

# Warrumbungle Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2018

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*"excellence in local government"*



# Warrumbungle Shire Council

## General Purpose Financial Statements

for the year ended 30 June 2018

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### Overview

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

14-22 John Street  
Coonabarabran 2357

Council's guiding principles are detailed in Chapter 3 of the LGA and includes:

- principles applying to the exercise of functions generally by council,
- principles to be applied when making decisions,
- principles of community participation,
- principles of sound financial management, and
- principles for strategic planning relating to the development of an integrated planning and reporting framework.

A description of the nature of Council's operations and its principal activities are provided in Note 2(b).

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: [warrumbungle.nsw.gov.au](http://warrumbungle.nsw.gov.au).

# Warrumbungle Shire Council

## General Purpose Financial Statements

for the year ended 30 June 2018

### Understanding Council's financial statements

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#### Introduction

Each year, individual local governments across New South Wales 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 2018.

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 annual 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.

## Warrumbungle Shire Council

### General Purpose Financial Statements for the year ended 30 June 2018

### 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.
- With reference to the Financial Statement 2017/2018, due to material changes following audit, the resolution dated 16 August 2018 by the authorised signatories is re-signed
- The Financial Statements dated 16 August 2018 have been amended due to material changes and are referred to the Audit Office as an amended document.  
As such it is re-signed and re-dated as a Final Financial Statement

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

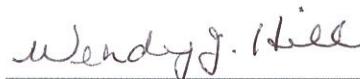
- present fairly the Council's operating result and financial position for the year,
- accord with Council's accounting and other records.

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

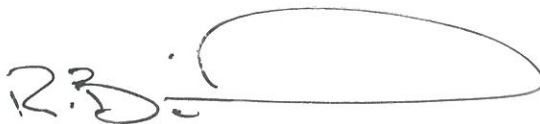
**Signed in accordance with a resolution of Council made on 16 August 2018.**



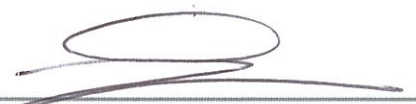
Mayor Denis Todd  
Mayor  
08 November 2018



Councillor  
08 November 2018



Roger Bailey  
General Manager  
08 November 2018



Louise Johnson  
Responsible Accounting Officer  
08 November 2018

## Warrumbungle Shire Council

## Income Statement

for the year ended 30 June 2018

| Original<br>unaudited<br>budget<br>2018    | \$ '000   | Notes | Actual<br>2018 | Actual<br>2017 |
|--|---|-------|----------------|----------------|
| <b>Income from continuing operations</b>   |   |       |                |                |
| <i>Revenue:</i>                            |   |       |                |                |
| 12,148                                     | Rates and annual charges  | 3a    | 12,076         | 11,928         |
| 7,273                                      | User charges and fees   | 3b    | 8,357          | 8,218          |
| 482  | Interest and investment revenue   | 3c    | 423            | 458            |
| 962  | Other revenues  | 3d    | 1,214          | 1,237          |
| 18,024                                     | Grants and contributions provided for operating purposes  | 3e,f  | 18,206         | 20,772         |
| 2,090                                      | Grants and contributions provided for capital purposes  | 3e,f  | 6,285          | 4,397          |
| <i>Other income:</i>                       |   |       |                |                |
| 297  | Net gains from the disposal of assets   | 5     | –              | –              |
| –  | Net share of interests in joint ventures and associates using the equity method                 | 15    | 41             | 50             |
| 41,276                                     | <b>Total income from continuing operations</b>  |       | 46,602         | 47,060         |
| <b>Expenses from continuing operations</b> |   |       |                |                |
| 14,997                                     | Employee benefits and on-costs  | 4a    | 16,080         | 15,025         |
| 277  | Borrowing costs   | 4b    | 335            | 361            |
| 5,310                                      | Materials and contracts   | 4c    | 7,186          | 8,205          |
| 10,437                                     | Depreciation and amortisation   | 4d    | 11,421         | 10,099         |
| 7,751                                      | Other expenses  | 4e    | 8,516          | 8,055          |
| –  | Net losses from the disposal of assets  | 5     | 1,201          | 653            |
| 38,772                                     | <b>Total expenses from continuing operations</b>  |       | 44,739         | 42,398         |
| <b>2,504</b>                               | <b>Operating result from continuing operations</b>  |       | <b>1,863</b>   | <b>4,662</b>   |
| <b>2,504</b>                               | <b>Net operating result for the year</b>  |       | <b>1,863</b>   | <b>4,662</b>   |
| 2,504                                      | Net operating result attributable to Council  |       | 1,863          | 4,662          |
| 414  | Net operating result for the year before grants and contributions provided for capital purposes |       | (4,422)        | 265            |

## Warrumbungle Shire Council

### Statement of Comprehensive Income for the year ended 30 June 2018

| \$ '000  | Notes | 2018           | 2017         |
|--|-------|----------------|--------------|
| <b>Net operating result for the year</b> (as per Income Statement)                     |       | <b>1,863</b>   | <b>4,662</b> |
| <b>Other comprehensive income:</b>   |       |                |              |
| Amounts that will not be reclassified subsequently to the operating result             |       |                |              |
| Gain (loss) on revaluation of IPP&E  | 9a    | (5,849)        | 4,377        |
| Impairment (loss) reversal relating to IPP&E   | 9c    | 62             | (731)        |
| <b>Total items which will not be reclassified subsequently to the operating result</b> |       | <b>(5,787)</b> | <b>3,646</b> |
| <b>Total other comprehensive income for the year</b>                                   |       | <b>(5,787)</b> | <b>3,646</b> |
| <b>Total comprehensive income for the year</b>   |       | <b>(3,924)</b> | <b>8,308</b> |
| Total comprehensive income attributable to Council                                     |       | (3,924)        | 8,308        |

## Warrumbungle Shire Council

## Statement of Financial Position

as at 30 June 2018

| \$ '000   | Notes | 2018           | 2017           |
|---|-------|----------------|----------------|
| <b>ASSETS</b>                                     |       |                |                |
| <b>Current assets</b>                             |       |                |                |
| Cash and cash equivalents                         | 6a    | 5,544          | 15,348         |
| Investments                                       | 6b    | 11,500         | 3,000          |
| Receivables                                       | 7     | 6,153          | 5,040          |
| Inventories                                       | 8     | 738            | 911            |
| Other   | 8     | 220            | 179            |
| <b>Total current assets</b>                       |       | <b>24,155</b>  | <b>24,478</b>  |
| <b>Non-current assets</b>                         |       |                |                |
| Receivables                                       | 7     | 2              | –              |
| Inventories                                       | 8     | 299            | 299            |
| Infrastructure, property, plant and equipment     | 9     | 481,138        | 485,168        |
| Investments accounted for using the equity method | 15    | 385            | 344            |
| Intangible assets                                 | 10    | 167            | 285            |
| <b>Total non-current assets</b>                   |       | <b>481,991</b> | <b>486,096</b> |
| <b>TOTAL ASSETS</b>                               |       | <b>506,146</b> | <b>510,574</b> |
| <b>LIABILITIES</b>                                |       |                |                |
| <b>Current liabilities</b>                        |       |                |                |
| Payables  | 11    | 1,775          | 1,769          |
| Income received in advance                        | 11    | 544            | 150            |
| Borrowings  | 11    | 867            | 827            |
| Provisions  | 12    | 4,438          | 4,579          |
| <b>Total current liabilities</b>                  |       | <b>7,624</b>   | <b>7,325</b>   |
| <b>Non-current liabilities</b>                    |       |                |                |
| Borrowings  | 11    | 4,777          | 5,645          |
| Provisions  | 12    | 2,391          | 2,326          |
| <b>Total non-current liabilities</b>              |       | <b>7,168</b>   | <b>7,971</b>   |
| <b>TOTAL LIABILITIES</b>                          |       | <b>14,792</b>  | <b>15,296</b>  |
| <b>Net assets</b>                                 |       | <b>491,354</b> | <b>495,278</b> |
| <b>EQUITY</b>                                     |       |                |                |
| Accumulated surplus                               | 13    | 404,494        | 402,631        |
| Revaluation reserves                              | 13    | 86,860         | 92,647         |
| <b>Total equity</b>                               |       | <b>491,354</b> | <b>495,278</b> |

## Warrumbungle Shire Council

Statement of Changes in Equity  
for the year ended 30 June 2018

|  | Notes | 2018                |                           | 2017                |                           | Total equity   |
|--|-------|---------------------|---------------------------|---------------------|---------------------------|----------------|
|  |       | Accumulated surplus | IPP&E revaluation reserve | Accumulated surplus | IPP&E revaluation reserve |                |
| <b>Opening balance</b>                                 |       | 402,631             | 92,647                    | 397,969             | 89,001                    | <b>486,970</b> |
| <b>Net operating result for the year</b>               |       | <b>1,863</b>        | <b>-</b>                  | <b>4,662</b>        | <b>-</b>                  | <b>4,662</b>   |
| <b>Other comprehensive income</b>                      |       |                     |                           |                     |                           |                |
| – Gain (loss) on revaluation of IPP&E                  | 9a    | -                   | (5,849)                   | -                   | 4,377                     | <b>4,377</b>   |
| – Impairment (loss) reversal relating to IPP&E         | 9c    | -                   | 62                        | -                   | (731)                     | <b>(731)</b>   |
| <b>Other comprehensive income</b>                      |       | <b>-</b>            | <b>(5,787)</b>            | <b>-</b>            | <b>3,646</b>              | <b>3,646</b>   |
| <b>Total comprehensive income (c&amp;d)</b>            |       | <b>1,863</b>        | <b>(5,787)</b>            | <b>4,662</b>        | <b>3,646</b>              | <b>8,308</b>   |
| <b>Equity – balance at end of the reporting period</b> |       | <b>404,494</b>      | <b>86,860</b>             | <b>402,631</b>      | <b>92,647</b>             | <b>495,278</b> |



