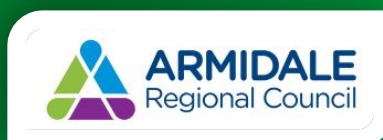




New England Weeds Authority

Annual Financial Statements 2019 – 2020



Our Environment
Our Community
Our Council
Our Responsibility

General Purpose Financial Statements

for the year ended 30 June 2020

Contents	Page
1. Understanding Council's Financial Statements	3
2. Statement by Councillors & Management	4
3. Primary Financial Statements:	
Income Statement	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
4. Notes to the Financial Statements	10

General Purpose Financial Statements

for the year ended 30 June 2020

Understanding Council's Financial Statements

Introduction

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

What you will find in the Statements

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

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

New England Weeds Authority

General Purpose Financial Statements

for the year ended 30 June 2020

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 25 August 2020.



Cllr Mark Dusting

Chairperson

25 August 2020



Cllr Scott Kermode

Deputy Chairperson

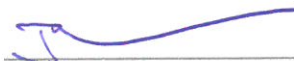
25 August 2020



John Duggan

General Manager

25 August 2020



John Duggan

Responsible Accounting Officer

25 August 2020

Income Statement

for the year ended 30 June 2020

Original unaudited budget 2020	\$ '000	Notes	Actual 2020	Actual 2019
	Income from continuing operations			
102	User charges and fees	3a	278	230
2	Other revenues	3b	20	15
901	Grants and contributions provided for operating purposes	3c,3d	912	1,043
29	Interest and investment income	4	27	33
5	Net gains from the disposal of assets	6	29	26
1,039	Total income from continuing operations		1,266	1,347
	Expenses from continuing operations			
629	Employee benefits and on-costs	5a	733	750
172	Materials and contracts	5b	197	183
96	Depreciation and amortisation	5c	102	96
142	Other expenses	5d	140	179
1,039	Total expenses from continuing operations		1,172	1,208
–	Operating result from continuing operations		94	139
–	Net operating result for the year		94	139
–	Net operating result attributable to council		94	139
–	Net operating result for the year before grants and contributions provided for capital purposes		94	139

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

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

Statement of Comprehensive Income

for the year ended 30 June 2020

\$ '000	2020	2019
Net operating result for the year (as per Income Statement)	94	139
Total comprehensive income for the year	94	139
Total comprehensive income attributable to Council	94	139

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

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

Statement of Financial Position

as at 30 June 2020

\$ '000	Notes	2020	2019
ASSETS			
Current assets			
Cash and cash equivalents	7(a)	774	1,832
Investments	7(b)	1,000	–
Receivables	8	22	55
Inventories	9	47	10
Total current assets		1,843	1,897
Non-current assets			
Infrastructure, property, plant and equipment	10	387	354
Total non-current assets		387	354
Total assets		2,230	2,251
LIABILITIES			
Current liabilities			
Payables	13	213	170
Contract liabilities	11	53	–
Provisions	14	140	157
Total current liabilities		406	327
Total liabilities		406	327
Net assets		1,824	1,924
EQUITY			
Accumulated surplus	15	1,824	1,924
Council equity interest		1,824	1,924
Total equity		1,824	1,924

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

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

Statement of Changes in Equity

for the year ended 30 June 2020

\$ '000	Notes	as at 30/06/20		as at 30/06/19	
		Accumulated surplus	Total equity	Accumulated surplus	Total equity
Opening balance		1,924	1,924	1,785	1,785
Changes due to AASB 1058 and AASB 15 adoption	15b	(194)	(194)	—	—
Net operating result for the year		94	94	139	139
Restated net operating result for the period		94	94	139	139
Total comprehensive income		94	94	139	139
Equity – balance at end of the reporting period		1,824	1,824	1,924	1,924

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

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

for the year ended 30 June 2020

Original unaudited budget 2020	\$ '000	Notes	Actual 2020	Actual 2019
Cash flows from operating activities				
Receipts:				
102	User charges and fees		279	230
29	Investment and interest revenue received		31	37
901	Grants and contributions		771	1,043
2	Other		48	27
Payments:				
(630)	Employee benefits and on-costs		(750)	(815)
(172)	Materials and contracts		(245)	(174)
(142)	Other		(86)	(32)
90	Net cash provided (or used in) operating activities	16b	48	316
Cash flows from investing activities				
Receipts:				
107	Sale of investment securities		–	–
45	Sale of infrastructure, property, plant and equipment		47	53
Payments:				
(135)	Purchase of investment securities		(1,000)	–
(107)	Purchase of infrastructure, property, plant and equipment		(153)	(148)
(90)	Net cash provided (or used in) investing activities		(1,106)	(95)
–	Net increase/(decrease) in cash and cash equivalents		(1,058)	221
1,611	Plus: cash and cash equivalents – beginning of year	16a	1,832	1,611
1,611	Cash and cash equivalents – end of the year	16a	774	1,832
–	plus: Investments on hand – end of year	7(b)	1,000	–
1,611	Total cash, cash equivalents and investments		1,774	1,832

