation:		
Short-term benefits	816	704
Post-employment benefits	–	49
Other long-term benefits	7	6
Total	823	759

Notes to the Financial Statements

for the year ended 30 June 2020

Note 23. Related party disclosures (continued)

(b) Other related party transactions

	Ref	Value of transactions during year \$ '000	Outstanding balance (incl. loans and commitments) \$ '000	Provisions for impairment of receivables outstanding \$ '000	Expense recognised for impairment of receivables \$ '000
2020					
Real Estate	1	14	–	–	–
Infrastructure works	2	13	–	–	–
Plant disposals	3	4	–	–	–
Other	4	57	–	–	–
2019					
Real Estate	1	6	–	–	–
Infrastructure works	2	4	–	–	–

- 1 Council paid \$14,297 in 2020 and \$4,088 in 2019 to Big River Real Estate for lease rentals. A member of the KMP is employed by and previously owned Big River Real Estate.
- 2 Council provided carpark line marking services worth \$5,743 to Intereach Limited at an arm's length price in 2019. A member of Council's KMP is a board member for Intereach. Council also provided weed spraying services at a commercial rate for \$12,702 to a related party of KMP in 2020.
- 3 Council disposed tanker trailers with fully depreciated values to related parties of KMP for \$3,550 in 2020.
- 4 A family member of KMP works for council and they have not received any payments other than remuneration in terms of their employment contract (\$57,305).

Note 24. Events occurring after the reporting date

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 25. Statement of developer contributions

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

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

Summary of contributions and levies

	as at 30/06/19			as at 30/06/20					
	Opening Balance \$ '000	Contributions received during the year		Interest earned in year \$ '000	Expenditure during year \$ '000	Internal borrowing (to)/from \$ '000	Held as restricted asset \$ '000	Cumulative internal borrowings due/(payable) \$ '000	
		Cash \$ '000	Non-cash \$ '000						
Roads	11	–	–	–	–	–	11	–	
Parking	8	–	–	–	–	–	8	–	
Open space	4	–	–	–	–	–	4	–	
Community facilities	9	–	–	–	–	–	9	–	
Other	1	84	–	–	–	(84)	1	–	
S7.11 contributions – under a plan	33	84	–	–	–	(84)	33	–	
Total S7.11 and S7.12 revenue under plans	33	84	–	–	–	(84)	33	–	
S7.11 not under plans	6	–	–	–	–	–	6	–	
Total contributions	39	84	–	–	–	(84)	39	–	

Notes to the Financial Statements

for the year ended 30 June 2020

Note 25. Statement of developer contributions (continued)

	as at 30/06/19			as at 30/06/20				
	Opening Balance \$ '000	Contributions received during the year		Interest earned in year \$ '000	Expenditure during year \$ '000	Internal borrowing (to)/from \$ '000	Held as restricted asset \$ '000	Cumulative internal borrowings due/(payable) \$ '000
		Cash \$ '000	Non-cash \$ '000					
S7.11 Contributions – under a plan								
CONTRIBUTION PLAN (former Deniliquin)								
Roads	11	–	–	–	–	–	11	–
Parking	8	–	–	–	–	–	8	–
Open space	4	–	–	–	–	–	4	–
Community facilities	9	–	–	–	–	–	9	–
Other	1	84	–	–	–	(84)	1	–
Total	33	84	–	–	–	(84)	33	–

Notes to the Financial Statements

for the year ended 30 June 2020

Note 26. Result by fund

	General ¹ 2020 \$ '000	Water 2020 \$ '000	Sewer 2020 \$ '000
Income Statement by fund			
Income from continuing operations			
Rates and annual charges	8,763	1,362	2,949
User charges and fees	4,971	1,860	283
Interest and investment revenue	541	217	154
Other revenues	504	–	–
Grants and contributions provided for operating purposes	8,500	51	33
Grants and contributions provided for capital purposes	8,220	–	–
Total income from continuing operations	31,499	3,490	3,419
Expenses from continuing operations			
Employee benefits and on-costs	8,284	503	368
Borrowing costs	10	–	–
Materials and contracts	3,795	1,336	1,099
Depreciation and amortisation	7,556	751	675
Other expenses	4,118	272	127
Net losses from the disposal of assets	2,495	103	–
Revaluation decrement /impairment of IPPE	7,158	1,808	2,401
Share of interests in joint ventures and associates using the equity method	10	–	–
Total expenses from continuing operations	33,426	4,773	4,670
Operating result from continuing operations	(1,927)	(1,283)	(1,251)
Net operating result for the year	(1,927)	(1,283)	(1,251)
Net operating result attributable to each council fund	(1,927)	(1,283)	(1,251)
Net operating result for the year before grants and contributions provided for capital purposes	(10,147)	(1,283)	(1,251)

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 26. Result by fund (continued)

	General ¹ 2020 \$ '000	Water 2020 \$ '000	Sewer 2020 \$ '000
Statement of Financial Position by fund			
ASSETS			
Current assets			
Cash and cash equivalents	7,649	2,972	2,281
Investments	23,117	5,391	3,242
Receivables	3,300	477	277
Other	62	–	–
Total current assets	34,128	8,840	5,800
Non-current assets			
Infrastructure, property, plant and equipment	377,091	33,267	30,248
Investments accounted for using the equity method	346	–	–
Total non-current assets	377,437	33,267	30,248
TOTAL ASSETS	411,565	42,107	36,048
LIABILITIES			
Current liabilities			
Payables	3,864	84	144
Contract liabilities	956	–	–
Provisions	3,137	–	–
Total current liabilities	7,957	84	144
Non-current liabilities			
Payables	50	–	–
Provisions	422	–	–
Total non-current liabilities	472	–	–
TOTAL LIABILITIES	8,429	84	144
Net assets	403,136	42,023	35,904
EQUITY			
Accumulated surplus	354,981	42,023	35,904
Revaluation reserves	48,155	–	–
Council equity interest	403,136	42,023	35,904
Total equity	403,136	42,023	35,904

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

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

	Amounts	Indicator	Prior periods		Benchmark
	2020	2020	2019	2018	
\$ '000			Restated		
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	1,294	4.29%	10.06%	10.97%	>0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	30,188				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	21,604	56.25%	48.24%	64.26%	>60.00%
Total continuing operating revenue ¹	38,408				
3. Unrestricted current ratio					
Current assets less all external restrictions	26,453	4.56x	11.79x	13.22x	>1.50x
Current liabilities less specific purpose liabilities	5,798				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	10,286	∞	4.42x	15.04x	>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	1,493	10.62%	6.01%	8.91%	<10.00%
Rates, annual and extra charges collectible	14,053				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	44,652	27.92 mths	30.62 mths	27.85 mths	>3.00 mths
Monthly payments from cash flow of operating and financing activities	1,599				

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

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

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2020	2019 Restated	2020	2019 Restated	2020	2019	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	15.08%	6.37%	(31.83)%	15.87%	(32.36)%	28.51%	>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	46.92%	37.68%	98.54%	97.42%	99.03%	97.11%	>60.00%
Total continuing operating revenue ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	4.56x	11.79x	105.24x	1,786.80x	40.28x	39.94x	>1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	∞	3.36x	∞	∞	∞	42.08x	>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	12.51%	8.46%	9.69%	0.08%	4.82%	0.00%	<10.00%
Rates, annual and extra charges collectible							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	24.63	29.50	∞	∞	∞	∞	>3.00
Payments from cash flow of operating and financing activities	mths	mths					mths

(1) - (2) Refer to Notes at Note 24a above.

