

DRAFT

Warrumbungle Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2019



Income Statement

for the year ended 30 June 2019

Original unaudited budget 2019	\$ '000	Notes	Actual 2019	Actual 2018 ¹
Income from continuing operations				
<u>Revenue:</u>				
12,778	Rates and annual charges	3a	13,015	12,293
8,401	User charges and fees	3b	5,642	8,357
460	Interest and investment revenue	3c	461	423
1,097	Other revenues	3d	1,073	1,214
17,871	Grants and contributions provided for operating purposes	3e, 3f	16,424	17,989
3,849	Grants and contributions provided for capital purposes	3e, 3f	5,339	6,285
<u>Other income:</u>				
240	Net gains from the disposal of assets	5	999	–
–	Net share of interests in joint ventures and associates using the equity method	15	15	41
44,696	Total income from continuing operations		42,968	46,602
Expenses from continuing operations				
15,664	Employee benefits and on-costs	4a	14,871	16,080
236	Borrowing costs	4b	327	335
5,949	Materials and contracts	4c	6,330	7,186
11,688	Depreciation and amortisation	4d	11,868	11,421
8,049	Other expenses	4e	5,345	8,516
–	Net losses from the disposal of assets	5	–	1,201
41,586	Total expenses from continuing operations		38,741	44,739
3,110	Operating result from continuing operations		4,227	1,863
3,110	Net operating result for the year		4,227	1,863
3,110	Net operating result attributable to council		4,227	1,863
(739)	Net operating result for the year before grants and contributions provided for capital purposes		(1,112)	(4,422)

⁽¹⁾ The Council has not restated comparatives when initially applying AASB 9. The comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*

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

Statement of Financial Position

as at 30 June 2019

\$ '000	Notes	2019	2018 ¹
ASSETS			
Current assets			
Cash and cash equivalent assets	6(a)	10,738	5,544
Investments	6(b)	7,000	11,500
Receivables	7	3,499	6,153
Inventories	8a	758	738
Other	8b	89	220
Total current assets		22,084	24,155
Non-current assets			
Receivables	7	2	2
Inventories	8a	299	299
Infrastructure, property, plant and equipment	9(a)	487,850	481,138
Intangible assets	10	95	167
Investments accounted for using the equity method	15	450	385
Total non-current assets		488,696	481,991
TOTAL ASSETS		510,780	506,146
LIABILITIES			
Current liabilities			
Payables	11	2,038	1,775
Income received in advance	11	–	544
Borrowings	11	795	867
Provisions	12	4,446	4,438
Total current liabilities		7,279	7,624
Non-current liabilities			
Borrowings	11	3,870	4,777
Provisions	12	3,175	2,391
Total non-current liabilities		7,045	7,168
TOTAL LIABILITIES		14,324	14,792
Net assets		496,456	491,354
EQUITY			
Accumulated surplus	13	408,775	404,494
Revaluation reserves	13	87,681	86,860
Council equity interest		496,456	491,354
Total equity		496,456	491,354

(1) The Council has not restated comparatives when initially applying AASB 9. The comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Cash Flows

for the year ended 30 June 2019

Original unaudited budget 2019	\$ '000	Notes	Actual 2019	Actual 2018
Cash flows from operating activities				
<u>Receipts</u>				
12,778	Rates and annual charges		12,815	12,009
8,401	User charges and fees		4,986	9,501
460	Investment and interest revenue received		397	348
21,720	Grants and contributions		21,265	24,608
–	Bonds, deposits and retention amounts received		378	–
1,337	Other		4,553	1,851
<u>Payments</u>				
(15,664)	Employee benefits and on-costs		(15,037)	(16,202)
(5,949)	Materials and contracts		(6,443)	(7,666)
(236)	Borrowing costs		(274)	(341)
–	Bonds, deposits and retention amounts refunded		–	(32)
(8,049)	Other		(4,331)	(10,438)
14,798	Net cash provided (or used in) operating activities	14b	18,309	13,638
Cash flows from investing activities				
<u>Receipts</u>				
600	Sale of infrastructure, property, plant and equipment		1,303	1,005
<u>Payments</u>				
–	Purchase of investment securities		4,500	(8,500)
(15,257)	Purchase of infrastructure, property, plant and equipment		(17,938)	(15,119)
–	Purchase of intangible assets		(1)	–
(14,657)	Net cash provided (or used in) investing activities		(12,136)	(22,614)
Cash flows from financing activities				
<u>Payments</u>				
(867)	Repayment of borrowings and advances		(979)	(828)
(867)	Net cash flow provided (used in) financing activities		(979)	(828)
(726)	Net increase/(decrease) in cash and cash equivalents		5,194	(9,804)
5,544	Plus: cash and cash equivalents – beginning of year	14a	5,544	15,348
4,818	Cash and cash equivalents – end of the year	14a	10,738	5,544
Additional Information:				
11,500	plus: Investments on hand – end of year	6(b)	7,000	11,500
16,318	Total cash, cash equivalents and investments		17,738	17,044