## Warrumbungle Shire Council

## Statement of Cash Flows

for the year ended 30 June 2018

| Original<br>unaudited<br>budget<br>2018     | \$ '000  | Notes | Actual<br>2018  | Actual<br>2017  |
|---|--|-------|-----------------|-----------------|
| <b>Cash flows from operating activities</b> |  |       |                 |                 |
| <b>Receipts:</b>                            |  |       |                 |                 |
| 12,148                                      | Rates and annual charges                                     |       | 12,009          | 11,965          |
| 7,274                                       | User charges and fees  |       | 9,501           | 8,202           |
| 482   | Investment and interest revenue received                     |       | 348             | 467             |
| 20,115                                      | Grants and contributions                                     |       | 24,608          | 25,169          |
| 961   | Other  |       | 1,851           | 1,107           |
| <b>Payments:</b>                            |  |       |                 |                 |
| (14,997)                                    | Employee benefits and on-costs                               |       | (16,202)        | (15,334)        |
| (5,310)                                     | Materials and contracts                                      |       | (7,666)         | (8,438)         |
| (277)                                       | Borrowing costs  |       | (341)           | (368)           |
| –   | Bonds, deposits and retention amounts refunded               |       | (32)            | (206)           |
| (7,751)                                     | Other  |       | (10,438)        | (8,740)         |
| <u>12,645</u>                               | <b>Net cash provided (or used in) operating activities</b>   | 14b   | <u>13,638</u>   | <u>13,824</u>   |
| <b>Cash flows from investing activities</b> |  |       |                 |                 |
| <b>Receipts:</b>                            |  |       |                 |                 |
| 897   | Sale of infrastructure, property, plant and equipment        |       | 1,005           | 727             |
| –   | Deferred debtors receipts                                    |       | –               | 10              |
| <b>Payments:</b>                            |  |       |                 |                 |
| –   | Purchase of investment securities                            |       | (8,500)         | –               |
| (13,665)                                    | Purchase of infrastructure, property, plant and equipment    |       | (15,119)        | (11,138)        |
| <u>(12,768)</u>                             | <b>Net cash provided (or used in) investing activities</b>   |       | <u>(22,614)</u> | <u>(10,401)</u> |
| <b>Cash flows from financing activities</b> |  |       |                 |                 |
| <b>Receipts:</b>                            |  |       |                 |                 |
| Nil   |  |       |                 |                 |
| <b>Payments:</b>                            |  |       |                 |                 |
| (827)                                       | Repayment of borrowings and advances                         |       | (828)           | (787)           |
| <u>(827)</u>                                | <b>Net cash flow provided (used in) financing activities</b> |       | <u>(828)</u>    | <u>(787)</u>    |
| (950)                                       | <b>Net increase/(decrease) in cash and cash equivalents</b>  |       | (9,804)         | 2,636           |
| 10,981                                      | Plus: cash and cash equivalents – beginning of year          | 14a   | 15,348          | 12,712          |
| <u>10,031</u>                               | <b>Cash and cash equivalents – end of the year</b>           | 14a   | <u>5,544</u>    | <u>15,348</u>   |
| Additional Information:                     |  |       |                 |                 |
|   | plus: Investments on hand – end of year                      | 6b    | 11,500          | 3,000           |
|   | <b>Total cash, cash equivalents and investments</b>          |       | <u>17,044</u>   | <u>18,348</u>   |

## Warrumbungle Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

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n/a – not applicable

## Warrumbungle Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 1. Basis of preparation

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These financial statements were authorised for issue by Council on 16/08/2018.

Council has the power to amend and reissue these financial statements.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Basis of preparation**

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 for the purpose of preparing these financial statements.

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

Full dollars have been used in Note 21 Related party disclosures in relation to the disclosure of specific related party transactions.

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:

- Income statement
- Statement of cash flows
- Note 19 – Material budget variations

and are clearly marked .

##### **(a) New and amended standards adopted by Council**

There have been no new (or amended) accounting standards adopted by Council in this year's financial statements which have had any material impact on reported financial position, performance or cash flows.

##### **(b) Historical cost convention**

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

##### **(c) 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.

## Warrumbungle Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 1. Basis of preparation (continued)

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##### **Critical accounting estimates and assumptions**

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

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note 9,
- (ii) estimated tip remediation provisions – refer Note 12,
- (iii) employee benefit provisions – refer Note 12.

##### **Significant judgements in applying the Council's accounting policies**

- (iv) Impairment of receivables

Council has made a significant judgement about the impairment of a number of its receivables in Note 7.

#### **Monies and other assets received by Council**

##### **(a) The Consolidated Fund**

In accordance with the provisions of Section 409(1) of the *Local Government Act 1993 (NSW)*, all money and other assets 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
- Warrumbungle Water Fund
- Warrumbungle Sewerage Fund
- Warrumbungle Quarry

##### **(b) The Trust Fund**

In accordance with the provisions of Section 411 of the *Local Government Act 1993 (NSW)* (as amended), a separate and distinct Trust Fund is maintained to account for all money and other assets 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 other assets subject to Council's control have been included in these reports.

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

## Warrumbungle Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 1. Basis of preparation (continued)

##### 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 which are recoverable from, or payable to the taxation authority are presented as operating cash flows.

##### New accounting standards and interpretations issued not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and which have not been applied.

As at the date of authorisation of these financial statements, Council considers that the standards and interpretations listed below will have an impact upon future published financial statements ranging from additional and / or revised disclosures to actual changes as to how certain transactions and balances are accounted for.

##### Effective for annual reporting periods beginning on or after 1 July 2018

- *AASB 9 Financial Instruments*

This replaces AASB 139 Financial Instruments: Recognition and Measurement, and addresses the classification, measurement and disclosure of financial assets and liabilities.

The standard introduces a new impairment model that requires impairment provisions to be based on expected credit losses, rather than incurred credit losses.

Based on assessments to date, Council expects no impact from this change upon future published financial statements.

##### Effective for annual reporting periods beginning on or after 1 July 2019

- *AASB 15 Revenue from Contracts with Customers*, *AASB 1058 Income of Not-for-Profit Entities* and *AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*

AASB 15 will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 Contributions.

Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.

While Council is still reviewing the way that income is measured and recognised to identify whether there will be any material impact arising from these standards, these standards may affect the timing of the recognition of some grants and donations.

## Warrumbungle Shire Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 1. Basis of preparation (continued)

---

- *AASB 16 Leases*

Council is currently a party to leases that are not recognised in the Statement of Financial Position.

It is likely that some of these leases will need to be included in the Statement of Financial Position when this standard comes into effect.

A lease liability will initially be measured at the present value of the lease payments to be made over the lease term.

A corresponding right-of-use asset will also be recognised over the lease term.

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

## Warrumbungle Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2018

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

| Functions/activities                   | Income, expenses and assets have been directly attributed to the following functions/activities.<br>Details of these functions/activities are provided in Note 2(b). |               |                                     |               |   |              |  |               |   |                |
|--|--|---------------|-------------------------------------|---------------|---|--------------|--|---------------|---|----------------|
|  | Income from continuing operations  |               | Expenses from continuing operations |               | Operating result from continuing operations |              | Grants included in income from continuing operations |               | Total assets held (current and non-current) |                |
|  | 2018   | 2017          | 2018                                | 2017          | 2018  | 2017         | 2018   | 2017          | 2018  | 2017           |
| Governance                             | 3,430  | 385           | 954                                 | 1,061         | 2,476                                       | (676)        | –  | 470           | –   | 190            |
| Administration                         | 834  | 1,092         | 7,168                               | 6,762         | (6,334)                                     | (5,670)      | 99   | 93            | 31,970                                      | 36,130         |
| Public order and safety                | 3,840  | 5,352         | 4,698                               | 4,413         | (858)                                       | 939          | 3,834  | 5,213         | 7,956                                       | 7,327          |
| Health                                 | 56   | 72            | 145                                 | 80            | (89)  | (8)          | –  | –             | 1,882                                       | 1,863          |
| Environment                            | 2,245  | 2,293         | 2,999                               | 2,951         | (754)                                       | (658)        | 58   | 52            | 17,832                                      | 17,799         |
| Community services and education       | 3,042  | 3,085         | 3,668                               | 3,253         | (626)                                       | (168)        | 1,708  | 2,114         | 5,628                                       | 6,226          |
| Housing and community amenities        | 341  | 313           | 1,187                               | 991           | (846)                                       | (678)        | –  | 7             | 5,622                                       | 5,116          |
| Water supplies                         | 4,008  | 3,212         | 4,023                               | 3,768         | (15)  | (556)        | 1,104  | 411           | 43,147                                      | 42,160         |
| Sewerage services                      | 1,591  | 1,606         | 1,832                               | 1,975         | (241)                                       | (369)        | 79   | 29            | 20,738                                      | 20,696         |
| Recreation and culture                 | 622  | 290           | 4,414                               | 3,788         | (3,792)                                     | (3,498)      | 238  | 67            | 24,777                                      | 28,636         |
| Mining, manufacturing and construction | 1,157  | 1,164         | 1,444                               | 1,242         | (287)                                       | (78)         | –  | –             | 1,469                                       | 2,158          |
| Transport and communication            | 10,762   | 10,761        | 11,535                              | 11,572        | (773)                                       | (811)        | 4,087  | 3,909         | 343,512                                     | 340,912        |
| Economic affairs                       | 84   | 59            | 717                                 | 549           | (633)                                       | (490)        | 23   | 3             | 1,222                                       | 1,017          |
| General Purpose                        | 14,594   | 17,379        | –                                   | 46            | 14,594                                      | 17,333       | 10,463   | 10,068        | –   | –              |
| Other                                  | 41   | 50            | –                                   | –             | 41  | 50           | –  | –             | 390   | 344            |
| less Internal loan effects             | (45)   | (53)          | (45)                                | (53)          | –   | –            | –  | –             | –   | –              |
| <b>Total functions and activities</b>  | <b>46,602</b>  | <b>47,060</b> | <b>44,739</b>                       | <b>42,398</b> | <b>1,863</b>                                | <b>4,662</b> | <b>21,693</b>  | <b>22,436</b> | <b>506,145</b>                              | <b>510,574</b> |