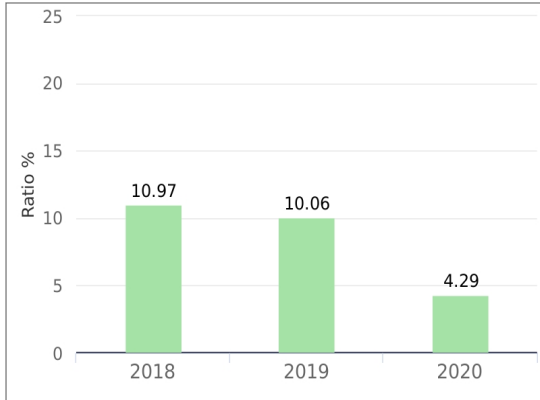
(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

To allow for comparative purposes, a discrepancy totalling \$173,000 has been taken up in 2018 'Income for continuing operations' figures. Code 27 has moved 'Pensioner rate subsidies', previously recognised in 'Special Purpose Grants', into 'Rates and annual charges'. Of the \$173,000, Financial assistance grants were decreased \$78,000 and Special purpose grants were decreased \$95,000. This required a restating of Indicator ratios for General, Water and Sewerage. As a result, the ratio percentages for 2018 figures have been slightly changed.

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

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

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2019/20 result

2019/20 ratio 4.29%

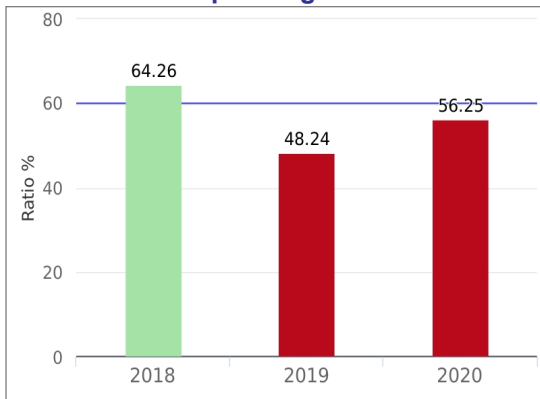
Operating performance remained above the benchmark for 2020, although it declined significantly from prior years due to a reduction in operating grants received during the year.

Benchmark: — > 0.00%

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

- Ratio achieves benchmark
- Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2019/20 result

2019/20 ratio 56.25%

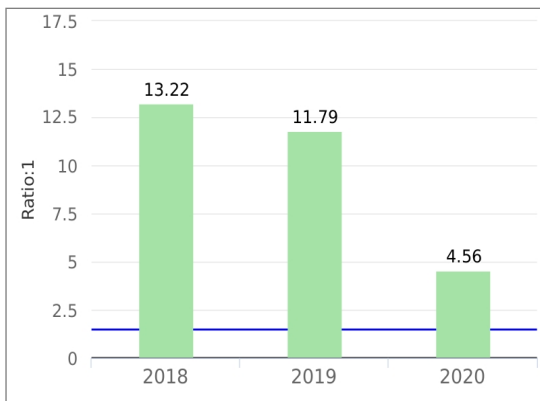
During the year Council improved its ability to cover its operations from own source revenue.

Benchmark: — > 60.00%

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

- Ratio achieves benchmark
- Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2019/20 result

2019/20 ratio 4.56x

Council has consistently managed to maintain its unrestricted current ratio above the benchmark, highlighting its capacity to meet short-term obligations.

Benchmark: — > 1.50x

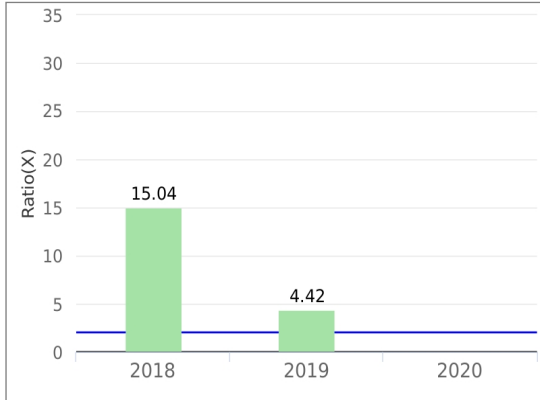
Source of benchmark: Code of Accounting Practice and Financial Reporting #28

- Ratio achieves benchmark
- Ratio is outside benchmark

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

Note 27(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 ∞

Council did not have any borrowings during the year ended 30 June 2020.

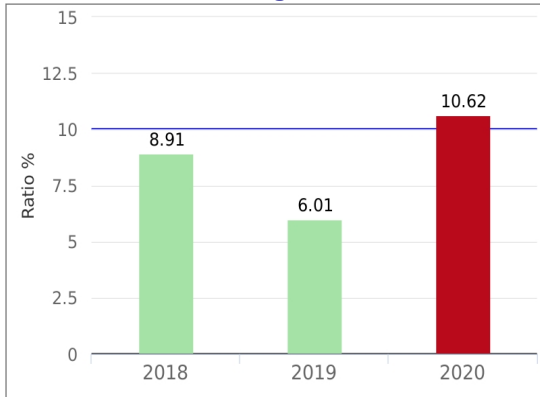
Benchmark: — > 2.00x

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

Ratio achieves benchmark

Ratio is outside benchmark

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



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

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

Commentary on 2019/20 result

2019/20 ratio 10.62%

The Covid 19 pandemic related financial difficulty experienced by many rate payers led to a higher than normal level of uncollected rates and annual charges for the year.

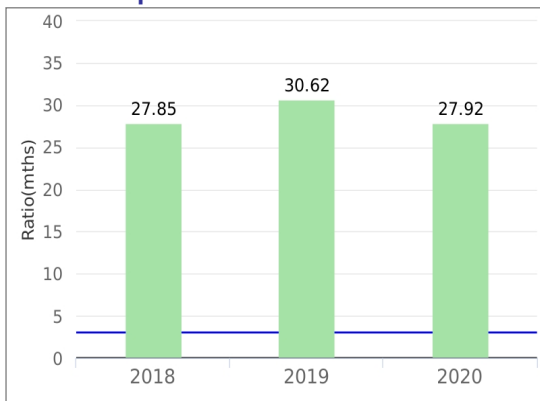
Benchmark: — < 10.00%

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

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2019/20 result

2019/20 ratio 27.92 mths

Council's outstanding cash expense ratio indicates that cash balances are at a level sufficient to support its operations for more than 26 months.