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

Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Basis of preparation	11
2(a)	Council functions/activities – financial information	14
2(b)	Council functions/activities – component descriptions	15
3	Revenue from continuing operations	16
4	Interest and investment income	21
5	Expenses from continuing operations	22
6	Gain or loss from disposal of assets	24
7(a)	Cash and cash equivalents	24
7(b)	Investments	24
7(c)	Restricted cash, cash equivalents and investments	26
8	Receivables	27
9	Inventories and other assets	27
10	Infrastructure, property, plant and equipment	28
11	Contract assets and liabilities	31
12	Leases	32
13	Payables and borrowings	33
14	Provisions	34
15	Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors	35
16	Statement of cash flow information	39
17	Commitments	40
18	Financial risk management	41
19	Material budget variations	44
20	Related party disclosures	45
21(a)	Statement of performance measures – consolidated results	46
	Additional Council disclosures (unaudited)	
21(b)	Statement of performance measures – consolidated results (graphs)	47
22	Council information and contact details	49

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Basis of preparation

These financial statements were authorised for issue by Council on 25 August 2020. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

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

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

Council is a not for-profit entity.

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

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) Historical cost convention

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

(b) Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note 10
- (ii) employee benefit provisions – refer Note 14.

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.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Basis of preparation (continued)

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

Volunteer services

Council has a limited reliance on volunteer services and any contributions would not be material.

Covid-19 Impacts

Covid-19 has not materially affected Council's financial results for the year ending 30 June 2020. Staff continued to be fully employed and spraying and other works continued as normal. Some minor changes occurred during the year:

- Inspection programs were reduced to adhere to social distancing requirements.
- The Council office was closed to the public for a period approximating 2 months.
- Vehicles were allocated to single staff members and extensive disinfecting practices were introduced.
- Council meetings were conducted on-line.

New accounting standards and interpretations issued not yet effective

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are mandatory for the 30 June 2020 reporting period.

Council notes that the standards and interpretations listed below have an impact upon the 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 July 1 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.*

AASB15 replaces AASB118 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.

AASB15 applies where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations which will result in income being recognised when (or as) the performance obligations are satisfied under AASB15, as opposed to immediate income recognition under AASB1058.

Following our review of the Statements for the Year ended 30 June 2019, unspent grants of \$20,000 as at 30 June 2019 were identified which required recognition of unsettled performance obligations on transition (1 July 2019). All other grants fall under requirements of AASB 1058 with income recognised when control over cash/funds is obtained.

Furthermore, we performed analysis of the liability recognised as at 30 June 2019 in amount of \$110,000 related to "NSW DPI Weeds Capacity Building & Engagement – WAP 1920". Council is acting as an agent here. Considering agency substance of the arrangement, council correctly recognised the outstanding amount as a financial liability. Council also considered the unspent grant of \$174,000 for the DPI Parthenium Fund and recognised that Council is also acting as an agent here. These funds were recognised as a financial liability on transition (1 July 2019). The same accounting treatment will follow in subsequent years.

AASB 16 Leases

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 1. Basis of preparation (continued)

Given current terms of the property lease and the strategic decisions being made by the lessor, Council does not consider the lease has a material impact on the financial statements for the year ended 30 June 2020.

Notes to the Financial Statements

for the year ended 30 June 2020

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

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

\$ '000	Income from continuing operations		Expenses from continuing operations		Operating result from continuing operations		Grants included in income from continuing operations		Carrying amount of assets	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Functions or activities										
Civic Leadership	61	66	444	507	(383)	(441)	–	–	1,402	1,279
Environment	748	732	451	432	297	300	278	278	387	354
Economic Affairs	282	343	226	230	56	113	–	–	23	55
NSW Weeds Action Program	175	206	51	39	124	167	175	306	418	563
Total functions and activities	1,266	1,347	1,172	1,208	94	139	453	584	2,230	2,251

Notes to the Financial Statements

for the year ended 30 June 2020

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

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

Civic Leadership

Covers Key Civic Leadership activities including governance, administration, finance and risk management.

Environment

Includes activities regarding priority weeds management and control.

Economic Affairs

Includes activities of a private works nature.

