

## Income Statement

for the year ended 30 June 2020

Original unaudited budget 2020	\$ '000	Notes	Actual 2020	Actual 2019
<b>Income from continuing operations</b>				
13,606	Rates and annual charges	3a	13,844	13,015
8,796	User charges and fees	3b	6,448	5,642
1,338	Other revenues	3c	2,137	1,073
17,435	Grants and contributions provided for operating purposes	3d.3e	16,121	16,424
3,137	Grants and contributions provided for capital purposes	3d.3e	4,195	5,886
493	Interest and investment income	4	460	461
246	Net gains from the disposal of assets	6	599	999
–	Net share of interests in joint ventures and associates using the equity method	19	44	15
<b>45,051</b>	<b>Total income from continuing operations</b>		<b>43,848</b>	<b>43,515</b>
<b>Expenses from continuing operations</b>				
16,360	Employee benefits and on-costs	5a	14,929	14,484
195	Borrowing costs	5b	307	327
8,051	Materials and contracts	5c	7,185	10,024
11,973	Depreciation and amortisation	5d	12,970	12,267
8,502	Other expenses	5e	5,395	5,511
<b>45,081</b>	<b>Total expenses from continuing operations</b>		<b>40,786</b>	<b>42,613</b>
<b>(30)</b>	<b>Operating result from continuing operations</b>		<b>3,062</b>	<b>902</b>
<b>(30)</b>	<b>Net operating result for the year</b>		<b>3,062</b>	<b>902</b>
(30)	Net operating result attributable to council		3,062	902
<b>(3,167)</b>	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>(1,133)</b>	<b>(4,984)</b>

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

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

## Statement of Financial Position

as at 30 June 2020

\$ '000	Notes	2020	2019
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7(a)	6,859	4,738
Investments	7(b)	11,500	13,000
Receivables	8	4,605	3,501
Inventories	9a	725	758
Contract assets	13a	1,396	–
Other	9b	53	89
Non-Current assets classified as 'held for sale'	10	142	–
<b>Total current assets</b>		<b>25,280</b>	<b>22,086</b>
<b>Non-current assets</b>			
Inventories	9a	299	299
Infrastructure, property, plant and equipment	11	550,317	488,081
Intangible Assets	12	29	95
Right of use assets	14a	246	–
Investments accounted for using the equity method	19	444	400
<b>Total non-current assets</b>		<b>551,335</b>	<b>488,875</b>
<b>Total assets</b>		<b>576,615</b>	<b>510,961</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	15	2,101	2,038
Contract liabilities	13b	1,265	–
Lease liabilities	14b	45	–
Borrowings	15	966	795
Provisions	16	4,647	4,446
<b>Total current liabilities</b>		<b>9,024</b>	<b>7,279</b>
<b>Non-current liabilities</b>			
Lease liabilities	14b	223	–
Borrowings	15	2,931	3,870
Provisions	16	3,102	3,175
<b>Total non-current liabilities</b>		<b>6,256</b>	<b>7,045</b>
<b>Total liabilities</b>		<b>15,280</b>	<b>14,324</b>
<b>Net assets</b>		<b>561,335</b>	<b>496,637</b>
<b>EQUITY</b>			
Accumulated surplus	17	423,000	408,952
Revaluation reserves	17	138,336	87,685
<b>Council equity interest</b>		<b>561,336</b>	<b>496,637</b>
<b>Total equity</b>		<b>561,336</b>	<b>496,637</b>