Benchmark: — > 3.00mths

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

Ratio achieves benchmark

Ratio is outside benchmark

Edward River Council

Notes to the Financial Statements

for the year ended 30 June 2020

Note 28. Council information and contact details

Principal place of business:

180 Cressy Street
Deniliquin NSW 2710

Contact details

Mailing Address:

PO Box 270
Deniliquin NSW 2710

Telephone: 03 5898 3000

Facsimile: 03 5898 3021

Opening hours:

8.30am to 5.00pm
Monday to Friday

Internet: www.edwardriver.nsw.gov.au

Email: council@edwardriver.nsw.gov.au

Officers

General Manager

Mr Philip Stone

Responsible Accounting Officer

Mrs Amanda Barber

Auditors

Audit Office NSW
Level 19, Tower 2 Darling Park
201 Sussex St
Sydney NSW 2000

Elected members

Mayor

Cr Norm Brennan

Councillors

Cr Pat Fogarty - Deputy Mayor
Cr Peta Betts
Cr Marg Bull
Cr Ashley Hall
Cr Norm McAllister
Cr Peter McCrabb
Cr Nick Metcalfe
Cr Mac Wallace

Other information

ABN: 90 407 359 958

General Purpose Financial Statements
for the year ended 30 June 2020

General Purpose Financial Statements
for the year ended 30 June 2020



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Edward River Council

To the Councillors of Edward River Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

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

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

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

19 November 2020
SYDNEY



Cr Norm Brennan
Mayor
Edward River Council
PO Box 270
DENILIKUIN NSW 2710

Contact: Michael Kharzoo
Phone no: (02) 9275 7188
Our ref: D2026613/1721

19 November 2020

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2020
Edward River Council**





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

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

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

INCOME STATEMENT

Operating result

	2020	2019*	Variance
	\$m	\$m	%
Rates and annual charges revenue	13.1	12.7	 2.7
Grants and contributions revenue	16.8	20.2	 16.8
Operating result from continuing operations	(4.5)	11.8	 137.8
Net operating result before capital grants and contributions	(12.7)	1.78	 812.4

* The 2019 comparatives have been restated to correct a prior period error. Note 15 of the financial statements provides details of the prior period error.

The Council's operating result from continuing operations (deficit of \$4.5 million including depreciation and amortisation expense of \$9.0 million) was \$16.3 million lower than the 2018–19 result. This movement was mainly due to the \$11.4 million revaluation decrement and the increase in materials and contracts.

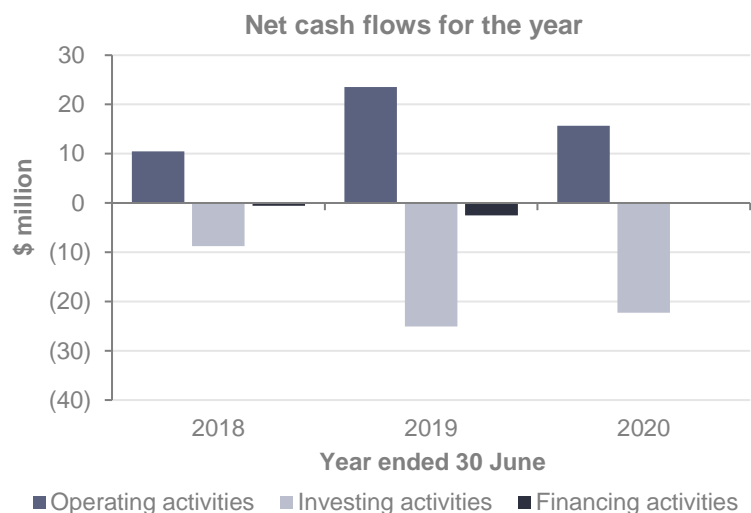
The net operating result before capital grants and contributions (deficit of \$12.7 million) was \$14.5 million lower than the 2018–19 result. This movement was mainly due to the \$11.4 million revaluation decrement and the increase in materials and contracts.

Rates and annual charges revenue (\$13.1 million) increased by \$0.3 million (2.7 per cent) in 2019–20 due to the IPART rate peg, which increased general rates revenue by 2.7 per cent in 2019-20.

Grants and contributions revenue (\$16.8 million) decreased by \$3.4 million (16.8 per cent) in 2019–20 due to the \$1.6 million merger funding and \$3.4 million RFS funding from 2018-19.

STATEMENT OF CASH FLOWS

- Council's cash and cash equivalents and investments were \$44.7 million (\$48.5 million for the year ended 30 June 2019). There was a net decrease in cash and cash equivalents and investments of \$3.8 million at 30 June 2020.
- Net cash provided by operating activities has decreased by \$7.9 million due to the decrease in grants and contribution.
- Net cash used in investing activities decreased by \$2.8 million. This is mainly due to the decrease in the purchase of investment securities of \$5.5 million and offset by the increase in purchase of infrastructure, property, plant and equipment of \$2.9 million.



FINANCIAL POSITION

Cash and investments

Cash and investments	2020	2019	Commentary
	\$'m	\$'m	
External restrictions	21.6	16.9	<ul style="list-style-type: none"> • Externally restricted cash and investments are restricted in their use by externally imposed requirements. The increase of \$4.7 million is primarily due to an increase in specific purpose unexpended grants – general fund restrictions. • Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect identified programs of works and any forward plans identified by Council. The decrease of \$11.6 million is due to the \$10.5 million of merger stronger communities fund from 2018-19. • Unrestricted cash and investments was \$13.8 million, which is available to provide liquidity for day-to-day operations of the Council. There was \$3.1 million increase in the unrestricted cash and investments balance.
Internal restrictions	9.3	20.9	
Unrestricted	13.8	10.7	
Cash and investments	44.7	48.5	

Debt

Council has no external borrowings as at 30 June 2020.