NSW Weeds Action Program

Supports NSW wide programs specifically through the Northern Tablelands Regional Weed Committee.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations

\$ '000	AASB	2020	2019
(a) User charges and fees			
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s.608)			
Private works	15 (2)	275	227
Regulatory fees	15 (1)	3	3
Total fees and charges – statutory/regulatory		278	230
TOTAL USER CHARGES AND FEES		278	230

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

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

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

Accounting policy for user charges and fees

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

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

2019 accounting policy

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

\$ '000	AASB	2020	2019
(b) Other revenues			
Fines	1058 (1)	1	–
Commissions and agency fees	15 (1)	11	–
Other	15 (1)	8	15
TOTAL OTHER REVENUE		20	15

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

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

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

Accounting policy for other revenue

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

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

2019 accounting policy:

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Council and specific criteria have been met for each of the Council's activities as described below. Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

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

\$ '000	AASB	Operating 2020	Operating 2019	Capital 2020	Capital 2019
(c) Grants					
Specific purpose					
Priority weeds	1058 (1)	453	584	—	—
Total specific purpose		453	584	—	—
Total grants		453	584	—	—
Grant revenue is attributable to:					
— State funding		453	494	—	—
— Other funding		—	90	—	—
		453	584	—	—

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

\$ '000	AASB	Operating 2020	Operating 2019	Capital 2020	Capital 2019
(d) Contributions					
Other contributions:					
Cash contributions					
Other councils – joint works/services	1058 (1)	459	450	–	–
Other		–	9	–	–
Total other contributions – cash		459	459	–	–
Total other contributions		459	459	–	–
Total contributions		459	459	–	–
TOTAL GRANTS AND CONTRIBUTIONS		912	1,043	–	–

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

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

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

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

The performance obligations are varied based on the agreement but include the provision of assets or services. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Grant income

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

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

Accounting policy prior to 1 July 2019

Control over grants and contributions is normally obtained upon their receipt (or acquittal) and revenue is recognised at this time and is valued at the fair value of the granted or contributed asset at the date of transfer.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner, or used over a particular period, and those conditions were un-discharged at reporting date, the unused grant or contribution is disclosed below.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided at reporting date.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 3. Revenue from continuing operations (continued)

\$ '000	2020	2019
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(e) Unspent grants and contributions – external restrictions

Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner due to externally imposed restrictions.

Operating grants

Unexpended at the close of the previous reporting period	454	807
Add: operating grants received for the provision of goods and services in a future period	197	126
Less: operating grants recognised in a previous reporting period now spent (2019 only)	–	(479)
Less: operating grants received in a previous reporting period now spent and recognised as income	(233)	–
Unexpended and held as externally restricted assets (operating grants)	418	454

\$ '000	AASB 15 2020	AASB 1058 2020
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(f) Disaggregation of material revenue streams

The following shows the revenue recognition pattern for the material revenue streams of Council.

Revenue recognition at a point in time

Rates and annual charges	–	–
Financial assistance grants	–	–
User charges and fees	–	2
Grant revenue and non-developer contributions	–	912
Developer contributions	–	–
Fines	–	1
Sale of goods	–	–
Other	19	–
	19	915

Revenue recognised over time

Grant revenue	–	–
Grants to acquire or construct Council controlled assets	–	–
User charges and fees	275	–
	275	–

Notes to the Financial Statements

for the year ended 30 June 2020

Note 4. Interest and investment income

\$ '000	2020	2019
Interest on financial assets measured at amortised cost		
– Cash and investments	27	33
Total Interest and investment income	27	33
Interest revenue is attributable to:		
Unrestricted investments/financial assets:		
General Council cash and investments	27	33
Total interest and investment revenue	27	33

Accounting policy for interest and investment revenue

Interest income is recognised using the effective interest rate at the date that interest is earned.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations

\$ '000	2020	2019
(a) Employee benefits and on-costs		
Salaries and wages	664	685
Travel expenses	2	2
Employee leave entitlements (ELE)	(17)	(31)
Superannuation	64	64
Workers' compensation insurance	14	16
Other	6	14
Total employee costs	733	750
<u>TOTAL EMPLOYEE COSTS EXPENSED</u>	<u>733</u>	<u>750</u>
Number of 'full-time equivalent' employees (FTE) at year end	9	9
Number of 'full-time equivalent' employees (FTE) at year end (incl. vacancies)	9	9

Accounting policy for employee benefits and on-costs

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

\$ '000	2020	2019
(b) Materials and contracts		
Raw materials and consumables	178	171
Contractor and consultancy costs	8	2
Auditors remuneration ¹	11	10
Total materials and contracts	197	183
<u>TOTAL MATERIALS AND CONTRACTS</u>	<u>197</u>	<u>183</u>

1. Auditor remuneration

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

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

Audit and review of financial statements	11	10
Remuneration for audit and other assurance services	11	10
Total Auditor-General remuneration	11	10
Total Auditor remuneration	11	10

Notes to the Financial Statements

for the year ended 30 June 2020

Note 5. Expenses from continuing operations (continued)