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

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



## Statement of Cash Flows

for the year ended 30 June 2020

Original unaudited budget 2020	\$ '000	Notes	Actual 2020	Actual 2019
<b>Cash flows from operating activities</b>				
<i>Receipts:</i>				
13,604	Rates and annual charges		13,622	12,815
8,795	User charges and fees		6,318	4,986
494	Investment and interest revenue received		424	397
20,573	Grants and contributions		19,949	21,812
–	Bonds, deposits and retention amounts received		25	378
1,331	Other		971	4,553
<i>Payments:</i>				
(16,355)	Employee benefits and on-costs		(14,559)	(14,650)
(8,046)	Materials and contracts		(7,219)	(10,137)
(195)	Borrowing costs		(185)	(274)
(8,503)	Other		(5,618)	(4,497)
11,698	<b>Net cash provided (or used in) operating activities</b>	18b	<b>13,728</b>	<b>15,383</b>
<b>Cash flows from investing activities</b>				
<i>Receipts:</i>				
846	Sale of infrastructure, property, plant and equipment		1,210	1,303
<i>Payments:</i>				
–	Purchase of investment securities		1,500	(1,500)
(13,450)	Purchase of infrastructure, property, plant and equipment		(13,522)	(15,012)
–	Purchase of intangible assets		–	(1)
(12,604)	<b>Net cash provided (or used in) investing activities</b>		<b>(10,812)</b>	<b>(15,210)</b>
<b>Cash flows from financing activities</b>				
<i>Payments:</i>				
(913)	Repayment of borrowings and advances		(768)	(979)
–	Lease liabilities (principal repayments)		(27)	–
(913)	<b>Net cash flow provided (used in) financing activities</b>		<b>(795)</b>	<b>(979)</b>
(1,819)	<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,121</b>	<b>(806)</b>
11,082	Plus: cash and cash equivalents – beginning of year	18a	4,738	5,544
9,263	Cash and cash equivalents – end of the year	18a	6,859	4,738
–	plus: Investments on hand – end of year	7(b)	11,500	13,000
9,263	<b>Total cash, cash equivalents and investments</b>		<b>18,359</b>	<b>17,738</b>

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

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

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 5. Expenses from continuing operations (continued)

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

**Accounting policy for materials and contracts**

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

**Operating leases (2019 only)**

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

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

Library Building	–	60
Office Equipment	–	7
	<u>–</u>	<u>67</u>

**2. Auditor remuneration**

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

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

Audit and review of financial statements	54	48
<b>Remuneration for audit and other assurance services</b>	<u>54</u>	<u>48</u>
<b>Total Auditor-General remuneration</b>	<u>54</u>	<u>48</u>

**Non NSW Auditor-General audit firms**

<b>Total Auditor remuneration</b>	<u>54</u>	<u>48</u>
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## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 5. Expenses from continuing operations (continued)

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

**Accounting policy for other expenses**

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

## Note 6. Gain or loss from disposal of assets

\$ '000	Notes	2020	2019
Plant and equipment	11		
Proceeds from disposal – plant and equipment		1,210	1,303
Less: carrying amount of plant and equipment assets sold/written off		(611)	(304)
<b>Net gain/(loss) on disposal</b>		<b>599</b>	<b>999</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>599</b>	<b>999</b>

**Accounting policy for disposal of assets**

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement. The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer and the asset is de-recognised.

## Notes to the Financial Statements

for the year ended 30 June 2020

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

\$ '000	2020		2019	
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	18,359	–	17,738	–
<b>attributable to:</b>				
External restrictions	7,027	–	6,179	–
Internal restrictions	9,963	–	9,491	–
Unrestricted	1,369	–	2,068	–
	18,359	–	17,738	–

\$ '000	2020	2019
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## Details of restrictions

**External restrictions – included in liabilities**

Trust	691	667
<b>External restrictions – included in liabilities</b>	<b>691</b>	<b>667</b>

**External restrictions – other**

Developer contributions – general	201	150
Developer contributions – water fund	102	101
Developer contributions – sewer fund	32	31
Specific purpose unexpended grants (recognised as revenue) – general fund	1,745	1,495
Water supplies	252	934
Sewerage services	3,774	2,764
Domestic waste management	213	–
Stormwater levy	17	37
<b>External restrictions – other</b>	<b>6,336</b>	<b>5,512</b>