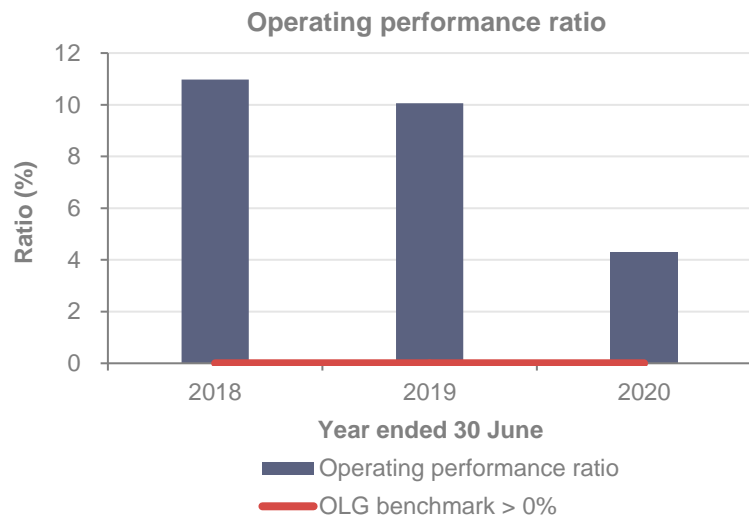
PERFORMANCE

Performance measures

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

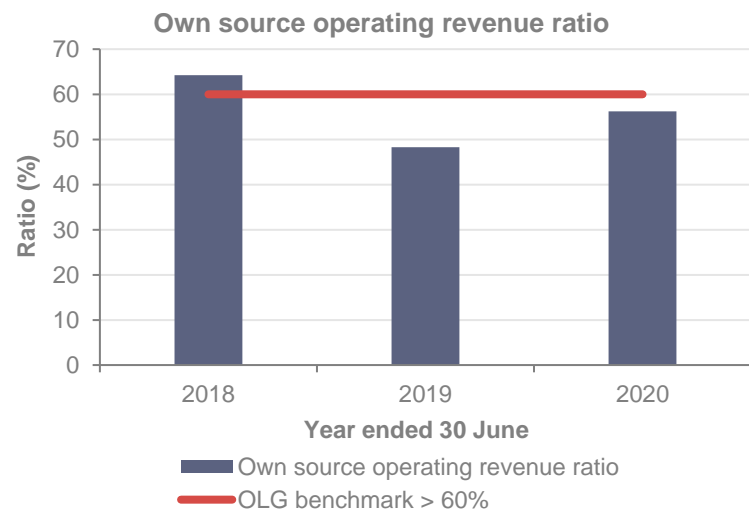
Operating performance ratio

- The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by OLG is greater than zero per cent.
- The operating performance ratio of 4.29 per cent is above the industry benchmark of greater than 0 per cent. This indicates the Council can contain operating expenditures within operating revenue.
- The decrease in operating performance ratio is mainly due to the decrease in grants and contributions.



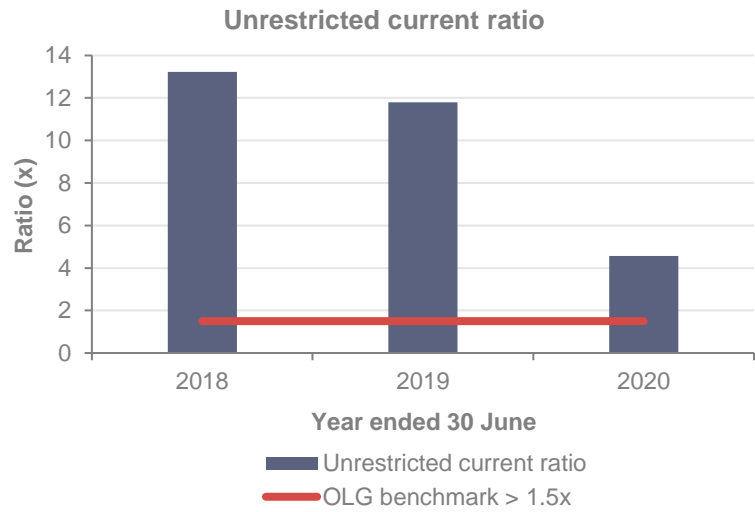
Own source operating revenue ratio

- The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.
- The Council's own source operating revenue ratio of 56.25 per cent is below the industry benchmark of 60 per cent. This indicates that the Council is more reliant on external funding sources, such as grants and contributions.
- The Council's own source operating revenue ratio has increased to 56.25 per cent (2019: 48.24 per cent) due to the increase in rates and annual charges and user charges and fees.



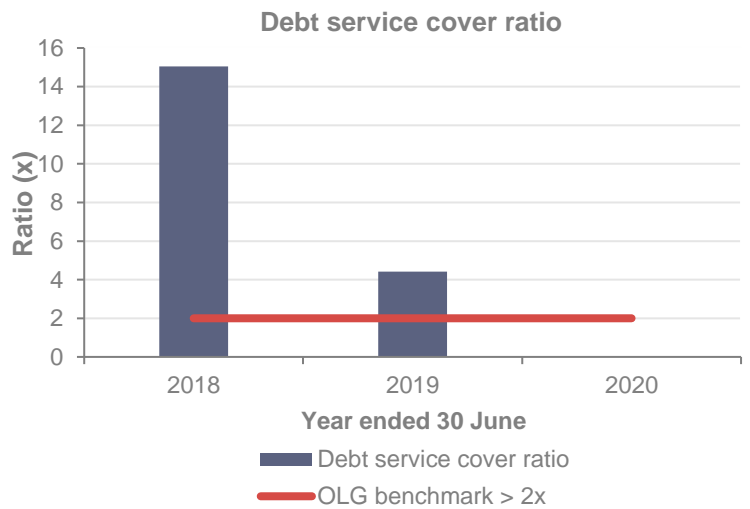
Unrestricted current ratio

- The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.
- The Council's liquidity ratio of 4.56 times is greater than the industry benchmark minimum of greater than 1.5 times. This indicates that the Council has sufficient liquidity to meet its current liabilities as and when they fall due.
- The Council's unrestricted current ratio has decreased due to the recognition of contract liabilities from the adoption of AASB 15 and AASB 1058 and increase of payables.



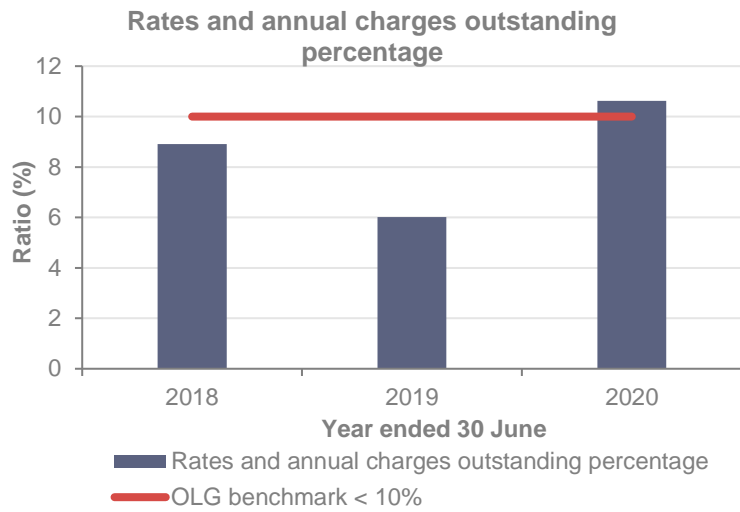
Debt service cover ratio

- The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.
- The Council has fully repaid its borrowing during the year.



