



Goldenfields
Water

ANNUAL REPORT

2018 - 2019

INTEGRITY

TRUST

RESPECT

TEAMWORK

CONTINUOUS IMPROVEMENT



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Vision

To be innovative leaders in the supply and distribution of water through regional efficiency, technical excellence and customer service.

Mission

Mission Statement

To provide regional economic opportunity and lifestyle choices through provision of a quality water supply by innovative leadership showing environmental responsibility in cooperation with the community, constituent councils and governments

Values

Integrity

All staff act in the best interest of the communities that we serve, demonstrating and promoting moral and ethical principles in all that we do.

Trust

Built on from the value of Integrity, mutual trust is established between teams and staff at all levels. Open communication lines and transparency in our operations reflects and further builds on this trust.

Respect

All staff treat others with courtesy, politeness and kindness. Differences in viewpoints and beliefs are recognised and considered, with all people being treated fairly and equally.

Teamwork

All staff work together collaboratively and support one another in achieving the operational objectives of GWCC. Our staff understand the importance of working with each other to achieve our objectives.

Continuous Improvement

Staff feel confident and comfortable to offer ideas and suggestions to ensure that GWCC is continually working to deliver better services to our community and finding more efficient ways of undertaking business.



Chairperson's Message

It has been my pleasure to represent Goldenfields Water in the role of Chairperson during the 2018/19 Financial Year.

Goldenfields has reached for, and achieved the essence of our mission statement during the 2018/19 financial year, through the collaborative efforts of all our stakeholders.

Delivering the community's essential water supply services each day requires a firm commitment to innovative, long term planning. The recruitment of Aaron Drenovski as General Manager has provided the stability for the organisation to plan for the future.

Capital works has featured heavily during the 2018/19 financial year, with a total investment of close to \$10 million dollars. Of note is the completion of Stage 1 of the Mandamah Scheme, delivering much needed water to the area's farmers.

The dry times have created a difficult financial environment for many in the region. Goldenfields increased flow rates and access to key bulk filling stations while reducing the charges by 25% for 6 months in an effort to lessen the financial impact.

Goldenfields understands the importance of connecting with our residents and has provided an innovative way of staying connected through the MyH2O app – empowering customers to monitor usage and conserve water.

Deputy Chairperson David McCann, General Manager Aaron Drenovski and I have spent considerable time speaking with Ministers and local representatives in an effort to secure funding for Goldenfields Water. While this campaigning has so far been without success, Goldenfields is proud to be self-funded, relying on own source income for ongoing operations.

Achieving ambitious goals is never done in isolation. The successes of the organisation throughout 2018/19 are a credit to all of Goldenfields Water's stakeholders; the Board, Management, Staff and largely the Community. I would like to extend my gratitude to all that have contributed to the success of the organisation during 2018/19.

Dennis Palmer

Chairperson



General Manager's message

I am pleased to have joined Goldenfields Water as General Manager in the last quarter of the 2018/19 Financial Year, finding an organisation that is well governed by a committed and proactive Board, and driven by dedicated, knowledgeable staff.

Despite the changes in leadership over the last 12 months, the collective effort of all stakeholders has ensured the organisations objectives have been achieved during the 2018/19 financial year.

There has been a strong focus on community education and engagement and the delivery of an ambitious Capital works program, with some of the key results and highlights including:

- Completion of Stage 1 of the Mandamah Scheme featuring 60km of pipeline, 2 new reservoirs and a pump station upgrade
- Proactive identification and restoration of high risk mains including Bussenschutts Lane mains replacement
- Implementation of the Backflow Installation Program to safeguard against contamination
- Successful delivery of the inaugural 'Depth Days', a student educational program aligning with the curriculum

- Development and successful rollout of the Goldenfields Water App to our customers, promoting water conservation and providing an essential point of collaborative community contact.
- Installation of bulk filling stations, effectively increasing access to water, and reducing fill times, which aims to mitigate the impact of the dry times being experienced.