**Total external restrictions**

7,027 6,179

**Internal restrictions**

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

**TOTAL RESTRICTIONS**

16,990 15,670

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 11. Infrastructure, property, plant and equipment

	as at 30/06/19		Asset movements during the reporting period										as at 30/06/20		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Address received	Address new assets	Carrying value of upgrades	Depreciation expense	WIP transfers	Adjustments and transfers, subjected to equip.	Fund asset held for sale category	Revaluation decreases to equity (RRT)	Revaluation increments to equity (RRE)	Gross carrying amount	Accumulated depreciation	Net carrying amount
Capital work in progress	7,123	-	7,123	1,401	2,963	-	-	(3,953)	(84)	-	-	-	7,450	-	7,450
Plant and equipment	34,351	(20,597)	13,754	3,887	89	(611)	(2,578)	4	-	-	-	-	35,731	(21,186)	14,545
Office equipment	1,801	(1,652)	149	65	30	-	(30)	14	-	-	-	-	1,910	(1,682)	228
Furniture and fittings	737	(672)	65	-	-	-	(29)	-	-	-	-	-	737	(701)	36
<b>Land:</b>															
- Operational land	5,801	-	5,801	-	260	-	-	-	-	-	-	-	6,015	-	6,015
- Community land	1,429	-	1,429	-	-	-	-	-	-	-	-	-	1,429	-	1,429
Land improvements - depreciable	1,873	(406)	1,467	19	165	-	(49)	14	-	-	-	-	2,071	(455)	1,616
<b>Infrastructure:</b>															
- Buildings - non-specialised	26,234	(15,619)	10,615	-	-	-	(506)	-	-	-	-	-	25,468	(15,455)	10,013
- Buildings - specialised	57,709	(33,395)	24,314	614	61	-	(1,305)	41	-	-	-	-	56,424	(34,699)	23,725
- Other structures	24,119	(8,887)	15,232	1,031	100	-	(681)	17	-	-	-	-	25,266	(9,567)	15,699
- Roads	262,003	(60,021)	201,982	2,249	110	-	(4,687)	1,417	-	(7,520)	-	-	255,242	(54,357)	200,885
- Bridges	57,257	(4,310)	52,947	-	-	-	(471)	-	-	(3,953)	-	-	70,831	(18,686)	52,145
- Footpaths	6,535	(2,028)	4,507	36	-	-	(147)	-	-	-	836	-	9,233	(4,000)	5,233
- Bulk earthworks (non-depreciable)	88,645	-	88,645	-	-	-	-	-	-	-	60,357	-	149,002	-	149,002
- Stormwater drainage	8,506	(3,677)	4,829	-	24	-	(111)	6	-	-	445	-	9,029	(3,836)	5,193
- Water supply network	69,216	(32,770)	36,446	683	173	-	(1,484)	2,406	-	-	332	-	73,136	(34,580)	38,556
- Sewerage network	34,139	(17,223)	16,916	296	4	-	(668)	34	-	-	154	-	34,797	(18,051)	16,736
<b>Other assets:</b>															
- Other	91	(91)	-	-	-	-	-	-	-	-	-	-	91	(91)	-
<b>Restatement, rehabilitation and restoration assets (refer Note 12):</b>															
- Tip assets	539	(83)	456	-	-	(432)	(24)	-	-	-	-	-	-	-	-
- Quarry assets	1,944	(540)	1,404	-	492	-	(85)	-	-	-	-	-	2,436	(625)	1,811
<b>Total Infrastructure, property, plant and equipment</b>	690,052	(201,971)	488,081	10,281	4,471	(1,043)	(12,955)	-	(84)	10,957	(11,473)	62,124	768,298	(217,981)	550,317

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



## Notes to the Financial Statements

for the year ended 30 June 2020

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

\$ '000	Balance at 1 July 2019
<b>Opening contract balances at 1 July 2019</b>	
<b>Contract assets</b>	
– Under AASB 15	–
– Under AASB 1058	29
<b>Total Contract assets</b>	<u>29</u>