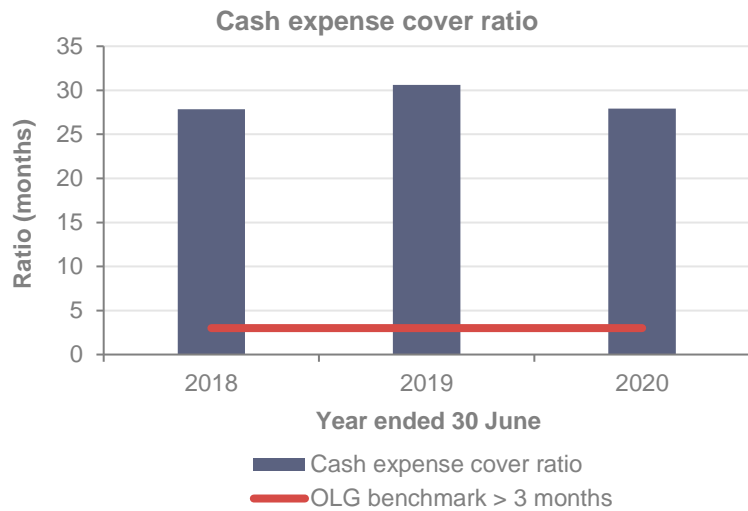
Rates and annual charges outstanding percentage

- The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.
- The Council's rates and annual charges outstanding ratio of 10.62 per cent is not within the industry benchmark of less than 10 per cent for regional and rural councils.
- The rates and annual charges outstanding percentage has increased from prior year, which is indicative of an area requiring further focus from Council to improve this metric.



Cash expense cover ratio

- This liquidity ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.
- The Council's cash expense cover ratio was 27.92 months, which is above the industry benchmark of greater than 3 months. This indicates that Council had the capacity to cover 27.92 months of operating cash expenditure without additional cash inflows at 30 June 2020.



Infrastructure, property, plant and equipment renewals

The Council has renewed \$20.46 million of assets in the 2019-20 financial year, compared to \$17.29 million assets in the 2018-19 financial year. The 2019-20 renewals were predominately related to roads, capital work in progress and plant and equipment.

OTHER MATTERS

Impact of new accounting standards

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

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

AASB 15 introduces a new approach to recognising revenue based on the principle that revenue is recognised when control of a good or service transfers to a customer. AASB 15 impacts the timing and amount of revenue recorded in a councils' financial statements, particularly for grant revenue. AASB 15 also increases the amount of disclosures required.

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

The Council recognised a \$4.6 million adjustment to opening accumulated surplus at 1 July 2019 on adoption of the new Revenue Standards.

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

AASB 16 'Leases'

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

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

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

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

The Council disclosed the impact of adopting AASB 16 in Note 1.

Legislative compliance

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

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




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

cc: Mr Philip Stone, General Manager
Mr Peter Rae, Chair of Audit, Risk and Improvement Committee
Jim Betts, Secretary of the Department of Planning, Industry and Environment



***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:

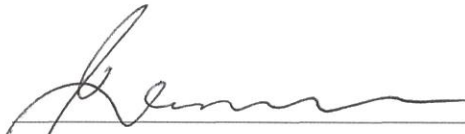
- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,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



Cr Norm Brennan
Mayor
19 November 2020



Cr Pat Fogarty
Deputy Mayor
19 November 2020



Mr Phil Stone
General Manager
19 November 2020



Mrs Amanda Barber
Responsible Accounting Officer
19 November 2020

Income Statement – Water Supply Business Activity

for the year ended 30 June 2020

	2020	2019
	\$ '000	Restated \$ '000
Income from continuing operations		
Access charges	1,362	1,279
User charges	1,860	1,923
Interest	217	192
Grants and contributions provided for non-capital purposes	51	34
Total income from continuing operations	3,490	3,428
Expenses from continuing operations		
Employee benefits and on-costs	503	542
Materials and contracts	1,336	1,280
Depreciation, amortisation and impairment	751	752
Loss on sale of assets	103	23
Calculated taxation equivalents	–	11
Loss on revaluation	1,636	–
Other expenses	272	287
Total expenses from continuing operations	4,601	2,895
Surplus (deficit) from continuing operations before capital amounts	(1,111)	533
Grants and contributions provided for capital purposes	–	56
Surplus (deficit) from continuing operations after capital amounts	(1,111)	589
Surplus (deficit) from all operations before tax	(1,111)	589
Less: corporate taxation equivalent (27.5%) [based on result before capital]	–	(147)
SURPLUS (DEFICIT) AFTER TAX	(1,111)	442
Plus accumulated surplus	43,134	44,605
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	–	11
– Corporate taxation equivalent	–	147
Closing accumulated surplus	42,023	45,205
Return on capital %	(3.3)%	1.4%
Subsidy from Council	1,404	–
Calculation of dividend payable:		
Surplus (deficit) after tax	(1,111)	442
Less: capital grants and contributions (excluding developer contributions)	18	–
Surplus for dividend calculation purposes	–	442
Potential dividend calculated from surplus	–	221

Accrued income relating to water meter readings was processed twice in error as at 30 June 2019, resulting in both income and receivables - user charges and fees for 2019 being overstated by \$375K.

Income Statement – Sewerage Business Activity

for the year ended 30 June 2020

	2020 \$ '000	2019 \$ '000
Income from continuing operations		
Access charges	2,949	2,825
User charges	255	334
Fees	28	22
Interest	153	150
Grants and contributions provided for non-capital purposes	33	33
Total income from continuing operations	3,418	3,364
Expenses from continuing operations		
Employee benefits and on-costs	368	448
Borrowing costs	–	40
Materials and contracts	1,064	1,043
Depreciation, amortisation and impairment	675	694
Calculated taxation equivalents	–	10
Loss on revaluation	2,255	–
Other expenses	162	180
Total expenses from continuing operations	4,524	2,415
Surplus (deficit) from continuing operations before capital amounts	(1,106)	949
Grants and contributions provided for capital purposes	–	66
Surplus (deficit) from continuing operations after capital amounts	(1,106)	1,015
Surplus (deficit) from all operations before tax	(1,106)	1,015
Less: corporate taxation equivalent (27.5%) [based on result before capital]	–	(261)
SURPLUS (DEFICIT) AFTER TAX	(1,106)	754
Plus accumulated surplus	37,010	37,757
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	–	10
– Corporate taxation equivalent	–	261
Closing accumulated surplus	35,904	38,782
Return on capital %	(3.7)%	2.9%
Subsidy from Council	1,372	–
Calculation of dividend payable:		
Surplus (deficit) after tax	(1,106)	754
Less: capital grants and contributions (excluding developer contributions)	33	–
Surplus for dividend calculation purposes	–	754
Potential dividend calculated from surplus	–	377

Statement of Financial Position – Water Supply Business Activity

as at 30 June 2020

	2020	2019
	\$ '000	Restated \$ '000
ASSETS		
Current assets		
Cash and cash equivalents	2,972	1,453
Investments	5,391	7,101
Receivables	477	380
Total current assets	8,840	8,934
Non-current assets		
Infrastructure, property, plant and equipment	33,267	36,856
Total non-current assets	33,267	36,856
TOTAL ASSETS	42,107	45,790
LIABILITIES		
Current liabilities		
Payables	84	5
Total current liabilities	84	5
TOTAL LIABILITIES	84	5
NET ASSETS	42,023	45,785
EQUITY		
Accumulated surplus	42,023	45,205
Revaluation reserves	–	580
TOTAL EQUITY	42,023	45,785

Accrued income relating to water meter readings was processed twice in error as at 30 June 2019, resulting in both income and receivables - user charges and fees for 2019 being overstated by \$375K.