I am keen to foster an organisational culture that promotes an innovative and strategic environment in order for Goldenfields to continue to meet the community's expectations and to find solutions to the challenges that arise in the delivery of a continued secure water supply.

I am appreciative of the support of the Board, and grateful for the efforts of staff, both have been instrumental in achieving the results detailed within this report.

Aaron Drenovski

General Manager



Profile

Goldenfields Water is a single-purpose county council that has been responsible for providing water supply services to many communities in the South West Slopes and Riverina regions of NSW since 1997.

Goldenfields Water's supply system covers 22,500 square kilometres between the Lachlan and Murrumbidgee rivers. It services over 46,000 people and includes more than 2,400 kilometres of water mains (the longest in NSW).

Water is sourced from protected natural catchments at Jugiong, Oura, Mt Arthur, Mt Daylight and Hylands Bridge before undergoing a world-class purification process at either of its two water treatment plants.

As a county council Goldenfields Water is a unique organisation given it is made up of seven constituent councils that each depend on it to deliver essential drinking water for their communities.

Goldenfields Water's seven constituent councils are:

- Bland Shire Council
- Coolamon Shire Council
- Junee Shire Council
- Temora Shire Council
- Cootamundra-Gundagai Regional Council
- Narrandera Shire Council
- Hilltops Council
-

Currently, Goldenfields Water supplies all drinking water directly to the almost 11,000 rural, residential, commercial and other properties in the local government areas of Bland, Coolamon, Junee, Temora, and parts of Cootamundra-Gundagai and Narrandera.

Goldenfields Water supplies water in bulk to Cootamundra-Gundagai and Hilltops councils, which then distribute water directly to their residents (except those already supplied directly by Goldenfields Water in parts of Cootamundra-Gundagai).

It also provides non-potable water (untreated water for non-drinking purposes) directly to 250 properties as well as water in bulk to Riverina Water County Council.



The Board

The Goldenfields Water Board is the governing body responsible for managing the affairs of Goldenfields Water County Council.

Goldenfields Water's constituent councils elect the Board members from among their councillors. The Board is currently comprised of eight members – one elected from six on the constituent councils and two elected from Hilltops Council.

Ordinary meetings of the Board are currently held six times a year (on the fourth Thursday of every second month). Meetings of a county council are subject to the requirements of the Local Government Act 1993 (NSW).

The Board elects a Chairperson from amongst its members. The Chairperson holds office for one year and is responsible for presiding at Board meetings as well as exercising other functions of the county council as the Board determines. The Board also elects a deputy Chairperson.





Annual Report Explained

As a NSW county council, Goldenfields Water is required as part of the Integrated Planning and Reporting framework for NSW local government to implement a suite of interrelated strategic planning documents.

The documents include a long-term Business Activity Strategic Plan, a four-year Delivery Program as well as an annual Operational Plan. These documents are supported by the Resourcing Strategy, which comprises a Long Term Financial Plan, Workforce Management Plan and an Asset Management Plan.

At the end of each financial year, an annual report must be produced that provides information to the community about Goldenfields Water's achievements in implementing its Delivery Program. It also needs to report on the effectiveness of the principal activities Goldenfields Water has undertaken to achieve the objectives in the Business Activity Strategic Plan. These details can be found in the Delivery Program Progress section of this Annual Report.

Goldenfields Water's Annual Report must also include financial, asset and other information that is prescribed by the Local Government (General) Regulation 2005 (NSW) and the Integrated Planning and

Reporting Guidelines. This information aims to help community members understand how Goldenfields Water has been performing both as a service provider and a community leader. It can be found in Section 3: Statutory Reporting of this Annual Report.

Goldenfields Water is also required to include a copy of its audited financial reports. These are reported in the Financial Statements section of this Annual Report.