## Warrumbungle Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

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

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

##### **Governance**

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

##### **Administration**

Includes corporate support and other support services, engineering works, and any Council policy compliance.

##### **Public order and safety**

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

##### **Health**

Includes immunisation, food control, health centres etc.

##### **Environment**

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

##### **Community services and education**

Includes administration and education; social protection (welfare); migrant, Aboriginal and other community services and administration (excluding accommodation – as it is covered under 'housing and community amenities'); youth services; aged and disabled persons services; children's' services, including family day care; child care; and other family and children services.

##### **Housing and community amenities**

Includes public cemeteries; public conveniences; street lighting; town planning; other community amenities, including housing development and accommodation for families and children, aged persons, disabled persons, migrants and Indigenous persons.

##### **Water supplies**

##### **Sewerage services**

##### **Recreation and culture**

Includes public libraries; museums; art galleries; community centres and halls, including public halls and performing arts venues; sporting grounds and venues; swimming pools; parks; gardens; lakes; and other sporting, recreational and cultural services.

##### **Mining, manufacturing and construction**

Includes building control, quarries and pits, mineral resources, and abattoirs.

##### **Transport and communication**

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

##### **Economic affairs**

Includes camping areas and caravan parks; tourism and area promotion; industrial development promotion; sale yards and markets; real estate development; commercial nurseries; and other business undertakings.



## Warrumbungle Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 3. Income from continuing operations

| \$ '000   | 2018          | 2017          |
|---|---------------|---------------|
| <b>(a) Rates and annual charges</b>   |               |               |
| <b>Ordinary rates</b>   |               |               |
| Residential   | 2,068         | 2,026         |
| Farmland  | 4,962         | 4,884         |
| Business  | 563           | 569           |
| <b>Total ordinary rates</b>   | <b>7,593</b>  | <b>7,479</b>  |
| <b>Annual charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)  |               |               |
| Domestic waste management services  | 1,438         | 1,430         |
| Water supply services   | 1,340         | 1,302         |
| Sewerage services   | 1,232         | 1,240         |
| Waste management services (non-domestic)  | 358           | 360           |
| Liquid trade waste  | 9             | 9             |
| Stormwater levy   | 106           | 108           |
| <b>Total annual charges</b>   | <b>4,483</b>  | <b>4,449</b>  |
| <b>TOTAL RATES AND ANNUAL CHARGES</b>   | <b>12,076</b> | <b>11,928</b> |
| Council has used 2016 year valuations provided by the NSW Valuer General in calculating its rates.  |               |               |
| <b>Accounting policy for rates and annual charges</b>   |               |               |
| Rates, annual charges, grants and contributions (including developer contributions) are recognised as revenue when the Council obtains control over the assets comprising these receipts. 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. |               |               |
| 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.  |               |               |
| <b>(b) User charges and fees</b>  |               |               |
| <b>Specific user charges</b> (per s.502 – specific 'actual use' charges)  |               |               |
| Water supply services   | 1,449         | 1,369         |
| Sewerage services   | 104           | 101           |
| Liquid trade waste  | 56            | 102           |
| <b>Total specific user charges</b>  | <b>1,609</b>  | <b>1,572</b>  |
| <b>Other user charges and fees</b>  |               |               |
| <b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>  |               |               |
| Building regulation   | 52            | 53            |
| Planning regulation   | 36            | 36            |
| Private works – section 67  | 146           | 686           |
| Registration fees   | 39            | 28            |
| Regulatory fees   | 32            | 43            |
| Section 149 certificates (EPA Act)  | 29            | 38            |
| Section 603 certificates  | 24            | 23            |
| <b>Total fees and charges – statutory/regulatory</b>  | <b>358</b>    | <b>907</b>    |

## Warrumbungle Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 3. Income from continuing operations (continued)

| \$ '000  | 2018         | 2017         |
|--|--------------|--------------|
| <b>(b) User charges and fees (continued)</b>   |              |              |
| <b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>                        |              |              |
| Aged care  | 239          | 213          |
| Cemeteries   | 116          | 83           |
| Child care   | 1,085        | 737          |
| Lease rentals  | 11           | 12           |
| Leaseback fees – Council vehicles  | 76           | 83           |
| Quarry revenues  | 1,069        | 1,095        |
| RMS (formerly RTA) charges (state roads not controlled by Council)                                   | 3,515        | 3,265        |
| Swimming centres   | 120          | 124          |
| Tourism  | 58           | 49           |
| Waste disposal tipping fees  | 29           | 37           |
| Other  | 72           | 41           |
| <b>Total fees and charges – other</b>  | <b>6,390</b> | <b>5,739</b> |
| <b>TOTAL USER CHARGES AND FEES</b>   | <b>8,357</b> | <b>8,218</b> |
| <b>Accounting policy for user charges and fees</b>   |              |              |
| User charges and fees are recognised as revenue when the service has been provided.                  |              |              |
| <b>(c) Interest and investment revenue (including losses)</b>  |              |              |
| <b>Interest</b>  |              |              |
| – Overdue rates and annual charges (incl. special purpose rates)                                     | 97           | 113          |
| – Cash and investments   | 314          | 321          |
| <b>Other</b>   | <b>12</b>    | <b>24</b>    |
| <b>TOTAL INTEREST AND INVESTMENT REVENUE</b>   | <b>423</b>   | <b>458</b>   |
| <b>Interest revenue is attributable to:</b>  |              |              |
| <b>Unrestricted investments/financial assets:</b>  |              |              |
| Overdue rates and annual charges (general fund)  | 36           | 52           |
| General Council cash and investments   | 243          | 245          |
| <b>Restricted investments/funds – external:</b>  |              |              |
| <b>Development contributions</b>   |              |              |
| – Section 7.11   | 3            | 4            |
| – Section 64   | 2            | 3            |
| Water fund operations  | 77           | 92           |
| Sewerage fund operations   | 60           | 60           |
| Domestic waste management operations   | 2            | 2            |
| <b>Total interest and investment revenue recognised</b>  | <b>423</b>   | <b>458</b>   |
| <b>Accounting policy for interest and investment revenue</b>   |              |              |
| Interest income is recognised using the effective interest rate at the date that interest is earned. |              |              |

## Warrumbungle Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 3. Income from continuing operations (continued)

| \$ '000   | 2018                | 2017                |
|---|---------------------|---------------------|
| <b>(d) Other revenues</b>                               |                     |                     |
| Rental income – other council properties                | 169                 | 303                 |
| Legal fees recovery – rates and charges (extra charges) | 93                  | 174                 |
| Commissions and agency fees                             | 191                 | 170                 |
| Diesel rebate   | 172                 | 140                 |
| Insurance claim recoveries                              | 137                 | –                   |
| Recycling income (non-domestic)                         | 83                  | 102                 |
| Container deposit Scheme                                | 132                 | –                   |
| Gift of TRRRC land                                      | 147                 | –                   |
| Other   | 90                  | 348                 |
| <b><u>TOTAL OTHER REVENUE</u></b>                       | <b><u>1,214</u></b> | <b><u>1,237</u></b> |

**Accounting policy for other revenue**

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.