\$ '000	Notes	2020	2019
(c) Depreciation, amortisation and impairment of non-financial assets			
Depreciation and amortisation			
Plant and equipment		93	89
Office equipment		9	7
Total depreciation and amortisation costs		<u>102</u>	<u>96</u>
<u>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT FOR NON-FINANCIAL ASSETS</u>		<u>102</u>	<u>96</u>

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

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

\$ '000	2020	2019
(d) Other expenses		
Advertising	3	7
Training costs (other than salaries and wages)	23	10
Aircraft hire	5	—
Bad and doubtful debts	1	—
Councillor expenses – Chairpersons fee	6	6
Councillor expenses – councillors' fees	12	6
Councillors' expenses (incl. mayor) – other (excluding fees above)	4	1
Electricity and heating	2	2
Insurance	25	22
Office expenses (including computer expenses)	13	6
Postage	1	3
Printing and stationery	2	3
Rent	14	13
Subscriptions and publications	17	4
Telephone and communications	10	8
Other	2	88
Total other expenses	<u>140</u>	<u>179</u>
<u>TOTAL OTHER EXPENSES</u>	<u>140</u>	<u>179</u>

Accounting policy for other expenses

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 6. Gain or loss from disposal of assets

\$ '000	Notes	2020	2019
Plant and equipment	10		
Proceeds from disposal – plant and equipment		47	53
Less: carrying amount of plant and equipment assets sold/written off		(18)	(27)
Net gain/(loss) on disposal		29	26
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		29	26

Accounting policy for disposal of assets

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

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

Note 7(a). Cash and cash equivalents

\$ '000	2020	2019
Cash and cash equivalents		
Cash on hand and at bank	48	19
Cash-equivalent assets		
– Deposits at call	726	856
– Short-term deposits	–	957
Total cash and cash equivalents	774	1,832

Accounting policy for cash and cash equivalents

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

Note 7(b). Investments

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Investments				
a. 'Financial assets at amortised cost'	1,000	–	–	–
Total Investments	1,000	–	–	–
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS	1,774	–	1,832	–
Financial assets at amortised cost				
Term deposits	1,000	–	–	–
Total	1,000	–	–	–

Accounting policy for investments

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 7(b). Investments (continued)

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

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

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

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

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Total cash, cash equivalents and investments	1,774	—	1,832	—
attributable to:				
External restrictions	418	—	454	—
Internal restrictions	324	—	352	—
Unrestricted	1,032	—	1,026	—
	1,774	—	1,832	—

\$ '000	2020	2019
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Details of restrictions

External restrictions – included in liabilities

Specific purpose unexpended grants (2020 only)

External restrictions – included in liabilities

External restrictions – other

Specific purpose unexpended grants (recognised as revenue)

External restrictions – other

Total external restrictions

Internal restrictions

Plant and vehicle replacement

Employees leave entitlement

Total internal restrictions

TOTAL RESTRICTIONS

223	—
223	—
195	454
195	454
418	454
184	195
140	157
324	352
742	806

Notes to the Financial Statements

for the year ended 30 June 2020

Note 8. Receivables

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Purpose				
Accrued revenues				
– Interest on investments	1	–	5	–
Other debtors	22	–	50	–
Total	23	–	55	–
Less: provision of impairment				
User charges and fees	(1)	–	–	–
Total provision for impairment – receivables	(1)	–	–	–
<u>TOTAL NET RECEIVABLES</u>	<u>22</u>	<u>–</u>	<u>55</u>	<u>–</u>

Accounting policy for receivables

Recognition and measurement

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. 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.

Note 9. Inventories and other assets

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Inventories				
(i) Inventories at cost				
Stores and materials	47	–	10	–
Total inventories at cost	47	–	10	–
<u>TOTAL INVENTORIES</u>	<u>47</u>	<u>–</u>	<u>10</u>	<u>–</u>

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 the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 10. 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	Additions renewals ¹	Carrying value of disposals	Depreciation expense	Gross carrying amount	Accumulated depreciation	Net carrying amount
\$ '000									
Plant and equipment	628	(293)	335	143	(18)	(93)	669	(302)	367
Office equipment	77	(58)	19	10	—	(9)	87	(67)	20
Total Infrastructure, property, plant and equipment	705	(351)	354	153	(18)	(102)	756	(369)	387

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

Notes to the Financial Statements

for the year ended 30 June 2020

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

	as at 30/06/18			Asset movements during the reporting period			as at 30/06/19		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals ¹	Carrying value of disposals	Depreciation expense	Gross carrying amount	Accumulated depreciation	Net carrying amount
\$ '000									
Plant and equipment	589	(277)	312	139	(27)	(89)	628	(293)	335
Office equipment	69	(52)	17	9	—	(7)	77	(58)	19
Total Infrastructure, property, plant and equipment	658	(329)	329	148	(27)	(96)	705	(351)	354

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

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

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

Accounting policy for infrastructure, property, plant and equipment

Infrastructure, property, plant and equipment are held at cost.