## Notes to the Financial Statements

for the year ended 30 June 2020

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

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

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

## Statement of Financial Position

\$ '000	Carrying amount per Statement of Financial Position under AASB 15 and AASB 1058	Reclassific- ation	Remeasur- ement	Carrying amount under previous revenue standards	Notes
<b>Current assets</b>					
Cash and cash equivalents	6,859	–	–	6,859	
Investments	11,500	–	–	11,500	
Receivables	4,605	1,396	–	6,001	
Inventories	725	–	–	725	
Contract assets	1,396	(1,396)	–	–	
Other	53	–	–	53	
Current assets classified as 'held for sale'	142	–	–	142	
<b>Total current assets</b>	<b>25,280</b>	<b>–</b>	<b>–</b>	<b>25,280</b>	
<b>Current liabilities</b>					
Payables	2,101	–	–	2,101	
Contract liabilities	1,265	–	(1,265)	–	
Lease liabilities	45	–	–	45	
Borrowings	966	–	–	966	
Provisions	4,647	–	–	4,647	
<b>Total current liabilities</b>	<b>9,024</b>	<b>–</b>	<b>(1,265)</b>	<b>7,759</b>	
<b>Non-current assets</b>					
Inventories	299	–	–	299	
Infrastructure, property, plant and equipment	550,317	–	–	550,317	
Intangible assets	29	–	–	29	
Right of use assets	246	–	–	246	
Investments accounted for using equity method	444	–	–	444	
<b>Total non-current assets</b>	<b>551,335</b>	<b>–</b>	<b>–</b>	<b>551,335</b>	
<b>Non-current liabilities</b>					
Lease liabilities	223	–	–	223	
Borrowings	2,931	–	–	2,931	
Provisions	3,102	–	–	3,102	
<b>Total Non-current liabilities</b>	<b>6,256</b>	<b>–</b>	<b>–</b>	<b>6,256</b>	
<b>Net assets</b>	<b>561,335</b>	<b>–</b>	<b>1,265</b>	<b>562,600</b>	
<b>Equity</b>					
Accumulated surplus	423,000	–	1,265	424,265	
Revaluation reserves	138,336	–	–	138,336	
<b>Total Equity</b>	<b>561,336</b>	<b>–</b>	<b>1,265</b>	<b>562,601</b>	

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## Notes to the Financial Statements

for the year ended 30 June 2020

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

## Income Statement

\$ '000	Income Statement and comprehensive income under AASB 15 and AASB 1058	Reclassification	Remeasurement	Income Statement and comprehensive income under previous revenue standards	Notes
<u>Income from continuing operations</u>					
Rates and annual charges	13,844	–	–	13,844	
User charges and fees	6,448	–	–	6,448	
Other revenues	2,137	–	–	2,137	
Grants and contributions provided for operating purposes	16,121	–	–	16,121	
Grants and contributions provided for capital purposes	4,195	–	1,265	5,460	
Interest and investment income	460	–	–	460	
Net gains from the disposal of assets	599	–	–	599	
Net share of interests in joint ventures and associates using the equity method	44	–	–	44	
<b>Total Income from continuing operations</b>	<b>43,848</b>	<b>–</b>	<b>1,265</b>	<b>45,113</b>	
<u>Expenses from continuing operations</u>					
Employee benefits and on-costs	14,929	–	–	14,929	
Borrowing costs	307	–	–	307	
Materials and contracts	7,185	–	–	7,185	
Depreciation and amortisation	12,970	–	–	12,970	
Other expenses	5,395	–	–	5,395	
<b>Total Expenses from continuing operations</b>	<b>40,786</b>	<b>–</b>	<b>–</b>	<b>40,786</b>	
<b>Total Operating result from continuing operations</b>	<b>3,062</b>	<b>–</b>	<b>1,265</b>	<b>4,327</b>	
Net operating result for the year	3,062	–	1,265	4,327	
<b>Total comprehensive income</b>	<b>53,713</b>	<b>–</b>	<b>1,265</b>	<b>54,978</b>	