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

\$ '000	2019	2018
(b) User charges and fees		
Specific user charges		
<small>(per s.502 - specific 'actual use' charges)</small>		
Water supply services	1,431	1,449
Sewerage services	95	104
Liquid trade waste	40	56
Total specific user charges	1,566	1,609
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s.608)		
Building regulation	63	52
Private works – section 67	59	146
Registration fees	10	39
Regulatory fees	45	32
Section 10.7 certificates (EP&A Act)	30	29
Section 603 certificates	18	24
Planning regulation	52	36
Total fees and charges – statutory/regulatory	277	358
(ii) Fees and charges – other (incl. general user charges (per s.608))		
Aged care	460	239
Cemeteries	93	116
Child care	766	1,085
Lease rentals	14	11
Leaseback fees – Council vehicles	62	76
Quarry revenues	555	1,069
RMS (formerly RTA) charges (state roads not controlled by Council)	1,587	3,515
Swimming centres	118	120
Tourism	63	58
Waste disposal tipping fees	47	29
Other	34	72
Total fees and charges – other	3,799	6,390
TOTAL USER CHARGES AND FEES	5,642	8,357

Accounting policy for user charges and fees

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

(c) Interest and investment revenue (including losses)

Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	136	97
– Cash and investments	313	314
Other	12	12
TOTAL INTEREST AND INVESTMENT REVENUE	461	423

Interest revenue is attributable to:**Unrestricted investments/financial assets:**

Overdue rates and annual charges (general fund)	84	36
General Council cash and investments	285	243

Restricted investments/funds – external:

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

\$ '000	Operating 2019	Operating 2018	Capital 2019	Capital 2018
(e) Grants				
General purpose (untied)				
Current year allocation				
Financial assistance – general component	2,331	2,207	–	–
Financial assistance – local roads component	1,227	1,188	–	–
Payment in advance - future year allocation				
Financial assistance – general component	2,417	2,250	–	–
Financial assistance – local roads component	1,273	1,235	–	–
Other				
Other grants	17	61	–	–
Total general purpose	7,265	6,941	–	–
Specific purpose				
Aged care	677	766	–	–
Bushfire and emergency services	479	3,649	229	186
Child care	1,289	812	–	–
Cobbora transition fund	–	–	(327)	3,250
Drought Communities	72	–	494	–
Economic development	120	129	–	–
Employment and training programs	53	99	–	–
Heritage and cultural	36	23	–	–
Library	51	58	–	–
LIRS subsidy	112	130	–	–
Recreation and culture	90	–	589	179
Secure Communities	266	94	683	–
Sewerage services	–	–	34	51
Street lighting	–	23	–	–
Transport (other roads and bridges funding)	787	106	2,190	1,515
Transport (roads to recovery)	2,297	2,191	–	–
Other	20	209	33	–
Water supplies	16	–	1,329	1,065
Total specific purpose	6,365	8,289	5,254	6,246
Total grants	13,630	15,230	5,254	6,246
Grant revenue is attributable to:				
– Commonwealth funding	11,257	10,506	494	–
– State funding	2,373	4,721	4,760	6,016
– Other funding	–	3	–	230
	13,630	15,230	5,254	6,246

\$ '000	Notes	Operating 2019	Operating 2018	Capital 2019	Capital 2018
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(f) Contributions**Developer contributions:
(s7.4 & s7.11 - EP&A Act, s64 of the LGA):****Cash contributions**

S 7.12 – fixed development consent levies	–	–	37	39
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Notes to the Financial Statements

for the year ended 30 June 2019

Note 4. Expenses from continuing operations (continued)

\$ '000	2019	2018
(e) Other expenses		
Advertising	138	151
Bad and doubtful debts	186	179
Bank charges	47	48
Conferences	55	56
Contributions/levies to other levels of government		
– Noxious weeds	105	103
– NSW fire brigade levy	46	46
– NSW rural fire service levy	584	3,596
Councillor expenses – mayoral fee	26	26
Councillor expenses – councillors' fees	107	103
Councillors' expenses (incl. mayor) – other (excluding fees above)	26	20
Donations, contributions and assistance to other organisations (Section 356)	241	350
– Regional library contributions	577	550
Electricity and heating	660	583
Insurance	775	850
Postage	45	43
Printing and stationery	137	158
Quarry product cost of goods sold	194	311
Registration and licences	430	508
Street lighting	181	120
Subscriptions and publications	148	141
Telephone and communications	154	172
Valuation fees	108	20
Other	375	382
Total other expenses	5,345	8,516
TOTAL OTHER EXPENSES	5,345	8,516

Accounting policy for other expenses

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 17. Contingencies and other assets/liabilities not recognised (continued)

2. Other liabilities**(i) Third party claims**

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

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

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

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

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

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

(iii) Potential Liability relating to the TRRRC development

Council was engaged in the construction of the Three Rivers Regional Retirement Community (TRRRC).

The construction contract for this work was terminated on 2 August 2018.

This action may lead to a future liability which at this stage is unable to be determined.

ASSETS NOT RECOGNISED**(i) Infringement notices/fines**

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

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

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

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

(ii) Share in Southern Phone

Warrumbungle Council holds a share in Southern Phone which was acquired for a nominal amount.

Council is seeking a current valuation of this asset for recognition purposes.

When this valuation is acquired this asset will be recognised at fair value.