Depreciation for assets is calculated using the straight line method to allocate their cost, net of their residual value, over their estimated useful lives as follows:

Plant and equipment	Years
Office equipment	5 to 10
Office furniture	10 to 20
Computer equipment	4
Vehicles	5 to 8

Notes to the Financial Statements

for the year ended 30 June 2020

Note 11. Contract assets and liabilities

\$ '000	Notes	2020 Current	2020 Non-current
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Contract liabilities

Grants and contributions received in advance:

Unexpended operating grants (received prior to performance obligation being satisfied)

(i) 53 —

Total grants received in advance:

53 —

Total contract liabilities

53 —

Notes

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

\$ '000	2020 Current	2020 Non-current
---------	-----------------	---------------------

(i) Contract liabilities relating to restricted assets**Externally restricted assets**

Unspent grants held as contract liabilities

53 —

Contract liabilities relating to externally restricted assets

53 —

Total contract liabilities relating to restricted assets

53 —

Total contract liabilities relating to unrestricted assets

— —

Total contract liabilities

53 —

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

Grants and contributions received in advance:

Operating grants (received prior to performance obligation being satisfied)

11

Total Revenue recognised during the financial year that was included in the contract liability balance at the beginning of the period

11

Notes to the Financial Statements

for the year ended 30 June 2020

Note 12. Leases

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

Council has leases over land and buildings. Information relating to the leases in place and associated balances and transactions is provided below.

Terms and conditions of leases

Council leases office space and depot land and buildings. The lease for both of these terminates on 30 June 2020. Council has not entered into a further leasing arrangement but is expecting the arrangement to become a month to month payment as at 1 July 2020. Council is planning to construct its own office and depot space within the next twelve months. Given the above, Council has not recognised any lease transactions.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 13. Payables and borrowings

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Payables				
Goods and services – operating expenditure	–	–	11	–
Accrued expenses:				
– Salaries and wages	5	–	5	–
– Other expenditure accruals	28	–	7	–
GST payable	10	–	37	–
DPI Weeds Capacity Building	107	–	110	–
DPI Parthinium Fund	63	–	–	–
Total payables	213	–	170	–
Comment re: DPI Liabilities				
Council has received monies from DPI related to a weed capacity building project and a parthinium management project. These funds have not been included as revenue nor any monies transferred to other entities as expenses.				
The Council has acted merely as an agent.				
TOTAL PAYABLES AND BORROWINGS	213	–	170	–

(a) Payables and borrowings relating to restricted assets

There are no restricted assets (external or internal) applicable to the above payables and borrowings

\$ '000	2020	2019
(b) Financing arrangements		
(i) Unrestricted access was available at balance date to the following lines of credit:		
Credit cards/purchase cards	5	5
Total financing arrangements	5	5
Undrawn facilities as at balance date:		
– Credit cards/purchase cards	10	10
Total undrawn financing arrangements	10	10

Accounting policy for payables and borrowings

Council measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Council comprise trade payables.

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.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 14. Provisions

\$ '000	2020 Current	2020 Non-current	2019 Current	2019 Non-current
Provisions				
Employee benefits				
Annual leave	38	–	46	–
Long service leave	85	–	92	–
ELE on-costs	17	–	19	–
Sub-total – aggregate employee benefits	140	–	157	–
TOTAL PROVISIONS	140	–	157	–

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

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	85	89
	85	89

Employee benefits**Short-term obligations**

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

Other long-term employee benefit obligations

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

On-costs

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors**(a) Nature and purpose of reserves****Infrastructure, property, plant and equipment revaluation reserve**

Council has no revaluation reserves.

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

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

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

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

Council recognised a contract liability of \$20,000 and a financial liability of \$174,000, both of which were previously held as an unexpended grant.

Statement of Financial Position

\$ '000	Original Balance 1 July, 2019	Impact Increase/ (decrease)	Restated Balance 1 July, 2019
Contract Liabilities	–	20	20
Payables	–	174	174
Total liabilities	–	194	194
Accumulated Surplus	1,924	(194)	1,730
Total equity	–	(194)	(194)

(ii) AASB 15 and AASB 1058

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

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

Principal v agent

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

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

Notes to the Financial Statements

for the year ended 30 June 2020

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

Grants – operating

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

Changes in presentation

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

Presentation changes resulting from the adoption of AASB 15 are:

- Additional line item of contract liabilities has been created.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 15. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)**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
Current assets					
Cash and cash equivalents	774	—	—	774	
Investments	1,000	—	—	1,000	
Receivables	22	—	—	22	
Inventories	47	—	—	47	
Total current assets	1,843	—	—	1,843	
Current liabilities					
Payables	213	(63)	—	150	
Contract liabilities	53	(53)	—	—	
Provisions	140	—	—	140	
Total current liabilities	406	(116)	—	290	
Non-current assets					
Infrastructure, property, plant and equipment	387	—	—	387	
Total non-current assets	387	—	—	387	
Net assets	1,824	116	—	1,940	
Equity					
Accumulated surplus	1,824	116	—	1,940	
Total Equity	1,824	116	—	1,940	

Under previous standards, Council would recognise grant income on receipt of the cash and maintain the unspent proportion as a restricted asset.