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

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

## Statement of Financial Position

\$ '000	Original Balance 1 July, 2019	Impact Increase/ (decrease)	Restated Balance 1 July, 2019
Contract assets	–	29	29
<b>Total assets</b>	<b>–</b>	<b>29</b>	<b>29</b>
Accumulated surplus	–	29	29

## Notes to the Financial Statements

for the year ended 30 June 2020

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

\$ '000	Original Balance 1 July, 2019	Impact Increase/ (decrease)	Restated Balance 1 July, 2019
Total equity	–	29	29

## Notes to the Financial Statements

for the year ended 30 June 2020

### Note 21. Contingencies (continued)

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#### 2. Other liabilities

##### (i) Third party claims

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

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

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

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

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

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

##### (iii) Potential Liability relating to the TRRRC development

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

#### 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.

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 23. Material budget variations

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

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

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

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

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

\$ '000	2020 Budget	2020 Actual	2020 ----- Variance -----		
<b>REVENUES</b>					
<b>User charges and fees</b>	8,796	6,448	(2,348)	(27)%	U
\$1,896k RMCC contract works down					
\$383k quarry revenues down.					
<b>Other revenues</b>	1,338	2,137	799	60%	F
Mainly due to sale proceeds of \$786K for sale of Council's share in Southern Phone Company Ltd.					
<b>Capital grants and contributions</b>	3,137	4,195	1,058	34%	F
Capital grants not budgeted for 2019/20 (a) RFS \$769k; and (b) Drought communities round 3 capital projects \$251k					
<b>Net gains from disposal of assets</b>	246	599	353	143%	F
Sales revenues on plant and equipment were better than anticipated.					

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 23. Material budget variations

\$ '000	2020 Budget	2020 Actual	2020 ----- Variance -----		
<b>EXPENSES</b>					
<b>Borrowing costs</b>	195	307	(112)	(57)%	U
Original budget was understated and also missed lease costs.					
<b>Materials and contracts</b>	8,051	7,185	866	11%	F
Variation is a net result of various expenditure items but mainly due to lower RMCC contracts costs.					
<b>Other expenses</b>	8,502	5,395	3,107	37%	F
Since 2018/19, Council has ceased its in kind allocation to RFS. This was not factored into the original budget.					
<b>STATEMENT OF CASH FLOWS</b>					
<b>Cash flows from operating activities</b>	11,698	13,728	2,030	17%	F
The key variations are the same for revenue and expenditure above.					
<b>Cash flows from investing activities</b>	(12,604)	(10,812)	1,792	(14)%	F
Increased Grants enabled Council to retain more cash investments than budgeted.					
<b>Cash flows from financing activities</b>	(913)	(795)	118	(13)%	F
Principal loan repayments were budgeted higher than required.					

## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 28(a). Statement of performance measures – consolidated results

\$ '000	Amounts	Indicator	Prior periods		Benchmark
	2020	2020	2019	2018	
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<u>(1,776)</u>	<b>(4.55)%</b>	(16.38)%	(8.96)%	>0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<u>39,010</u>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<u>22,889</u>	<b>52.98%</b>	47.51%	46.45%	>60.00%
Total continuing operating revenue <sup>1</sup>	<u>43,205</u>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions	<u>16,177</u>	<b>3.10x</b>	4.37x	4.05x	>1.50x
Current liabilities less specific purpose liabilities	<u>5,220</u>				
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	<u>11,501</u>	<b>10.44x</b>	5.05x	7.30x	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<u>1,102</u>				
<b>5. Rates, annual charges, interest and extra charges outstanding percentage</b>					
Rates, annual and extra charges outstanding	<u>1,690</u>	<b>10.93%</b>	10.07%	8.69%	<10.00%
Rates, annual and extra charges collectible	<u>15,457</u>				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<u>18,359</u>	<b>7.76 mths</b>	6.97 mths	5.76 mths	>3.00 mths
Monthly payments from cash flow of operating and financing activities	<u>2,366</u>				