Statement of Financial Position – Sewerage Business Activity

as at 30 June 2020

	2020	2019
	\$ '000	\$ '000
ASSETS		
Current assets		
Cash and cash equivalents	2,281	325
Investments	3,242	5,132
Receivables	277	294
Total current assets	<u>5,800</u>	<u>5,751</u>
Non-current assets		
Infrastructure, property, plant and equipment	30,248	33,706
Total non-current assets	<u>30,248</u>	<u>33,706</u>
TOTAL ASSETS	<u>36,048</u>	<u>39,457</u>
LIABILITIES		
Current liabilities		
Payables	144	144
Total current liabilities	<u>144</u>	<u>144</u>
TOTAL LIABILITIES	<u>144</u>	<u>144</u>
<u>NET ASSETS</u>	<u>35,904</u>	<u>39,313</u>
EQUITY		
Accumulated surplus	35,904	38,782
Revaluation reserves	–	531
<u>TOTAL EQUITY</u>	<u>35,904</u>	<u>39,313</u>

Edward River Council

Notes to the Special Purpose Financial Statements

for the year ended 30 June 2020

Note 1. Significant Accounting Policies

A statement summarising the supplemental accounting policies adopted in the preparation of the Special Purpose Financial Statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

These financial statements are SPFS prepared for use by Council and the Office of Local Government. For the purposes of these statements, the Council is a non-reporting not-for-profit entity.

The figures presented in these Special Purpose Financial Statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the Local Government Act 2093 (NSW), the *Local Government (General) Regulation 2005*, and the Local Government Code of Accounting Practice and Financial Reporting.

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

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

National Competition Policy

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

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

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

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

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

Declared business activities

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

Category 1

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

a. Water business activity

b. Sewer business activity

Category 2

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

Nil

Monetary amounts

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

Edward River Council

Notes to the Special Purpose Financial Statements

for the year ended 30 June 2020

Note 1. Significant Accounting Policies (continued)

(i) Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs.

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

Notional rate applied (%)

Corporate income tax rate – 27.5%

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

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

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

The payment of taxation equivalent charges, referred to in the Best Practice Management of Water Supply and Sewer 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 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.

Loan and debt guarantee fees

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

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

Note 1. Significant Accounting Policies (continued)

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

(ii) Subsidies

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

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

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

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

(iii) Return on investments (rate of return)

The NCP policy statement requires that councils with Category 1 businesses 'would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field'.

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

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

(iv) Dividends

Council is not required to pay dividends to either itself (as owner of a range of businesses) or to any external entities.

Local government water supply and sewerage businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

Each dividend must be calculated and approved in accordance with the Department of Industry – Water guidelines and must not exceed:

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2020 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Department of Industry – Water guidelines a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the Department of Industry – Water.

Special Purpose Financial Statements
for the year ended 30 June 2020



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Edward River Council

To the Councillors of Edward River Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Edward River 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
- Sewerage.

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the LG Code. As a result, the financial statements may not be suitable for another purpose.

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements and for determining that the accounting policies, described in Note 1 to the financial statements, are appropriate to meet the requirements in the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

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

- that the Council carried out its activities effectively, efficiently and economically

- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

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

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

19 November 2020
SYDNEY

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

	Notes	2020/21 Deniliquin Council \$ '000	2020/21 Conargo Shire Council \$ '000	2020/21 Edward River Council \$ '000	2019/20 Deniliquin Council \$ '000	2019/20 Conargo Shire Council \$ '000	2019/20 Edward River Council \$ '000
Notional general income calculation ¹							
Last year notional general income yield	a	4,738	2,723	7,461	4,595	2,649	7,244
Plus or minus adjustments ²	b	(5)	(35)	(40)	13	(3)	10
Notional general income	c = a + b	4,733	2,688	7,421	4,608	2,646	7,254
Permissible income calculation							
Or rate peg percentage	e	2.60%	2.60%		2.70%	2.70%	
Or plus rate peg amount	i = e x (c + g)	123	70	193	124	71	195
Sub-total	k = (c + g + h + i + j)	4,856	2,758	7,614	4,732	2,717	7,449
Plus (or minus) last year's carry forward total	l	(22)	19	(3)	(16)	25	9
Sub-total	n = (l + m)	(22)	19	(3)	(16)	25	9
Total permissible income	o = k + n	4,834	2,777	7,611	4,716	2,742	7,458
Less notional general income yield	p	4,731	2,690	7,421	4,738	2,723	7,461
Catch-up or (excess) result	q = o - p	103	87	190	(21)	19	(2)
Carry forward to next year ⁶	t = q + r + s	103	87	190	(21)	19	(2)

Notes

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

Report on Infrastructure Assets

as at 30 June 2020

Asset Class	Asset Category	Estimated cost		2019/20 Required maintenance ^a	2019/20 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
(a) Report on Infrastructure Assets - Values												
Buildings	Buildings – non-specialised	326	326	12	9	10,919	14,735	13.0%	50.0%	29.0%	7.0%	1.0%
	Buildings – specialised	1,033	1,033	254	105	33,856	54,847	18.0%	41.0%	27.0%	13.0%	1.0%
	Sub-total	1,359	1,359	266	114	44,775	69,582	16.9%	42.9%	27.4%	11.7%	1.0%
Other structures	Other structures	391	391	37	69	17,145	19,683	24.0%	51.0%	16.0%	8.0%	1.0%
	Sub-total	391	391	37	69	17,145	19,683	24.0%	51.0%	16.0%	8.0%	1.0%
Roads	Sealed and unsealed roads	5,526	5,526	1,991	2,132	178,567	236,187	17.0%	27.0%	41.0%	14.0%	1.0%
	Bridges	–	–	101	78	7,159	10,564	14.0%	54.0%	32.0%	0.0%	0.0%
	Footpaths and kerb and gutter	589	589	400	330	16,601	24,904	9.0%	25.0%	52.0%	12.0%	2.0%
	Other road assets	–	–	81	72	3,881	4,726	33.0%	30.0%	37.0%	0.0%	0.0%
	Bulk earthworks	–	–	–	–	33,092	33,092	24.0%	1.0%	75.0%	0.0%	0.0%
Sub-total	6,115	6,115	2,573	2,612	239,300	309,473	17.2%	25.0%	45.2%	11.7%	0.9%	
Water supply network	Water supply network	1,088	1,088	824	1,050	34,547	60,283	6.0%	27.0%	47.0%	15.0%	5.0%
	Sub-total	1,088	1,088	824	1,050	34,567	60,283	6.0%	27.0%	47.0%	15.0%	5.0%
Sewerage network	Sewerage network	703	703	273	614	30,245	56,529	23.0%	28.0%	12.0%	18.0%	19.0%
	Sub-total	703	703	273	614	30,245	56,529	23.0%	28.0%	12.0%	18.0%	19.0%
Stormwater drainage	Stormwater drainage	2,250	2,250	89	46	25,070	36,871	32.0%	32.0%	26.0%	8.0%	2.0%
	Sub-total	2,250	2,250	89	46	25,070	36,871	32.0%	32.0%	26.0%	8.0%	2.0%