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

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

## Warrumbungle Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 3. Income from continuing operations (continued)

| \$ '000   | 2018<br>Operating | 2017<br>Operating | 2018<br>Capital | 2017<br>Capital |
|---|-------------------|-------------------|-----------------|-----------------|
| <b>(e) Grants</b>                               |                   |                   |                 |                 |
| <b>General purpose (untied)</b>                 |                   |                   |                 |                 |
| <b>Current year allocation</b>                  |                   |                   |                 |                 |
| Financial assistance – general component        | 4,457             | 6,287             | –               | –               |
| Financial assistance – local roads component    | 2,423             | 3,475             | –               | –               |
| <b>Other</b>                                    |                   |                   |                 |                 |
| Pensioners' rates subsidies – general component | 92                | 102               | –               | –               |
| Other grants                                    | 61                | 204               | –               | –               |
| <b>Total general purpose</b>                    | <b>7,033</b>      | <b>10,068</b>     | <b>–</b>        | <b>–</b>        |
| <b>Specific purpose</b>                         |                   |                   |                 |                 |
| Pensioners' rates subsidies:                    |                   |                   |                 |                 |
| – Water   | 39                | 41                | –               | –               |
| – Sewerage                                      | 28                | 29                | –               | –               |
| – Domestic waste management                     | 58                | 52                | –               | –               |
| Water supplies                                  | –                 | –                 | 1,065           | 370             |
| Sewerage services                               | –                 | –                 | 51              | –               |
| Aged care                                       | 766               | 716               | –               | –               |
| Bushfire and emergency services                 | 3,649             | 3,598             | 186             | 1,615           |
| Child care                                      | 812               | 1,288             | –               | –               |
| Cobbora transition fund                         | –                 | –                 | 3,250           | 375             |
| Economic development                            | 129               | 110               | –               | –               |
| Employment and training programs                | 99                | 93                | –               | –               |
| Heritage and cultural                           | 23                | 3                 | –               | –               |
| Library   | 58                | 59                | –               | –               |
| LIRS subsidy                                    | 130               | 148               | –               | –               |
| Recreation and culture                          | –                 | –                 | 179             | 8               |
| Street lighting                                 | 23                | 23                | –               | –               |
| Transport (roads to recovery)                   | 2,191             | 1,272             | –               | –               |
| Transport (other roads and bridges funding)     | 106               | 586               | 1,515           | 1,871           |
| Secure Communities                              | 94                | –                 | –               | –               |
| Other   | 209               | –                 | –               | 111             |
| <b>Total specific purpose</b>                   | <b>8,414</b>      | <b>8,018</b>      | <b>6,246</b>    | <b>4,350</b>    |
| <b>Total grants</b>                             | <b>15,447</b>     | <b>18,086</b>     | <b>6,246</b>    | <b>4,350</b>    |
| <b>Grant revenue is attributable to:</b>        |                   |                   |                 |                 |
| – Commonwealth funding                          | 10,506            | 13,040            | –               | –               |
| – State funding                                 | 4,938             | 4,819             | 6,016           | 3,823           |
| – Other funding                                 | 4                 | 227               | 230             | 527             |
|   | <b>15,447</b>     | <b>18,086</b>     | <b>6,246</b>    | <b>4,350</b>    |

## Warrumbungle Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 3. Income from continuing operations (continued)

| \$ '000   | Notes | 2018<br>Operating | 2017<br>Operating | 2018<br>Capital | 2017<br>Capital |
|---|-------|-------------------|-------------------|-----------------|-----------------|
| <b>(f) Contributions</b>                                  |       |                   |                   |                 |                 |
| <b>Developer contributions:</b>                           |       |                   |                   |                 |                 |
| <b>(s7.4 &amp; s7.11 – EP&amp;A Act, s64 of the LGA):</b> |       |                   |                   |                 |                 |
| <b>Cash contributions</b>                                 |       |                   |                   |                 |                 |
| S 7.12 – fixed development consent levies                 |       | –                 | –                 | 39              | 47              |
| <b>Total developer contributions – cash</b>               |       | <b>–</b>          | <b>–</b>          | <b>39</b>       | <b>47</b>       |
| <b>Total developer contributions</b>                      | 22    | <b>–</b>          | <b>–</b>          | <b>39</b>       | <b>47</b>       |
| <b>Other contributions:</b>                               |       |                   |                   |                 |                 |
| <b>Cash contributions</b>                                 |       |                   |                   |                 |                 |
| RMS contributions (regional roads, block grant)           |       | 2,759             | 2,686             | –               | –               |
| <b>Total other contributions – cash</b>                   |       | <b>2,759</b>      | <b>2,686</b>      | <b>–</b>        | <b>–</b>        |
| <b>Total other contributions</b>                          |       | <b>2,759</b>      | <b>2,686</b>      | <b>–</b>        | <b>–</b>        |
| <b>Total contributions</b>                                |       | <b>2,759</b>      | <b>2,686</b>      | <b>39</b>       | <b>47</b>       |
| <b>TOTAL GRANTS AND CONTRIBUTIONS</b>                     |       | <b>18,206</b>     | <b>20,772</b>     | <b>6,285</b>    | <b>4,397</b>    |

**Accounting policy for contributions**

Control over grants and contributions is normally obtained upon their receipt (or acquittal) 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 above.

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.

| \$ '000 | 2018 | 2017 |
|---------|------|------|
|---------|------|------|

**(g) Unspent grants and contributions****Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:****Operating grants and Contributions**

|  |              |              |
|--|--------------|--------------|
| Unexpended at the close of the previous reporting period                               | 3,461        | 3,874        |
| Add: operating grants recognised in the current period but not yet spent               | 416          | 536          |
| Less: operating grants recognised in a previous reporting period now spent             | (827)        | (949)        |
| <b>Unexpended and held as restricted assets (operating grants &amp; contributions)</b> | <b>3,050</b> | <b>3,461</b> |

## Warrumbungle Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 4. Expenses from continuing operations

| \$ '000  | Notes | 2018          | 2017          |
|--|-------|---------------|---------------|
| <b>(a) Employee benefits and on-costs</b>                                      |       |               |               |
| Salaries and wages   |       | 12,742        | 12,156        |
| Employee termination costs   |       | 249           | –             |
| Employee leave entitlements (ELE)  |       | 2,382         | 1,936         |
| Superannuation   |       | 1,367         | 1,314         |
| Workers' compensation insurance  |       | 647           | 641           |
| Fringe benefit tax (FBT)   |       | 44            | 36            |
| Training costs (other than salaries and wages)                                 |       | 137           | 148           |
| Protective clothing  |       | 83            | 83            |
| <b>Total employee costs</b>  |       | <b>17,651</b> | <b>16,314</b> |
| Less: capitalised costs  |       | (1,571)       | (1,289)       |
| <b>TOTAL EMPLOYEE COSTS EXPENSED</b>   |       | <b>16,080</b> | <b>15,025</b> |
| Number of 'full-time equivalent' employees (FTE) at year end                   |       | 175           | 192           |
| Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies) |       | 204           | 216           |

**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, when 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 17 for more information.

|   |    |             |             |
|---|----|-------------|-------------|
| <b>(b) Borrowing costs</b>  |    | <b>2018</b> | <b>2017</b> |
| <b>(i) Interest bearing liability costs</b>                               |    |             |             |
| Interest on loans   |    | 277         | 315         |
| <b>Total interest bearing liability costs expensed</b>                    |    | <b>277</b>  | <b>315</b>  |
| <b>(ii) Other borrowing costs</b>   |    |             |             |
| Discount adjustments relating to movements in provisions (other than ELE) |    |             |             |
| – Remediation liabilities   | 12 | 58          | 46          |
| <b>Total other borrowing costs</b>  |    | <b>58</b>   | <b>46</b>   |
| <b>TOTAL BORROWING COSTS EXPENSED</b>                                     |    | <b>335</b>  | <b>361</b>  |

**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.

## Warrumbungle Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 4. Expenses from continuing operations (continued)

| \$ '000  | 2018          | 2017          |
|--|---------------|---------------|
| <b>(c) Materials and contracts</b>                               |               |               |
| Raw materials and consumables                                    | 4,895         | 6,066         |
| Contractor and consultancy costs                                 | 13,087        | 11,714        |
| Auditors remuneration <sup>(2)</sup>                             | 106           | 38            |
| Legal expenses:  |               |               |
| – Legal expenses: planning and development                       | 38            | 15            |
| – Legal expenses: debt recovery                                  | 138           | 211           |
| – Legal expenses: other  | 50            | 8             |
| Operating leases:  |               |               |
| – Operating lease rentals: minimum lease payments <sup>(1)</sup> | 27            | 27            |
| Other  | 674           | 578           |
| <b>Total materials and contracts</b>                             | <b>19,015</b> | <b>18,657</b> |
| Less: capitalised costs  | (11,829)      | (10,452)      |
| <b>TOTAL MATERIALS AND CONTRACTS</b>                             | <b>7,186</b>  | <b>8,205</b>  |

**Operating leases**

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

**1. Operating lease payments are attributable to:**

|           |           |           |
|-----------|-----------|-----------|
| Computers | 27        | 27        |
|           | <b>27</b> | <b>27</b> |

**2. Auditor remuneration**

During the year the following fees were paid or payable 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                   | 65        | 13        |
| <b>Remuneration for audit and other assurance services</b> | <b>65</b> | <b>13</b> |
| <b>Total Auditor-General remuneration</b>                  | <b>65</b> | <b>13</b> |

**Non NSW Auditor-General audit firms:****(i) Audit and other assurance services**

|  |           |           |
|--|-----------|-----------|
| Audit and review of financial statements                         | –         | 25        |
| Forensic Audit   | 41        | –         |
| <b>Remuneration for audit and other assurance services</b>       | <b>41</b> | <b>25</b> |
| <b>Total remuneration of non NSW Auditor-General audit firms</b> | <b>41</b> | <b>25</b> |

|                                   |            |           |
|-----------------------------------|------------|-----------|
| <b>Total Auditor remuneration</b> | <b>106</b> | <b>38</b> |
|-----------------------------------|------------|-----------|

## Warrumbungle Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 4. Expenses from continuing operations (continued)

| \$ '000   | Notes | 2018          | 2017          |
|---|-------|---------------|---------------|
| <b>(d) Depreciation, amortisation and impairment</b>  |       |               |               |
| <b>Depreciation and amortisation</b>  |       |               |               |
| Plant and equipment   |       | 2,051         | 2,096         |
| Office equipment  |       | 15            | 12            |
| Furniture and fittings  |       | 39            | 38            |
| Land improvements (depreciable)   |       | 43            | 43            |
| <b>Infrastructure:</b>  |       |               |               |
| – Buildings – non-specialised   |       | 546           | 253           |
| – Buildings – specialised   |       | 1,328         | 491           |
| – Other structures  |       | 630           | 588           |
| – Roads   |       | 4,193         | 4,119         |
| – Bridges   |       | 361           | 361           |
| – Footpaths   |       | 127           | 121           |
| – Stormwater drainage   |       | 106           | 106           |
| – Water supply network  |       | 1,217         | 1,143         |
| – Sewerage network  |       | 574           | 531           |
| <b>Reinstatement, rehabilitation and restoration assets:</b>                                  |       |               |               |
| – Tip assets  | 9     | 14            | 18            |
| – Quarry assets   | 9     | 47            | 59            |
| Intangible assets   | 10    | 130           | 120           |
| <b>Total depreciation and amortisation costs</b>  |       | <b>11,421</b> | <b>10,099</b> |
| <b>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT / REVALUATION DECREMENT COSTS EXPENSED</b> |       | <b>11,421</b> | <b>10,099</b> |

**Accounting policy for depreciation, amortisation and impairment expenses****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 9 for IPPE assets and Note 10 for intangible assets.