Integrated Planning and Reporting framework

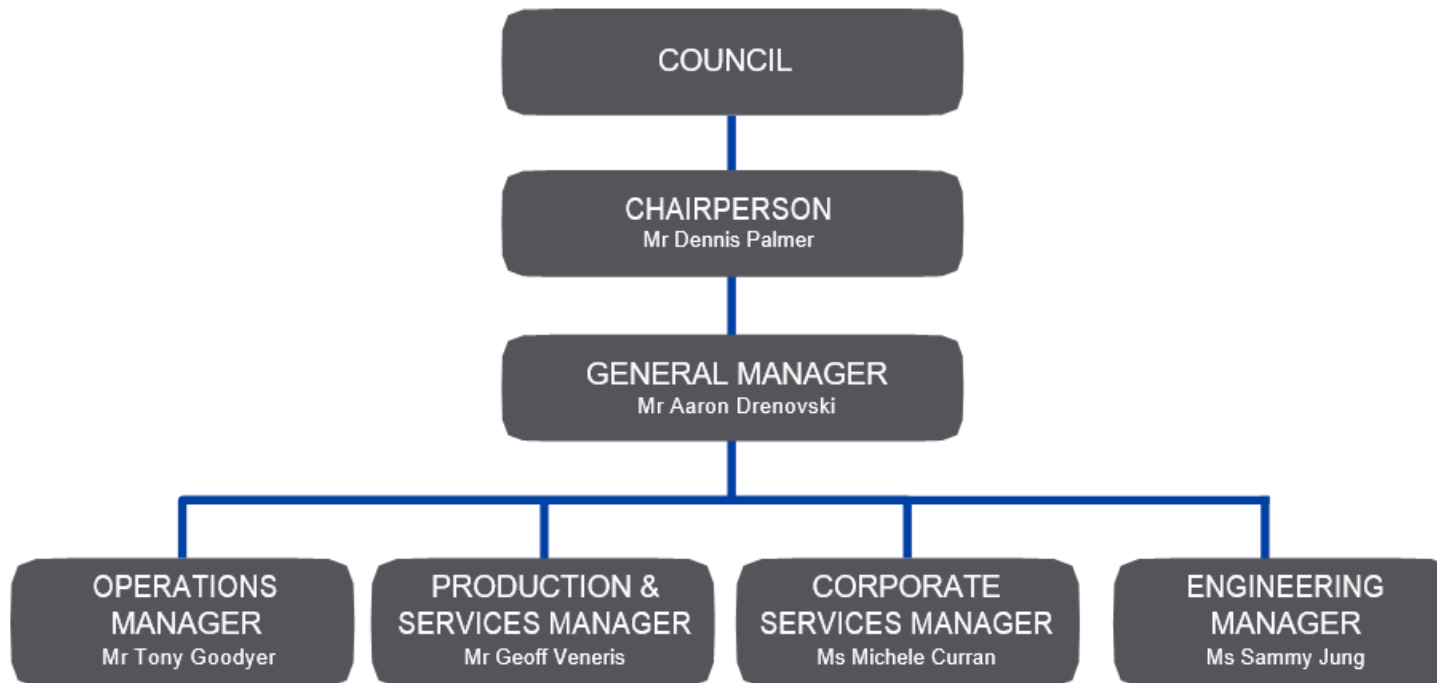




Organisational Structure

Goldenfields Water's organisational structure operates under the direction of its Board. The Board must appoint a General Manager to lead Goldenfields Water's day-to-day operations.

The organisational structure consists of five business units – the General Manager's Office, Operations, Production & Services, Engineering, and Corporate Services





DELIVERY PROGRAM PROGRESS

2017-2021

REPORTING ON PROGRESS

Under the Integrated Planning and Reporting framework the main focus of the Annual Report is Goldenfields Water's progress in implementing its four year Delivery Program and annual Operational Plan.

This section contains the report on Goldenfields Water's Delivery Program progress for 2018/19.