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

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



## Notes to the Financial Statements

for the year ended 30 June 2020

## Note 28(b). Statement of performance measures – by fund

\$ '000	General Indicators <sup>3</sup>		Water Indicators		Sewer Indicators		Benchmark
	2020	2019	2020	2019	2020	2019	
<b>1. Operating performance ratio</b>							
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	(2.77)%	(15.19)%	(22.92)%	(34.45)%	(1.10)%	(6.10)%	>0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>							
<b>2. Own source operating revenue ratio</b>							
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	46.47%	42.34%	93.21%	69.54%	93.23%	98.10%	>60.00%
Total continuing operating revenue <sup>1</sup>							
<b>3. Unrestricted current ratio</b>							
Current assets less all external restrictions	3.60x	4.43x	5.14x	7.14x	50.95x	41.22x	>1.50x
Current liabilities less specific purpose liabilities							
<b>4. Debt service cover ratio</b>							
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	9.20x	4.47x	25.30x	12.64x	∞	∞	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
<b>5. Rates, annual charges, interest and extra charges outstanding percentage</b>							
Rates, annual and extra charges outstanding	14.24%	8.32%	0.00%	18.44%	0.00%	12.05%	<10.00%
Rates, annual and extra charges collectible							
<b>6. Cash expense cover ratio</b>							
Current year's cash and cash equivalents plus all term deposits	6.00	6.30	∞	4.37	∞	27.42	>3.00
Payments from cash flow of operating and financing activities	mths	mths	mths	mths	mths	mths	mths

(1) - (2) Refer to Note 28a above.

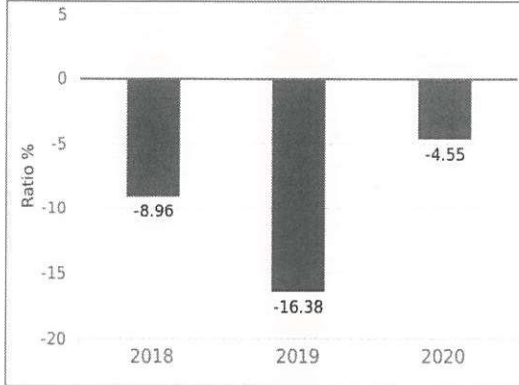
(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 28(c). Statement of performance measures – consolidated results (graphs)

1. Operating performance ratio



**Purpose of operating performance ratio**

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

**Commentary on 2019/20 result**

2019/20 ratio (4.55)%

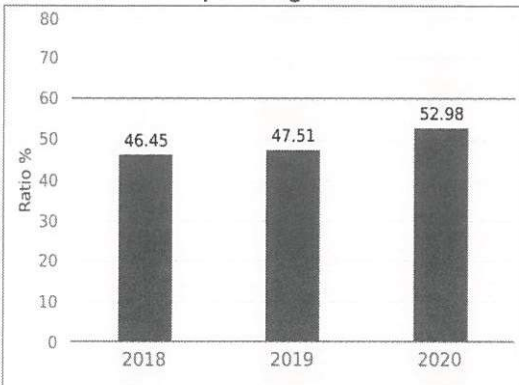
The continued provision of capital grants maintains this ratio below benchmark.

Benchmark: — > 0.00%

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

Ratio achieves benchmark  
Ratio is outside benchmark

2. Own source operating revenue ratio



**Purpose of own source operating revenue ratio**

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

**Commentary on 2019/20 result**

2019/20 ratio 52.98%

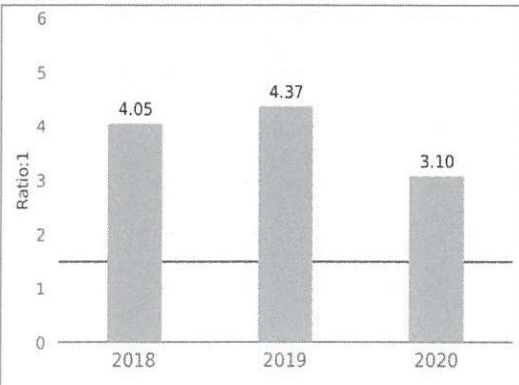
This ratio, whilst important, by its nature will worsen as a council receives more grant monies. Ironically it has been Council's success in attracting Grant monies that is reflected in this result.