**Impairment of non-financial assets**

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

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.

**Impairment of financial assets**

Council assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.



## Warrumbungle Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 4. Expenses from continuing operations (continued)

| \$ '000  | 2018         | 2017         |
|--|--------------|--------------|
| <b>(e) Other expenses</b>  |              |              |
| Advertising  | 151          | 114          |
| Bad and doubtful debts   | 179          | (113)        |
| Bank charges   | 48           | 44           |
| Conferences  | 56           | 76           |
| Contributions/levies to other levels of government                           |              |              |
| – Noxious weeds  | 103          | 101          |
| – NSW fire brigade levy  | 46           | 45           |
| – NSW rural fire service levy  | 3,596        | 3,529        |
| Councillor expenses – mayoral fee  | 26           | 25           |
| Councillor expenses – councillors' fees                                      | 103          | 97           |
| Councillors' expenses (incl. mayor) – other (excluding fees above)           | 20           | 23           |
| Donations, contributions and assistance to other organisations (Section 356) | 350          | 377          |
| – Regional library contributions   | 550          | 549          |
| Election expenses  | –            | 72           |
| Electricity and heating  | 583          | 569          |
| Insurance  | 850          | 856          |
| Postage  | 43           | 49           |
| Printing and stationery  | 158          | 104          |
| Quarry product cost of goods sold  | 311          | 310          |
| Registration and licences  | 508          | 422          |
| Street lighting  | 120          | 124          |
| Subscriptions and publications   | 141          | 114          |
| Telephone and communications   | 172          | 215          |
| Valuation fees   | 20           | 83           |
| Other  | 382          | 270          |
| <b>TOTAL OTHER EXPENSES</b>  | <b>8,516</b> | <b>8,055</b> |

**Accounting policy for other expenses**

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

## Note 5. Gains or losses from the disposal of assets

|  |   |                |              |
|--|---|----------------|--------------|
| Plant and equipment  | 9 |                |              |
| Proceeds from disposal – plant and equipment                         |   | 1,005          | 727          |
| Less: carrying amount of plant and equipment assets sold/written off |   | (650)          | (532)        |
| <b>Net gain/(loss) on disposal</b>                                   |   | <b>355</b>     | <b>195</b>   |
| Infrastructure   | 9 |                |              |
| Less: carrying amount of infrastructure assets sold/written off      |   | (1,556)        | (848)        |
| <b>Net gain/(loss) on disposal</b>                                   |   | <b>(1,556)</b> | <b>(848)</b> |
| <b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>                         |   | <b>(1,201)</b> | <b>(653)</b> |

**Accounting policy for disposal of assets**

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 derecognised.

## Warrumbungle Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 6(a). Cash and cash equivalent assets

| \$ '000                                | 2018         | 2017          |
|--|--------------|---------------|
| Cash and cash equivalents              |              |               |
| Cash on hand and at bank               | 362          | 502           |
| Cash-equivalent assets                 |              |               |
| – Deposits at call                     | 5,182        | 7,846         |
| – Short-term deposits                  | –            | 7,000         |
| <b>Total cash and cash equivalents</b> | <b>5,544</b> | <b>15,348</b> |

**Accounting policy for cash and cash equivalents**

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

## Note 6(b). Investments

| \$ '000  | 2018<br>Current | 2018<br>Non-current | 2017<br>Current | 2017<br>Non-current |
|--|-----------------|---------------------|-----------------|---------------------|
| Investments  |                 |                     |                 |                     |
| 'Held to maturity'   | 11,500          | –                   | 3,000           | –                   |
| Total investments  | <u>11,500</u>   | <u>–</u>            | <u>3,000</u>    | <u>–</u>            |
| <b>TOTAL CASH ASSETS, CASH<br/>EQUIVALENTS AND INVESTMENTS</b> | <u>17,044</u>   | <u>–</u>            | <u>18,348</u>   | <u>–</u>            |
| <b>Held to maturity investments</b>                            |                 |                     |                 |                     |
| Long term deposits (>3 mnths original maturity)                | 11,500          | –                   | 3,000           | –                   |
| <b>Total</b>   | <u>11,500</u>   | <u>–</u>            | <u>3,000</u>    | <u>–</u>            |

**Accounting policy for investments****Classification**

Council classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

**Held to maturity investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council's management has the positive intention and ability to hold to maturity. Assets in this category are measured at cost.

**Recognition and de-recognition**

Regular purchases and sales of financial assets are recognised on trade-date: the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

## Warrumbungle Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 6(c). Restricted cash, cash equivalents and investments – details

| \$ '000                                      | 2018          |             | 2017          |             |
|--|---------------|-------------|---------------|-------------|
|  | Current       | Non-current | Current       | Non-current |
| Total cash, cash equivalents and investments | 17,044        | –           | 18,348        | –           |
| <b>attributable to:</b>                      |               |             |               |             |
| External restrictions (refer below)          | 8,722         | –           | 8,728         | –           |
| Internal restrictions (refer below)          | 7,310         | –           | 8,278         | –           |
| Unrestricted                                 | 1,012         | –           | 1,342         | –           |
|  | <b>17,044</b> | <b>–</b>    | <b>18,348</b> | <b>–</b>    |

| \$ '000 | 2018 | 2017 |
|---------|------|------|
|---------|------|------|

## Details of restrictions

**External restrictions – included in liabilities**

|  |            |            |
|--|------------|------------|
| Trust  | 293        | 382        |
| EPA grant (underground derelict tanks)                 | –          | 133        |
| Barking owl habitat                                    | –          | 15         |
| Emergency Water Grants                                 | 97         | –          |
| Coonabarabran Netball Courts                           | 89         | –          |
| <b>External restrictions – included in liabilities</b> | <b>479</b> | <b>530</b> |

**External restrictions – other**

|   |              |              |
|---|--------------|--------------|
| Developer contributions – general             | 123          | 126          |
| Developer contributions – water fund          | 99           | 98           |
| Developer contributions – sewer fund          | 30           | 30           |
| Specific purpose unexpended grants            | 2,711        | 3,137        |
| Specific purpose unexpended grants-water fund | 33           | 41           |
| Specific purpose unexpended grants-sewer fund | 24           | 29           |
| Water supplies                                | 2,047        | 2,064        |
| Sewerage services                             | 2,657        | 2,628        |
| Domestic waste management                     | (14)         | (26)         |
| Stormwater levy                               | 6            | 71           |
| Flood Repair Grant                            | 503          | –            |
| Other   | 24           | –            |
| <b>External restrictions – other</b>          | <b>8,243</b> | <b>8,198</b> |
| <b>Total external restrictions</b>            | <b>8,722</b> | <b>8,728</b> |

**Internal restrictions**

|  |               |               |
|--|---------------|---------------|
| Plant and vehicle replacement (fleet fund) | 1,396         | 3,134         |
| Employees leave entitlement                | 1,400         | 1,400         |
| Carry over works (excl fleet carry overs)  | 757           | 146           |
| FAG's 1st and 2nd qtr. prepayment          | 3,485         | 3,321         |
| L.E.P.                                     | 48            | 54            |
| Quarry remediation fund                    | 224           | 223           |
| <b>Total internal restrictions</b>         | <b>7,310</b>  | <b>8,278</b>  |
| <b>TOTAL RESTRICTIONS</b>                  | <b>16,032</b> | <b>17,006</b> |