Notes to the Financial Statements

for the year ended 30 June 2020

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

\$ '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>					
User charges and fees	278	–	–	278	
Other revenues	20	(11)	–	9	
Grants and contributions provided for operating purposes	912	45	–	957	
Interest and investment income	27	–	–	27	
Net gains from the disposal of assets	29	–	–	29	
Total Income from continuing operations	1,266	34	–	1,300	
<u>Expenses from continuing operations</u>					
Employee benefits and on-costs	733	–	–	733	
Materials and contracts	197	111	–	308	
Depreciation and amortisation	102	–	–	102	
Other expenses	140	–	–	140	
Total Expenses from continuing operations	1,172	111	–	1,283	
Total Operating result from continuing operations	94	(77)	–	17	
Net operating result for the year	94	(77)	–	17	
Total comprehensive income	94	(77)	–	17	

The additional grant income would be recognised on receipt and additional expenditure would be incurred in forwarding payments from unexpended grants.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 16. Statement of cash flow information

\$ '000	Notes	2020	2019
(a) Reconciliation of cash and cash equivalents			
Total cash and cash equivalents per Statement of Financial Position	7(a)	774	1,832
Balance as per the Statement of Cash Flows		774	1,832
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		94	139
Adjust for non-cash items:			
Depreciation and amortisation		102	96
Net losses/(gains) on disposal of assets		(29)	(26)
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		32	16
Increase/(decrease) in provision for impairment of receivables		1	—
Decrease/(increase) in inventories		(37)	4
Increase/(decrease) in payables		(11)	5
Increase/(decrease) in other accrued expenses payable		21	(24)
Increase/(decrease) in other liabilities		(141)	137
Increase/(decrease) in contract liabilities		33	—
Increase/(decrease) in provision for employee benefits		(17)	(31)
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		48	316

Notes to the Financial Statements

for the year ended 30 June 2020

Note 17. Commitments

\$ '000	2020	2019
Non-cancellable operating lease commitments (2019 only)		
a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:		
Within the next year	–	14
Later than one year and not later than 5 years	–	14
Total non-cancellable operating lease commitments	–	28

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

Rental of office and depot from Armidale Regional Council

Contingent rentals may be payable depending on the condition of items or usage during the lease term.

Refer to Note 15 for information relating to leases for 2020.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 18. Financial risk management

Risk management

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

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

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

Financial risk management is carried out by Council's General Manager under policies approved by the Council.

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

\$ '000	Carrying value 2020	Carrying value 2019	Fair value 2020	Fair value 2019
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	774	1,832	774	1,832
Receivables	22	55	22	55
Investments				
– 'Financial assets at amortised cost'	1,000	–	1,000	–
Total financial assets	1,796	1,887	1,796	1,887
Financial liabilities				
Payables	213	170	213	55
Total financial liabilities	213	170	213	55

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.

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

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

The risks associated with the investments held are:

- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

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

Notes to the Financial Statements

for the year ended 30 June 2020

Note 18. Financial risk management (continued)

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

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

\$ '000	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
2020				
Possible impact of a 1% movement in interest rates	17	17	(17)	(17)
2019				
Possible impact of a 1% movement in interest rates	18	18	(18)	(18)

(b) Credit risk

Council's major receivables comprise user charges and fees.

The major risk associated with these receivables is credit risk – the risk that debts due and payable to Council may not be repaid in full.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures.

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

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

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

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

A profile of Council's receivables credit risk at balance date follows:

Receivables - non-rates and annual charges

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

Council does not believe there is sufficient risk of losses at reporting date.