Benchmark: — > 60.00%

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

Ratio achieves benchmark  
Ratio is outside benchmark

3. Unrestricted current ratio



**Purpose of unrestricted current ratio**

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

**Commentary on 2019/20 result**

2019/20 ratio 3.10x

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

Benchmark: — > 1.50x

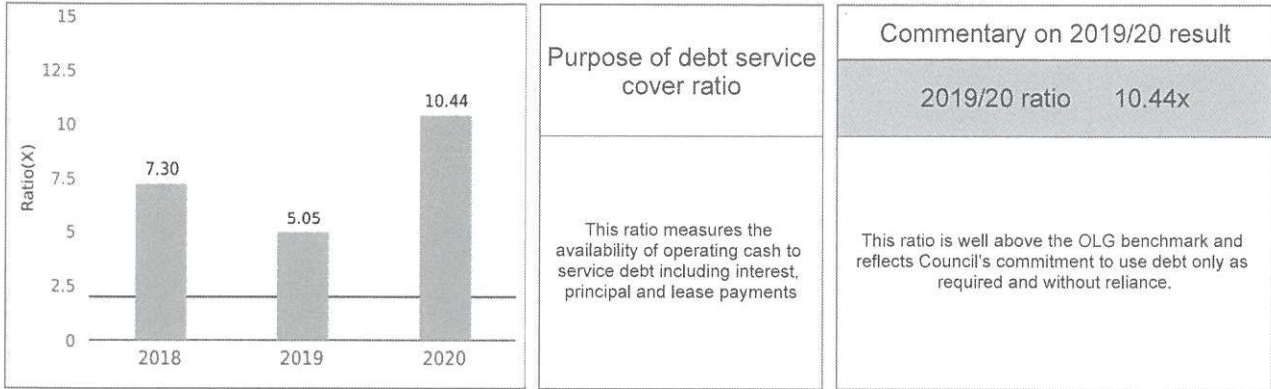
Source of benchmark: Code of Accounting Practice and Financial Reporting #28

Ratio achieves benchmark  
Ratio is outside benchmark

4. Debt service cover ratio

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

Note 28(c). Statement of performance measures – consolidated results (graphs)



**Purpose of debt service cover ratio**

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

**Commentary on 2019/20 result**

2019/20 ratio 10.44x

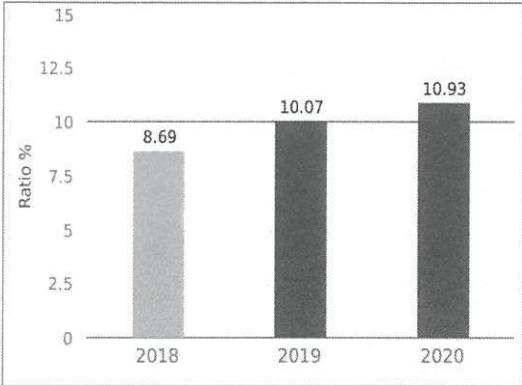
This ratio is well above the OLG benchmark and reflects Council's commitment to use debt only as required and without reliance.