## Warrumbungle Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 7. Receivables

| \$ '000  | 2018         |             | 2017         |             |
|--|--------------|-------------|--------------|-------------|
|  | Current      | Non-current | Current      | Non-current |
| <b>Purpose</b>   |              |             |              |             |
| Rates and annual charges                                   | 1,060        | –           | 993          | –           |
| Interest and extra charges                                 | 213          | –           | 175          | –           |
| User charges and fees                                      | 791          | –           | 841          | –           |
| Accrued revenues   |              |             |              |             |
| – Interest on investments                                  | 37           | –           | –            | –           |
| – Other income accruals                                    | 2,267        | –           | 1,520        | –           |
| Bonds & Deposits   | –            | 2           | –            | –           |
| Other debtors  | 2,081        | –           | 1,730        | –           |
| <b>Total</b>   | <b>6,449</b> | <b>2</b>    | <b>5,259</b> | <b>–</b>    |
| <b>Less: provision for impairment</b>                      |              |             |              |             |
| Rates and annual charges                                   | (116)        | –           | (116)        | –           |
| Other debtors  | (180)        | –           | (103)        | –           |
| <b>Total provision for impairment – receivables</b>        | <b>(296)</b> | <b>–</b>    | <b>(219)</b> | <b>–</b>    |
| <b>TOTAL NET RECEIVABLES</b>                               | <b>6,153</b> | <b>2</b>    | <b>5,040</b> | <b>–</b>    |
| <b>Externally restricted receivables</b>                   |              |             |              |             |
| Water supply   |              |             |              |             |
| – Rates and availability charges                           | 233          | –           | 220          | –           |
| – Other  | 672          | –           | 661          | –           |
| Sewerage services  |              |             |              |             |
| – Rates and availability charges                           | 142          | –           | 113          | –           |
| – Other  | 153          | (0)         | 210          | –           |
| Domestic waste management                                  | 250          | –           | 258          | –           |
| <b>Total external restrictions</b>                         | <b>1,450</b> | <b>(0)</b>  | <b>1,462</b> | <b>–</b>    |
| <b>Unrestricted receivables</b>                            | <b>4,703</b> | <b>2</b>    | <b>3,578</b> | <b>–</b>    |
| <b>TOTAL NET RECEIVABLES</b>                               | <b>6,153</b> | <b>2</b>    | <b>5,040</b> | <b>–</b>    |
| <b>Movement in provision for impairment of receivables</b> |              |             | 2018         | 2017        |
| Balance at the beginning of the year                       |              |             | 219          | 246         |
| + new provisions recognised during the year                |              |             | 180          | 103         |
| – amounts already provided for and written off this year   |              |             | –            | (17)        |
| – previous impairment losses reversed                      |              |             | (103)        | (113)       |
| <b>Balance at the end of the year</b>                      |              |             | <b>296</b>   | <b>219</b>  |

## Warrumbungle Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 7. Receivables (continued)

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##### **Accounting policy for receivables**

##### **Recognition and measurement**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They 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. Loans and receivables are included in receivables (Note 7) in the Statement of Financial Position.

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

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

##### **Impairment**

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

Collectability of receivables is reviewed on an on-going basis. Debts that are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. When a receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Income statement.

## Warrumbungle Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 8. Inventories and other assets

| \$ '000                                   | 2018       |             | 2017         |             |
|---|------------|-------------|--------------|-------------|
|   | Current    | Non-current | Current      | Non-current |
| <b>(a) Inventories</b>                    |            |             |              |             |
| <b>(i) Inventories at cost</b>            |            |             |              |             |
| Real estate for resale (refer below)      | –          | 299         | –            | 299         |
| Stores and materials                      | 400        | –           | 422          | –           |
| Loose tools                               | 22         | –           | 22           | –           |
| Other (quarry product)                    | 316        | –           | 467          | –           |
| <b>Total inventories at cost</b>          | <b>738</b> | <b>299</b>  | <b>911</b>   | <b>299</b>  |
| <b>TOTAL INVENTORIES</b>                  | <b>738</b> | <b>299</b>  | <b>911</b>   | <b>299</b>  |
| <b>(b) Other assets</b>                   |            |             |              |             |
| Prepayments                               | 220        | –           | 179          | –           |
| <b>TOTAL OTHER ASSETS</b>                 | <b>220</b> | <b>–</b>    | <b>179</b>   | <b>–</b>    |
| <b>Externally restricted assets</b>       |            |             |              |             |
| <b>Water</b>                              |            |             |              |             |
| Stores and materials                      | 6          | –           | 6            | –           |
| <b>Total water</b>                        | <b>6</b>   | <b>–</b>    | <b>6</b>     | <b>–</b>    |
| <b>Sewerage</b>                           |            |             |              |             |
| <b>Total sewerage</b>                     | <b>–</b>   | <b>–</b>    | <b>–</b>     | <b>–</b>    |
| <b>Total externally restricted assets</b> | <b>6</b>   | <b>–</b>    | <b>6</b>     | <b>–</b>    |
| <b>Total unrestricted assets</b>          | <b>952</b> | <b>299</b>  | <b>1,084</b> | <b>299</b>  |
| <b>TOTAL INVENTORIES AND OTHER ASSETS</b> | <b>958</b> | <b>299</b>  | <b>1,090</b> | <b>299</b>  |

## Warrumbungle Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 8. Inventories and other assets (continued)

| \$ '000  | 2018     |             | 2017     |             |
|--|----------|-------------|----------|-------------|
|  | Current  | Non-current | Current  | Non-current |
| <b>(i) Other disclosures</b>                           |          |             |          |             |
| <b>(a) Details for real estate development</b>         |          |             |          |             |
| Industrial/commercial                                  | –        | 299         | –        | 299         |
| <b>Total real estate for resale</b>                    | <b>–</b> | <b>299</b>  | <b>–</b> | <b>299</b>  |
| (Valued at the lower of cost and net realisable value) |          |             |          |             |
| <b>Represented by:</b>                                 |          |             |          |             |
| Other properties – book value                          | –        | 299         | –        | 299         |
| <b>Total costs</b>                                     | <b>–</b> | <b>299</b>  | <b>–</b> | <b>299</b>  |
| <b>Total real estate for resale</b>                    | <b>–</b> | <b>299</b>  | <b>–</b> | <b>299</b>  |

**Accounting policy****Raw materials and stores, work in progress and finished goods**

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

**Land held for resale**

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

Warrumbungle Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2018

Note 9(a). Infrastructure, property, plant and equipment

| Asset class  | as at 30/6/2017       |   |                     | Asset movements during the reporting period |                      |                             |                      |  |  |               |                           | as at 30/6/2018                        |  |                       |   |                     |
|--|-----------------------|---|---------------------|---|----------------------|-----------------------------|----------------------|--|--|---------------|---------------------------|--|--|-----------------------|---|---------------------|
|  | Gross carrying amount | Accumulated depreciation and impairment | Net carrying amount | Additions renewals                          | Additions new assets | Carrying value of disposals | Depreciation expense | Impairment loss (recognised in equity) | Impairment reversal (recognised in equity) | WIP transfers | Adjustments and transfers | Revaluation decrements to equity (ARR) | Revaluation increments to equity (ARR) | Gross carrying amount | Accumulated depreciation and impairment | Net carrying amount |
| <b>\$ '000</b>   |                       |   |                     |   |                      |                             |                      |  |  |               |                           |  |  |                       |   |                     |
| Capital work in progress   | 8,702                 | —                                       | 8,702               | 1,298                                       | 4,646                | —                           | —                    | (48)                                   | —  | (5,902)       | (164)                     | —                                      | —                                      | 8,532                 | —                                       | 8,532               |
| Plant and equipment  | 25,461                | 17,261                                  | 8,200               | 46  | 3,020                | (650)                       | (2,051)              | —                                      | —  | 216           | —                         | —                                      | —                                      | 26,585                | 17,804                                  | 8,781               |
| Office equipment   | 1,665                 | 1,622                                   | 43                  | —   | —                    | —                           | (15)                 | —                                      | —  | —             | —                         | —                                      | —                                      | 1,665                 | 1,637                                   | 28                  |
| Furniture and fittings   | 737                   | 603                                     | 134                 | —   | —                    | —                           | (39)                 | —                                      | —  | —             | —                         | —                                      | —                                      | 738                   | 643                                     | 95                  |
| <b>Land:</b>   |                       |   |                     |   |                      |                             |                      |  |  |               |                           |  |  |                       |   |                     |
| — Operational land   | 5,523                 | —                                       | 5,523               | —   | —                    | —                           | —                    | —                                      | —  | —             | 55                        | —                                      | 160                                    | 5,738                 | —                                       | 5,738               |
| — Community land   | 1,393                 | —                                       | 1,393               | —   | —                    | —                           | —                    | —                                      | —  | —             | 92                        | —                                      | —                                      | 1,485                 | —                                       | 1,485               |
| Land improvements – depreciable  | 1,680                 | 314                                     | 1,366               | 5   | 5                    | —                           | (43)                 | —                                      | —  | 171           | —                         | —                                      | —                                      | 1,861                 | 357                                     | 1,504               |
| <b>Infrastructure:</b>   |                       |   |                     |   |                      |                             |                      |  |  |               |                           |  |  |                       |   |                     |
| — Buildings – non-specialised  | 21,308                | 6,225                                   | 15,083              | —   | 39                   | —                           | (546)                | —                                      | —  | 362           | —                         | (8,294)                                | 4,419                                  | 26,127                | 15,064                                  | 11,063              |
| — Buildings – specialised  | 43,287                | 14,010                                  | 29,277              | 40  | 237                  | —                           | (1,328)              | —                                      | —  | 96            | —                         | (16,720)                               | 13,498                                 | 57,158                | 32,058                                  | 25,100              |
| — Other structures   | 21,612                | 7,618                                   | 13,994              | 93  | 116                  | —                           | (630)                | —                                      | —  | 82            | —                         | —                                      | —                                      | 21,903                | 8,248                                   | 13,655              |
| — Roads  | 251,479               | 52,120                                  | 199,359             | 3,377                                       | 532                  | (944)                       | (4,193)              | 110                                    | —  | 2,632         | —                         | —                                      | —                                      | 256,543               | 55,670                                  | 200,873             |
| — Bridges  | 54,876                | 3,942                                   | 50,934              | 790   | —                    | (564)                       | (361)                | —                                      | —  | 1,812         | —                         | —                                      | —                                      | 56,540                | 3,929                                   | 52,611              |
| — Footpaths  | 5,637                 | 1,790                                   | 3,847               | 94  | 156                  | (48)                        | (127)                | —                                      | —  | 206           | —                         | —                                      | —                                      | 6,019                 | 1,891                                   | 4,128               |
| — Bulk earthworks (non-depreciable)  | 88,458                | —                                       | 88,458              | 139   | —                    | —                           | —                    | —                                      | —  | 49            | —                         | —                                      | —                                      | 88,646                | —                                       | 88,646              |
| — Stormwater drainage  | 8,145                 | 3,480                                   | 4,665               | 14  | 172                  | —                           | (106)                | —                                      | —  | 87            | —                         | —                                      | —                                      | 8,419                 | 3,567                                   | 4,852               |
| — Water supply network   | 65,411                | 29,084                                  | 36,327              | 242   | 36                   | —                           | (1,217)              | —                                      | —  | 183           | —                         | —                                      | 747                                    | 67,256                | 30,938                                  | 36,318              |
| — Sewerage network   | 32,093                | 15,439                                  | 16,654              | 169   | —                    | —                           | (574)                | —                                      | —  | 6             | —                         | —                                      | 341                                    | 32,946                | 16,350                                  | 16,596              |
| <b>Other assets:</b>   |                       |   |                     |   |                      |                             |                      |  |  |               |                           |  |  |                       |   |                     |
| — Other  | 91                    | 91                                      | —                   | —   | —                    | —                           | —                    | —                                      | —  | —             | —                         | —                                      | —                                      | 91                    | 91                                      | —                   |
| <b>Reinstatement, rehabilitation and restoration assets (refer Note 12):</b> |                       |   |                     |   |                      |                             |                      |  |  |               |                           |  |  |                       |   |                     |
| — Tip assets   | 361                   | 54                                      | 307                 | —   | —                    | —                           | (14)                 | —                                      | —  | —             | (2)                       | —                                      | —                                      | 359                   | 69                                      | 290                 |
| — Quarry assets  | 1,327                 | 445                                     | 882                 | —   | —                    | —                           | (47)                 | —                                      | —  | —             | 8                         | —                                      | —                                      | 1,335                 | 492                                     | 843                 |
| <b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.</b>                      | <b>639,246</b>        | <b>154,078</b>                          | <b>485,168</b>      | <b>6,307</b>                                | <b>8,959</b>         | <b>(2,206)</b>              | <b>(11,291)</b>      | <b>(48)</b>                            | <b>110</b>                                 | <b>—</b>      | <b>(11)</b>               | <b>(25,014)</b>                        | <b>19,165</b>                          | <b>669,946</b>        | <b>188,808</b>                          | <b>481,138</b>      |