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
2020						
Gross carrying amount	–	6	7	10	–	23
Expected loss rate (%)	0.00%	0.00%	0.00%	10.00%	0.00%	4.35%
ECL provision	–	–	–	1	–	1
2019						
Gross carrying amount	–	23	7	20	5	55
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	–	–	–	–	–	–

Notes to the Financial Statements

for the year ended 30 June 2020

Note 18. Financial risk management (continued)

(c) Liquidity risk

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

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

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

The contractual undiscounted cash outflows of Council's payables are set out in the maturity table below:

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in:		Total cash outflows	Actual carrying values
				1 - 5 Years	> 5 Years		
2020							
Trade/other payables	0.00%	33	180	–	–	213	213
Total financial liabilities		33	180	–	–	213	213
2019							
Trade/other payables	0.00%	55	115	–	–	170	170
Total financial liabilities		55	115	–	–	170	170

Notes to the Financial Statements

for the year ended 30 June 2020

Note 19. Material budget variations

Council's original financial budget for 19/20 was adopted by the Council on 18/06/2019 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 -----	
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REVENUES

User charges and fees	102	278	176	173%	F
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Council was funded for many projects that were not in the original budget. Additionally, Council was fortunate to provide increased private works meaning a significant increase in user charges.

Other revenues	2	20	18	900%	F
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Additional rebates were received from Council's insurers and Council received additional commissions on funds held for DPI activities

Net gains from disposal of assets	5	29	24	480%	F
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Council is obtaining better than expected returns on its vehicle sales. Council has reviewed its depreciation rates going forward.

EXPENSES

Employee benefits and on-costs	629	733	(104)	(17)%	U
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Council's original budget included an incorrect split between employee costs and materials and contracts. A \$100,000 adjustment was recognised in Council's 2nd quarter review.

Materials and contracts	172	197	(25)	(15)%	U
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The additional project costs and private works increases have also increased materials and contracts costs.

STATEMENT OF CASH FLOWS

Cash flows from operating activities	90	48	(42)	(47)%	U
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Council reduced its total unexpended grants by over \$100,000 which impacted its cash flows from operating activities.

Cash flows from investing activities	(90)	(1,106)	(1,016)	1,129%	U
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Council invested \$1,000,000 in longer term securities seeking a better return, effectively increasing Council's cash from investing activities.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 20. Related party disclosures

(a) Key management personnel

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

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

\$ '000	2020	2019
Compensation:		
Short-term benefits	168	166
Post-employment benefits	14	15
Termination benefits	–	11
Total	182	192

(b) Other transactions with KMP and their related parties

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

Nature of the transaction	Value of transactions during year	Outstanding balance (incl. loans and commitments)	Terms and conditions	Provisions for impairment of receivables outstanding	Expense recognised for impairment of receivables
\$ '000					
2020					
Financial Management Contract	1	–	14 days	–	–
2019					
Financial Management Contract	2	–	14 days	–	–

Council contracted a business to assist in financial matters. A KMP is an associate of that Business.

Notes to the Financial Statements

for the year ended 30 June 2020

Note 21(a). Statement of performance measures – consolidated results

\$ '000	Amounts 2020	Indicator 2020	Prior periods 2019 2018		Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1, 2}	65	5.25%	8.55%	10.34%	>0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	1,237				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	325	26.27%	21.04%	30.53%	>60.00%
Total continuing operating revenue ¹	1,237				
3. Unrestricted current ratio					
Current assets less all external restrictions	1,425	5.32x	6.06x	5.85x	>1.50x
Current liabilities less specific purpose liabilities	268				
4. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	1,774	19.69 mths	21.53 mths	17.21 mths	>3.00 mths
Monthly payments from cash flow of operating and financing activities	90				

(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

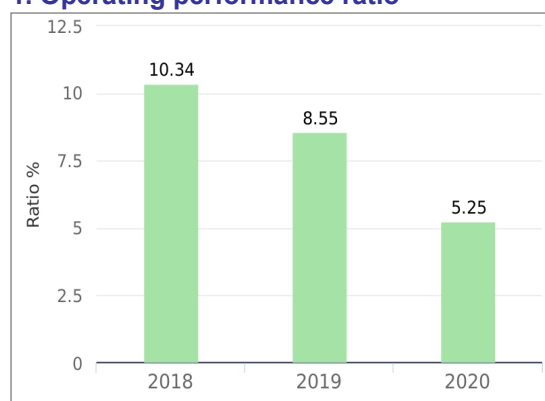
(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

Notes to the Financial Statements

for the year ended 30 June 2020

Note 21(b). Statement of performance measures – consolidated results (graphs)

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2019/20 result

2019/20 ratio 5.25%

A position above or equal to break even is considered to be optimal. This result reflects the reduction of unexpended grants which is included in operating expenditure.