Report on Infrastructure Assets (continued)

as at 30 June 2020

Asset Class	Asset Category	Estimated cost		2019/20 Required maintenance ^a	2019/20 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost					
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5	
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000						
Open space / recreational assets	Swimming pools	70	70	32	66	4,141	5,030	21.0%	57.0%	19.0%	3.0%	0.0%	
	Other open space/ recreational	592	592	7	68	5,148	8,072	45.0%	24.0%	14.0%	15.0%	2.0%	
	Sub-total	662	662	39	134	9,289	13,102	35.8%	36.7%	15.9%	10.4%	1.2%	
TOTAL - ALL ASSETS		12,568	12,568	4,101	4,639	400,391	565,523	18.2%	29.4%	36.9%	12.3%	3.3%	

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

Infrastructure asset condition assessment 'key'

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

	Amounts	Indicator	Prior periods		Benchmark
	2020	2020	2019	2018	
\$ '000			Restated		
Infrastructure asset performance indicators (consolidated) *					
Buildings and infrastructure renewals ratio ¹					
Asset renewals ²	13,092	66.43%	115.65%	137.42%	>100.00%
Depreciation, amortisation and impairment	19,708				
Infrastructure backlog ratio ¹					
Estimated cost to bring assets to a satisfactory standard	12,568	3.14%	2.40%	0.94%	<2.00%
Net carrying amount of infrastructure assets	400,391				
Asset maintenance ratio					
Actual asset maintenance	4,639	113.12%	99.40%	98.20%	>100.00%
Required asset maintenance	4,101				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	12,568	2.22%	1.70%	0.66%	
Gross replacement cost	565,523				

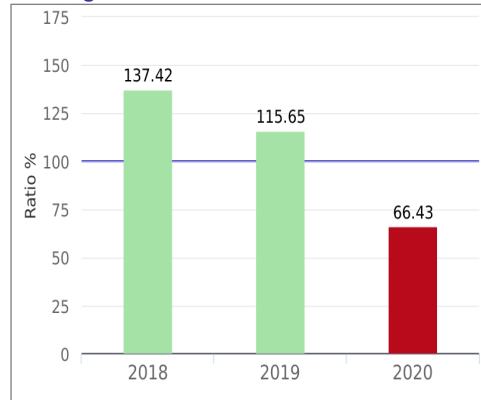
(*) All asset performance indicators are calculated using classes identified in the previous table.

(1) Excludes Work In Progress (WIP)

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

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

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

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

Commentary on result

19/20 ratio 66.43%

Council has historically renewed its assets at a higher rate than they are depreciating, as shown by the ratios from prior years. The sharp drop in the ratio in 2020 is a reflection of the effect of impairment due to revaluation of infrastructure assets conducted in February 2020. Council revalued its infrastructure assets during the year which resulted in a loss on revaluation of \$12M. This had the effect of lowering the buildings and infrastructure renewals ratio to around 70%.

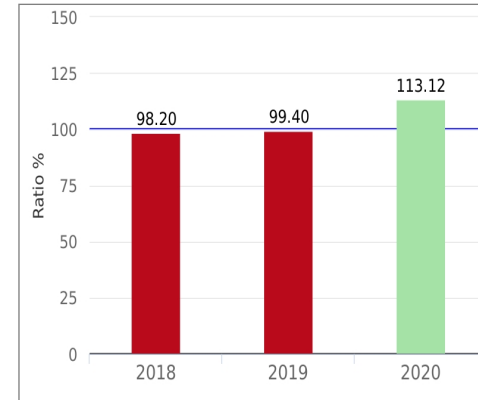
Benchmark: — > 100.00%

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

Ratio achieves benchmark (Green bar)

Ratio is outside benchmark (Red bar)

Asset maintenance ratio



Asset maintenance ratio

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

Commentary on result

19/20 ratio 113.12%

Council continued to improve its planned maintenance ratio during the year to surpass the required benchmark of 100% in 2020.

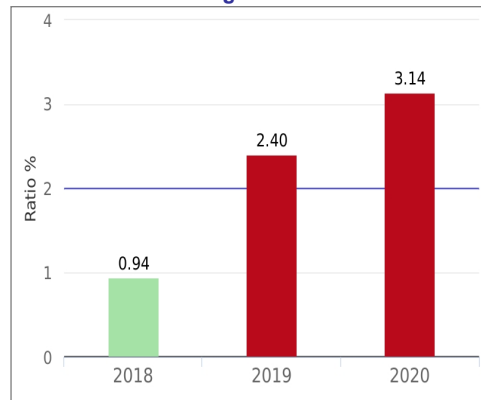
Benchmark: — > 100.00%

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

Ratio achieves benchmark (Green bar)

Ratio is outside benchmark (Red bar)

Infrastructure backlog ratio



Infrastructure backlog ratio

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

Commentary on result

19/20 ratio 3.14%

The cost to bring assets to a satisfactory standard ratio increased slightly during the year as a result of council identifying more assets in a condition that did not meet the agreed service levels during the year. Council will continue to focus on improving its assets' condition in order to bring the ratio within the required benchmark.

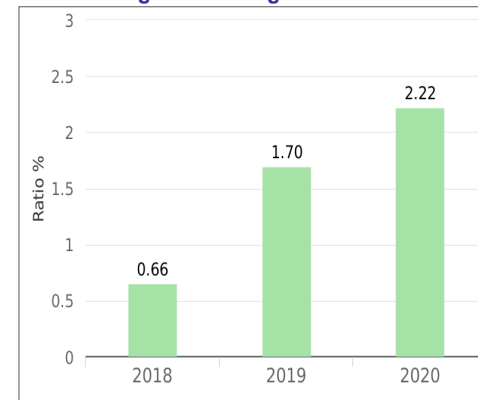
Benchmark: — < 2.00%

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

Ratio achieves benchmark (Green bar)

Ratio is outside benchmark (Red bar)

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

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

Commentary on result

19/20 ratio 2.22%

Council needs minimal investment to achieve the agreed service levels. The service levels are reviewed regularly as part of Council's continuous improvement of assets.