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



## Warrumbungle Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 9(a). Infrastructure, property, plant and equipment (continued)

##### Accounting policy for infrastructure, property, plant and equipment

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

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

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

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

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

|                                   |              |                                      |              |
|-----------------------------------|--------------|--------------------------------------|--------------|
| <b>Plant and equipment</b>        | <b>Years</b> | <b>Other equipment</b>               | <b>Years</b> |
| 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       | <b>Buildings</b>                     |              |
| 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     |
| <b>Water and sewer assets</b>     |              | <b>Stormwater assets</b>             |              |
| Dams and reservoirs               | 80 to 100    | Drains                               | 80 to 100    |
| Bores                             | 20 to 40     | Culverts                             | 50 to 80     |
| Reticulation pipes: PVC           | 70 to 80     | Flood control structures             | 80 to 100    |
| Reticulation pipes: other         | 25 to 75     |                                      |              |
| Pumps and telemetry               | 15 to 20     |                                      |              |
| <b>Transportation assets</b>      |              | <b>Other infrastructure assets</b>   |              |
| Sealed roads: surface             | 20           | Bulk earthworks                      | Nil          |
| Sealed roads: structure           | 50           | Swimming pools                       | 50           |
| 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           |                                      |              |

## Warrumbungle Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 9(a). Infrastructure, property, plant and equipment (continued)

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##### **Accounting policy for infrastructure, property, plant and equipment (continued)**

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income statement.

##### **Land under roads**

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

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

##### **Crown reserves**

Crown Reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated. Improvements on Crown Reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating to the reserves are recognised within Council's Income Statement.

##### **Rural Fire Service assets**

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

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

## Warrumbungle Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 9(b). Externally restricted infrastructure, property, plant and equipment

| \$ '000<br>Class of asset         | 2018                  |                                  |                     | 2017                  |                                  |                     |
|-----------------------------------|-----------------------|----------------------------------|---------------------|-----------------------|----------------------------------|---------------------|
|                                   | Gross carrying amount | Accumulated depn. and impairment | Net carrying amount | Gross carrying amount | Accumulated depn. and impairment | Net carrying amount |
| <b>Water supply</b>               |                       |                                  |                     |                       |                                  |                     |
| WIP                               | 1,898                 | –                                | 1,898               | 897                   | –                                | 897                 |
| Plant and equipment               | 178                   | 119                              | 59                  | 391                   | 212                              | 179                 |
| Office equipment                  | 33                    | 33                               | –                   | 33                    | 35                               | (2)                 |
| Land                              |                       |                                  |                     |                       |                                  |                     |
| – Operational land                | 377                   | –                                | 377                 | 364                   | –                                | 364                 |
| Buildings                         | 1,961                 | 823                              | 1,138               | 1,415                 | 384                              | 1,031               |
| Other structures                  | 390                   | 122                              | 268                 | 390                   | 109                              | 281                 |
| Infrastructure                    | 67,254                | 30,938                           | 36,316              | 65,411                | 29,084                           | 36,327              |
| <b>Total water supply</b>         | <b>72,091</b>         | <b>32,035</b>                    | <b>40,056</b>       | <b>68,901</b>         | <b>29,824</b>                    | <b>39,077</b>       |
| <b>Sewerage services</b>          |                       |                                  |                     |                       |                                  |                     |
| WIP                               | 529                   | –                                | 529                 | 325                   | –                                | 325                 |
| Plant and equipment               | 230                   | 204                              | 26                  | 257                   | 198                              | 59                  |
| Office equipment                  | 7                     | 5                                | 2                   | 7                     | 1                                | 6                   |
| Land                              |                       |                                  |                     |                       |                                  |                     |
| – Operational land                | 446                   | –                                | 446                 | 428                   | –                                | 428                 |
| Buildings                         | 204                   | 171                              | 33                  | 179                   | 70                               | 109                 |
| Other structures                  | 175                   | 73                               | 102                 | 175                   | 68                               | 107                 |
| Infrastructure                    | 32,946                | 16,350                           | 16,596              | 32,093                | 15,439                           | 16,654              |
| <b>Total sewerage services</b>    | <b>34,537</b>         | <b>16,803</b>                    | <b>17,734</b>       | <b>33,464</b>         | <b>15,776</b>                    | <b>17,688</b>       |
| <b>TOTAL RESTRICTED IPP&amp;E</b> | <b>106,628</b>        | <b>48,838</b>                    | <b>57,791</b>       | <b>102,365</b>        | <b>45,600</b>                    | <b>56,765</b>       |

## Note 9(c). Infrastructure, property, plant and equipment – current year impairments

Impairment losses recognised direct to equity (ARR):

|  |             |              |
|--|-------------|--------------|
| Buildings (Roof of Coonabarbran Office)              | –           | (38)         |
| Flood Damaged Roads                                  | –           | (693)        |
| Work In Progress                                     | (48)        | –            |
| <b>Total impairment losses</b>                       | <b>(48)</b> | <b>(731)</b> |
| Flood Damaged Roads                                  | 110         | –            |
| <b>Total impairment reversals</b>                    | <b>110</b>  | <b>–</b>     |
| <b>IMPAIRMENT OF ASSETS – DIRECT to EQUITY (ARR)</b> | <b>62</b>   | <b>(731)</b> |

## Warrumbungle Shire Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 10. Intangible assets

| \$ '000  | 2018       | 2017       |
|--|------------|------------|
| Intangible assets represent identifiable non-monetary assets without physical substance. |            |            |
| Intangible assets are as follows:  |            |            |
| <b>Opening values:</b>   |            |            |
| Gross book value (1/7)   | 697        | 645        |
| Accumulated amortisation (1/7)   | (412)      | (292)      |
| <b>Net book value – opening balance</b>  | <b>285</b> | <b>353</b> |
| <b>Movements for the year</b>  |            |            |
| – Purchases  | –          | 19         |
| – Development costs  | 13         | 34         |
| – Amortisation charges   | (131)      | (120)      |
| <b>Closing values:</b>   |            |            |
| Gross book value (30/6)  | 710        | 697        |
| Accumulated amortisation (30/6)  | (543)      | (412)      |
| <b>TOTAL INTANGIBLE ASSETS – NET BOOK VALUE</b> <sup>1</sup>                             | <b>167</b> | <b>285</b> |
| <sup>1</sup> The net book value of intangible assets represent:                          |            |            |
| Software   | 167        | 285        |
|  | <b>167</b> | <b>285</b> |