Benchmark: — > 2.00x

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

Ratio achieves benchmark  
Ratio is outside benchmark

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



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

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

**Commentary on 2019/20 result**

2019/20 ratio 10.93%

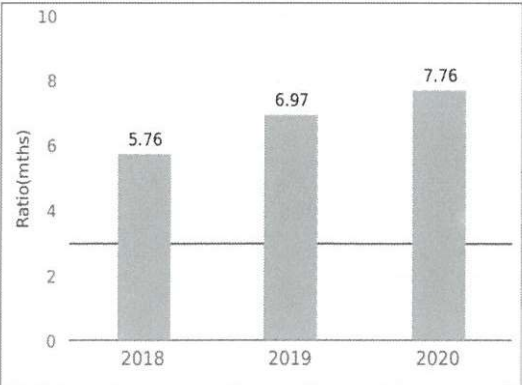
The increase in this ratio demonstrates the struggles of a drought affected community

Benchmark: — < 10.00%

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

Ratio achieves benchmark  
Ratio is outside benchmark

6. Cash expense cover ratio



**Purpose of cash expense cover ratio**

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

**Commentary on 2019/20 result**

2019/20 ratio 7.76 mths

Council continues to remain well above the OLG benchmark.

Benchmark: — > 3.00mths

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

Ratio achieves benchmark  
Ratio is outside benchmark

## Income Statement – Water Supply Business Activity

for the year ended 30 June 2020

\$ '000	2020	2019
<b>Income from continuing operations</b>		
Access charges	1,855	1,578
User charges	1,686	1,433
Fees	–	3
Interest	62	46
Grants and contributions provided for non-capital purposes	–	16
Other income	9	10
<b>Total income from continuing operations</b>	<b>3,612</b>	<b>3,086</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	1,037	1,006
Borrowing costs	30	28
Materials and contracts	691	670
Depreciation, amortisation and impairment	1,557	1,389
Other expenses	1,125	1,056
<b>Total expenses from continuing operations</b>	<b>4,440</b>	<b>4,149</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(828)</b>	<b>(1,063)</b>
Grants and contributions provided for capital purposes	263	1,329
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(565)</b>	<b>266</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(565)</b>	<b>266</b>
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(565)</b>	<b>266</b>
<b>Plus accumulated surplus</b>	<b>20,463</b>	<b>20,197</b>
<b>Closing accumulated surplus (deficit)</b>	<b>19,898</b>	<b>20,463</b>
<b>Return on capital %</b>	<b>(1.9)%</b>	<b>(2.5)%</b>
<b>Subsidy from Council</b>	<b>1,163</b>	<b>1,581</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	(565)	266
Less: capital grants and contributions (excluding developer contributions)	(263)	(1,329)
<b>Surplus for dividend calculation purposes</b>	<b>–</b>	<b>–</b>
<b>Potential dividend calculated from surplus</b>	<b>–</b>	<b>–</b>

## Income Statement – Sewerage Business Activity

for the year ended 30 June 2020

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

## Income Statement – Warrumbungle Quarry

for the year ended 30 June 2020

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

## Statement of Financial Position – Water Supply Business Activity

as at 30 June 2020

\$ '000	2020	2019
<b>ASSETS</b>		
<b>Current assets</b>		
Contract assets	192	–
Cash and cash equivalents	354	1,036
Receivables	1,200	1,064
Inventories	6	6
<b>Total current assets</b>	<u>1,752</u>	<u>2,106</u>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	41,461	41,380
<b>Total non-current assets</b>	<u>41,461</u>	<u>41,380</u>
<b>TOTAL ASSETS</b>	<u>43,213</u>	<u>43,486</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Contract liabilities	29	–
Payables	6	5
Borrowings	102	86
Provisions	204	190
<b>Total current liabilities</b>	<u>341</u>	<u>281</u>
<b>Non-current liabilities</b>		
Borrowings	267	366
<b>Total non-current liabilities</b>	<u>267</u>	<u>366</u>
<b>TOTAL LIABILITIES</b>	<u>608</u>	<u>647</u>
<b>NET ASSETS</b>	<u>42,605</u>	<u>42,839</u>
<b>EQUITY</b>		
Accumulated surplus	19,896	20,463
Revaluation reserves	22,709	22,376
<b>TOTAL EQUITY</b>	<u>42,605</u>	<u>42,839</u>

## Statement of Financial Position – Sewerage Business Activity

as at 30 June 2020

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



## Statement of Financial Position – Warrumbungle Quarry

as at 30 June 2020

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