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	92.71%	131.35%	26.31%	95.97%	0.00%	5.80%	>100.00%
Infrastructure backlog ratio ¹							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	3.21%	2.30%	3.15%	1.87%	2.32%	3.87%	<2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	99.03%	97.91%	127.43%	106.57%	224.91%	98.07%	>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	2.40%	1.69%	1.80%	1.18%	1.24%	2.35%	

(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.



INDEPENDENT AUDITOR'S REPORT

Special Schedule - Permissible income for general rates

Edward River Council

To the Councillors of Edward River Council

Opinion

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

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

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

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

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

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

19 November 2020
SYDNEY

APPENDIX B: GOVERNMENT INFORMATION (PUBLIC ACCESS) ACT



Overview

This section is Edward River Council's Government Information (Public Access) Act 2009 (GIPA Act) Annual Report for the 19-20 reporting period.

Review of Proactive Release Program

Council continually reviews its proactive release program to identify information that is made publicly available.

Council undertook the following initiatives as part of the review:

- Reviewing the information published on Council's website to ensure information featured is up-to-date, informative and relevant;
- Continuing a review of Council's Policy Register, which resulted in additional policies being developed and adopted by Council during the reporting period;
- Monitoring matters of public interest to determine whether Council can proactively release further information about those matters; and
- Continued to offer an online community consultation platform to better engage residents in the decision-making process and regularly seek community feedback on Council decisions, projects, programs and activities.

Number of Access Applications Received

During the reporting period Council received three (3) valid formal access to information applications.



Statistical Information about Access Applications

Statistical Information about GIP Act access applications us outlined in the tables below:

Table A: Number of applications by type of applicant and outcome*

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn	Total	% of Total
Media	0	0	0	0	0	0	0	0	0	0%
Members of Parliament	0	0	0	0	0	0	0	0	0	0%
Private sector business	0	0	0	0	0	0	0	0	0	0%
Not for profit organisations or community groups	0	0	0	0	0	0	0	0	0	0%
Members of the public (application by legal representative)	0	0	0	0	0	0	0	0	0	0%
Members of the public (other)	2	0	0	1	0	0	0	0	3	100%
Total	2	0	0	1	0	0	0	0	3	

* More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table B.

Table B: Number of applications by type of application and outcome

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn	Total	% of Total
Personal information applications*	0	0	0	0	0	0	0	0	0	0%
Access applications (other than personal information applications)	2	0	0	1	0	0	0	0	3	100%
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0	0	0%
Total	2	0	0	1	0	0	0	0	3	

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

Table C: Invalid applications

Reason for invalidity	No. of applications	% of Total
Application does not comply with formal requirements (section 41 of the Act)	0	0%
Application is for excluded information of the agency (section 43 of the Act)	0	0%
Application contravenes restraint order (section 110 of the Act)	0	0%
Total number of invalid applications received	0	0%
Invalid applications that subsequently became valid applications	0	0%

Table D: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 to Act

	No. of times consideration used*	% of Total
Overriding secrecy laws	0	0%
Cabinet information	0	0%
Executive Council information	0	0%
Contempt	0	0%
Legal professional privilege	0	0%
Excluded information	0	0%
Documents affecting law enforcement and public safety	0	0%
Transport safety	0	0%
Adoption	0	0%
Care and protection of children	0	0%
Ministerial code of conduct	0	0%
Aboriginal and environmental heritage	0	0%
Information about complaints to Judicial Commission	0	0%
Information about authorised transactions under Electricity Network Assets (Authorised Transactions) Act 2015	0	0%
Information about authorised transaction under Land and Property Information NSW (Authorised Transaction) Act 2016	0	0%

* More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table E.

Table E: Other public interest considerations against disclosure: matters listed in table to section 14 of Act		
	No. of times consideration used	% of Total
Responsible and effective government	0	0%
Law enforcement and security	0	0%
Individual rights, judicial processes and natural justice	0	0%
Business interests of agencies and other persons	0	0%
Environment, culture, economy and general matters	0	0%
Secrecy provisions	0	0%
Exempt documents under interstate Freedom of Information legislation	0	0%
Total	0	

Table F: Timelines		
	No. of applications	% of Total
Decided within the statutory timeframe (20 days plus any extensions)	3	100%
Decided after 35 days (by agreement with applicant)	0	0%
Not decided within time (deemed refusal)	0	0
Total	3	

Table G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)

	Decision varied	Decision upheld	Total	% of Total
Internal review	0	0	0	0%
Review by Information Commissioner*	1	0	1	100%
Internal review following recommendation under section 93 of Act	0	0	0	0%
Review by NCAT	0	0	0	0%
Total	1	0	0	

* The Information Commissioner does not have the authority to vary decisions but can make recommendations to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made by the Information Commissioner

Table H: Applications for review under Part 5 of the Act (by type of applicant)

	No. of applications for review	% of Total
Applications by access applicants	1	100%
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0	0%
Total	1	

Table I: Applications transferred to other agencies under Division 2 of Part 4 of the Act (by type of transfer)

	No. of applications transferred	% of Total
Agency-initiated transfers	0	0%
Applicant-initiated transfers	0	0%
Total	0	

APPENDIX C: PUBLIC INTEREST DISCLOSURES ACT



Overview

Edward River Council is required to report annually on its obligations under section 31 of the Public Interest Disclosures Act 1994 (PID Act) and clause 4 of the Public Interest Disclosures Regulation 2011.

Statistical Information on Public Interest Disclosures

Public Interest Disclosures Regulation 2011 cl 4 (2) (a)-(c)

Table A: Statistical Information on Public Interest Disclosures	
	July 2019 - June 2020
Number of public officials who made PIDs	0
Total number of PIDS received by Edward River Council	0
Of the total received, the number in each of the following categories:	
• Corrupt conduct	0
• Maladministration	0
• Serious and substantial waste	0
• Government intervention contravention	0
• Local government pecuniary interest contravention	0
Number of PIDs finalised in this reporting period	0

Staff Awareness of Public Interest Disclosures Internal Reporting Policy

Public Interest Disclosures Regulation 2011 cl 4 (2) (e)

During the reporting period, Council undertook the following actions to meet its staff awareness obligations:

- Making Council's Public Interest Disclosure Policy available on both our website and staff intranet;
- Incorporating information on public interest disclosures into Council's Employee Manual which is provided to all new staff on commencement;
- Placing information about Public Interest Disclosure on staff bulletin boards.

Public Interest Disclosures Internal Reporting Policy

Public Interest Disclosures Regulation 2011 cl 4 (2) (d)

In accordance with the requirements of the PID Act, Council adopted a Public Interest Disclosure Policy on 17 May 2017. The policy, which provides a mechanism for Council Officials to make disclosures about serious wrongdoing, is based on the NSW Ombudsman's model internal reporting policy for local government.

Council's Public Interest Disclosure Policy is available on Council's website.



EDWARD RIVER COUNCIL
ANNUAL REPORT 2019-20

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