#### 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.

## Warrumbungle Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 11. Payables and borrowings

| \$ '000                                 | 2018         |              | 2017         |              |
|---|--------------|--------------|--------------|--------------|
|   | Current      | Non-current  | Current      | Non-current  |
| <b>Payables</b>                         |              |              |              |              |
| Goods and services                      | 649          | –            | 583          | –            |
| Accrued expenses:                       |              |              |              |              |
| – Borrowings                            | 42           | –            | 48           | –            |
| – Salaries and wages                    | 82           | –            | –            | –            |
| – Other expenditure accruals            | 630          | –            | 740          | –            |
| Security bonds, deposits and retentions | 350          | –            | 382          | –            |
| Other                                   | 22           | –            | 16           | –            |
| <b>Total payables</b>                   | <b>1,775</b> | <b>–</b>     | <b>1,769</b> | <b>–</b>     |
| <b>Income received in advance</b>       |              |              |              |              |
| Payments received in advance            | 544          | –            | 150          | –            |
| <b>Total income received in advance</b> | <b>544</b>   | <b>–</b>     | <b>150</b>   | <b>–</b>     |
| <b>Borrowings</b>                       |              |              |              |              |
| Loans – secured <sup>1</sup>            | 867          | 4,777        | 827          | 5,645        |
| <b>Total borrowings</b>                 | <b>867</b>   | <b>4,777</b> | <b>827</b>   | <b>5,645</b> |
| <b>TOTAL PAYABLES AND BORROWINGS</b>    | <b>3,186</b> | <b>4,777</b> | <b>2,746</b> | <b>5,645</b> |

## (a) Payables and borrowings relating to restricted assets

|  | 2018         |              | 2017         |              |
|--|--------------|--------------|--------------|--------------|
|  | Current      | Non-current  | Current      | Non-current  |
| <b>Externally restricted assets</b>                                  |              |              |              |              |
| Water  | 499          | 451          | 274          | 536          |
| Sewer  | –            | –            | 77           | 1            |
| Other  | 293          | –            | 530          | –            |
| Payables and borrowings relating to externally restricted assets     | 792          | 451          | 881          | 537          |
| <b>Total payables and borrowings relating to restricted assets</b>   | <b>792</b>   | <b>451</b>   | <b>881</b>   | <b>537</b>   |
| <b>Total payables and borrowings relating to unrestricted assets</b> | <b>2,394</b> | <b>4,326</b> | <b>1,865</b> | <b>5,108</b> |
| <b>TOTAL PAYABLES AND BORROWINGS</b>                                 | <b>3,186</b> | <b>4,777</b> | <b>2,746</b> | <b>5,645</b> |

<sup>1</sup>: Loans are secured over the general rating income of Council

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 18.

## Warrumbungle Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 11. Payables and borrowings (continued)

| \$ '000 | 2018 | 2017 |
|---------|------|------|
|---------|------|------|

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

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

|  |           |          |
|--|-----------|----------|
| Payables – security bonds, deposits and retentions | 37        | –        |
|  | <u>37</u> | <u>–</u> |

**(c) Changes in liabilities arising from financing activities**

| Class of borrowings | 2017                         |              | Non-cash changes |                    |                          | 2018                          |
|---------------------|------------------------------|--------------|------------------|--------------------|--------------------------|-------------------------------|
|                     | Opening balance as at 1/7/17 | Cash flows   | Acquisition      | Fair value changes | Other non-cash movements | Closing balance as at 30/6/18 |
| Loans – secured     | 6,472                        | (828)        | –                | –                  | –                        | 5,644                         |
| <b>TOTAL</b>        | <b>6,472</b>                 | <b>(828)</b> | <b>–</b>         | <b>–</b>           | <b>–</b>                 | <b>5,644</b>                  |

| \$ '000 | 2018 | 2017 |
|---------|------|------|
|---------|------|------|

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

|   |            |            |
|---|------------|------------|
| Bank overdraft facilities <sup>(1)</sup>      | 500        | 500        |
| Credit cards/purchase cards                   | 79         | 79         |
| <b>Total financing arrangements</b>           | <b>579</b> | <b>579</b> |
| <b>Drawn facilities as at balance date:</b>   |            |            |
| – Credit cards/purchase cards                 | 19         | 26         |
| <b>Total drawn financing arrangements</b>     | <b>19</b>  | <b>26</b>  |
| <b>Undrawn facilities as at balance date:</b> |            |            |
| – Bank overdraft facilities                   | 500        | 500        |
| – Credit cards/purchase cards                 | 60         | 53         |
| <b>Total undrawn financing arrangements</b>   | <b>560</b> | <b>553</b> |

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

## Warrumbungle Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 11. Payables and borrowings (continued)

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##### **Accounting policy for payables and borrowings**

###### **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 draw down occurs. To the extent 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.

## Warrumbungle Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 12. Provisions

| \$ '000  | 2018         |              | 2017         |              |
|--|--------------|--------------|--------------|--------------|
|  | Current      | Non-current  | Current      | Non-current  |
| <b>Provisions</b>                                |              |              |              |              |
| <b>Employee benefits:</b>                        |              |              |              |              |
| Annual leave                                     | 1,420        | –            | 1,458        | –            |
| Long service leave                               | 2,561        | 79           | 2,491        | 77           |
| Other leave                                      | 112          | –            | 99           | –            |
| ELE on-costs                                     | 345          | 13           | 531          | 13           |
| <b>Asset remediation/restoration:</b>            |              |              |              |              |
| Asset remediation/restoration (future works)     | –            | 2,299        | –            | 2,236        |
| <b>Sub-total – asset remediation/restoration</b> | <b>–</b>     | <b>2,299</b> | <b>–</b>     | <b>2,236</b> |
| <b>TOTAL PROVISIONS</b>                          | <b>4,438</b> | <b>2,391</b> | <b>4,579</b> | <b>2,326</b> |

**(a) Provisions relating to restricted assets**

|   | 2018         |              | 2017         |              |
|---|--------------|--------------|--------------|--------------|
|   | Current      | Non-current  | Current      | Non-current  |
| <b>Externally restricted assets</b>                     |              |              |              |              |
| Water   | 181          | 2            | 191          | 2            |
| Sewer   | 73           | 1            | 77           | 1            |
| Provisions relating to externally restricted assets     | 254          | 3            | 268          | 3            |
| <b>Total provisions relating to restricted assets</b>   | <b>254</b>   | <b>3</b>     | <b>268</b>   | <b>3</b>     |
| <b>Total provisions relating to unrestricted assets</b> | <b>4,184</b> | <b>2,388</b> | <b>4,311</b> | <b>2,323</b> |
| <b>TOTAL PROVISIONS</b>                                 | <b>4,438</b> | <b>2,391</b> | <b>4,579</b> | <b>2,326</b> |

| \$ '000 | 2018 | 2017 |
|---------|------|------|
|---------|------|------|

**(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 | 3,091        | 3,099        |
|                                 | <b>3,091</b> | <b>3,099</b> |



## Warrumbungle Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 12. Provisions (continued)

\$ '000

## (c) Description of and movements in provisions

| 2018                                | ELE provisions |            |                    |              |                         | Total        |
|-------------------------------------|----------------|------------|--------------------|--------------|-------------------------|--------------|
|                                     | Annual leave   | Sick leave | Long service leave | ELE on-costs | Other employee benefits |              |
| At beginning of year                | 1,458          | –          | 2,568              | 544          | 99                      | 4,669        |
| Additional provisions               |                |            | 72                 |              | 13                      | 85           |
| Amounts used (payments)             | (38)           |            |                    | (186)        |                         | (224)        |
| Total ELE provisions at end of year | <b>1,420</b>   | <b>–</b>   | <b>2,640</b>       | <b>358</b>   | <b>112</b>              | <b>4,530</b> |

| 2017                                | ELE provisions |            |                    |              |                         | Total        |
|-------------------------------------|----------------|------------|--------------------|--------------|-------------------------|--------------|
|                                     | Annual leave   | Sick leave | Long service leave | ELE on-costs | Other employee benefits |              |
| At beginning of year                | 1,481          | –          | 2,462              | 563          | 472                     | 4,978        |
| Additional provisions               | 886            | –          | 307                | (19)         | 267                     | 1,441        |
| Amounts used (payments)             | (909)          | –          | (201)              | –            | (640)                   | (1,750)      |
| Total ELE provisions at end of year | <b>1,458</b>   | <b>–</b>   | <b>2,568</b>       | <b>544</b>   | <b>99</b>               | <b>4,669</b> |

| 2018                                  | Other provisions  |              |
|---------------------------------------|-------------------|--------------|
|                                       | Asset remediation | Total        |
| At beginning of year                  | 2,236             | 2,236        |
| Changes to provision:                 |                   |              |
| Additional provisions                 | 58                | 58           |
| Remeasurement effects                 | 5                 | 5            |
| Total other provisions at end of year | <b>2,299</b>      | <b>2,299</b> |

| 2017                                  | Other provisions  |              |
|---------------------------------------|-------------------|--------------|
|                                       | Asset remediation | Total        |
| At beginning of year                  | 2,472             | 2,472        |
| Changes to provision:                 |                   |              |
| Additional provisions                 | 47                | 47           |
| Remeasurement effects                 | (283)             | (283)        |
| Total other provisions at end of year | <b>2,236</b>      | <b>2,236</b> |

## Warrumbungle Shire Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 12. Provisions (continued)

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##### **Nature and purpose of non-employee benefit provisions**

###### **Asset remediation**

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

###### **Accounting policy for provisions**

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

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

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

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.