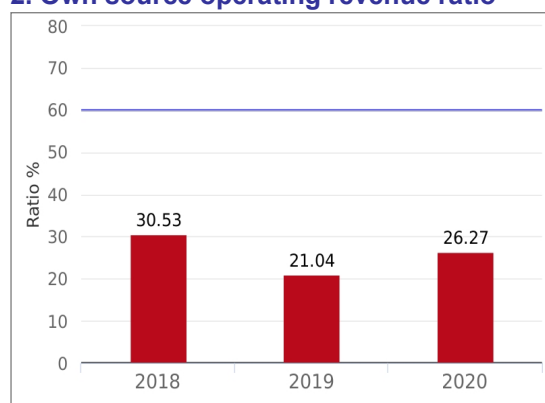
Benchmark: — > 0.00%

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 26.27%

A benchmark of 60% has been established. The authority receives most of its revenue from grants and contributions.

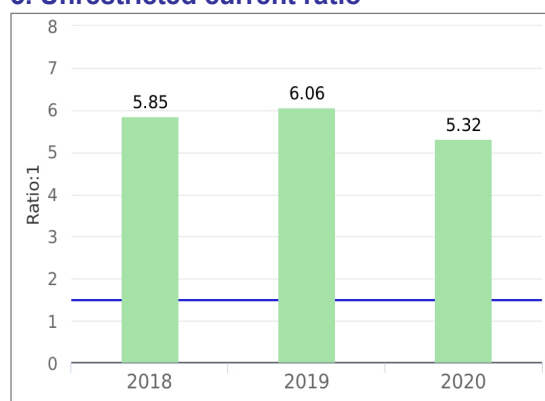
Benchmark: — > 60.00%

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 5.32x

A benchmark above 1.5 is recommended. The Authority is above benchmark

Benchmark: — > 1.50x

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

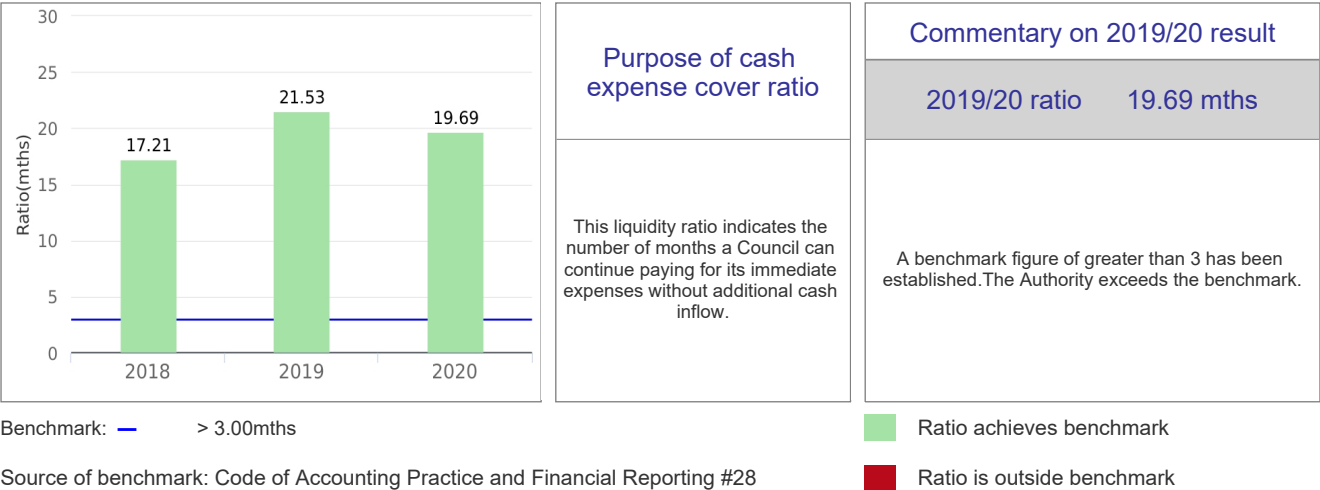
Ratio achieves benchmark

Ratio is outside benchmark

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

Note 21(b). Statement of performance measures – consolidated results (graphs)

4. Cash expense cover ratio



Notes to the Financial Statements

for the year ended 30 June 2020

Note 22. Council information and contact details

Principal place of business:

2/129 Rusden Street
ARMIDALE NSW 2350

Contact details

Mailing Address:

129 Rusden Street
ARMIDALE NSW 2350

Telephone: 02 6770 3602

Facsimile: 02 6771 1893

Opening hours:

7.30am to 4.30pm
Monday to Friday
Except Public Holidays

Internet: www.newa.com.au

Email: newa@newa.nsw.gov.au

Officers

General Manager

John Duggan

Responsible Accounting Officer

John Duggan

Public Officer

John Duggan

Auditors

Audit Office of New South Wales
Level 19, Darling Park Tower 2,
201 Sussex Street
SYDNEY NSW 2000.

Elected members

Chairperson

Clr Mark Dusting

Councillors

Mark Dusting
Jon Galletly
Scott Kermode
Libby Martin
Andrew Murat

Other information

ABN: 35 514 070 354



Our Environment
Our Community
Our Council
Our Responsibility