It is categorised in-line with the nine strategic priorities established by its long-term Business Activity Strategic Plan and the strategic objectives, strategies and actions outlined in its 2017/21 Delivery Program and 2018/19 Operational Plan to achieve those priorities.



Green – Completed



Blue – Progressing



Red – Not yet started



1: Excellence in service provision

1.1: Monitor and report compliance with regulatory, service and other organisational requirements

1.1.1: Monitoring of organisation and operational performance is regular, accessible and understandable

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
1.1.1.1	Monitoring of organisational and operational performance is regular, accessible and understandable.	Efficient processes implemented to ensure compliance with Local Government regulations.	Corporate Services Manager		100%	Corporate planning and reporting undertaken in accordance with Local Government requirements. Operational plan adopted by Council, progress reviewed 6 monthly, quarterly budget reviews undertaken. Annual report not yet due, but on target for completion.

1.1.3: Clearly defined levels of service for our customers

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
1.1.3.1	Ensure levels of service for residential customers are identified within the strategic business plan and are monitored as part of benchmark reporting.	Benchmark reporting completed. Strategic business plan to be reviewed every 4 years.	General Manager		100%	Levels of service have been identified and reported on as part of the required benchmark reporting.



1.2: Provide a reliable and quality drinking water supply

1.2.1: Water quality meets or exceeds the Australian Drinking Water Guidelines

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
1.2.1.1	Monitor water quality management plan	Water quality management plan developed and implemented	Production & Services Manager		100%	A review of Goldenfields Water's Drinking Water Management System was completed in October 2018. The review confirmed that all Public Health water quality results have conformed to the Drinking Water Management System requirements for the previous financial year. The Annual review and Report is completed in October every year and submitted to NSW Public Health for review.



1.2.2: Assets are managed strategically, across whole of life to improve delivery of services and financial management

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
1.2.2.1	Annually review asset performance data	Asset renewals are reprioritised based on performance data	Engineering Manager		100%	3yr asset renewal program developed following work shop. 12 month budget approved by the Board
1.2.2.2	Revise and implement Asset Management Plan	Asset Management Plan adopted	Engineering Manager		25%	Significant groundwork undertaken to better understand asset base and classes. Prioritisation framework developed to aid the development of capital works program for inclusion in Asset Management Plan.
1.2.2.3	Undertake capital works program	Achieve greater than 85% of program	Engineering Manager		100%	94% of capital budget expenditure
1.2.2.4	Undertake maintenance program	Achieve greater than 85% of program	Operations Manager		100%	High priority areas re air valves, stop valves & hydrants was targeted by the Distribution Group. In excess of 100 of these assets were replaced and/or refurbished thus resulting in a reduction of bursts and asset failures within these targeted areas. Operations is currently undertaking an audit to identify other high priority areas where maintenance works can commence in the next quarter
1.2.2.5	Strategic review of water treatment facilities	30 Year strategic review completed at all water treatment facilities	Production & Services Manager		100%	The Oura 30 year Strategic Asset Management Plan has now been completed.



Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
1.2.2.6	Review valuation of assets	Valuation completed and asset register updated	Engineering Manager		100%	More work to be completed as part of Asset Management Plan and associated tasks

1.2.3: Contamination resulting from backflow is minimised

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
1.2.3.1	Develop and implement backflow prevention installation program	Achieve greater than 85% of program	Engineering Manager		85%	On track to complete per 3yr program
1.2.3.2	Identify strategic locations with our key stakeholders for fixed standpipes	Fixed standpipe locations identified in each constituent council area	Engineering Manager		75%	Further location identified in Ardlethan pending Grant Funding

1.2.4: Water mains are systematically renewed and extended, based on asset performance data

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
1.2.4.1	Develop and implement a water main renewal program	Achieve greater than 85% of program	Engineering Manager		100%	Problem areas identified. Prioritisation and program developed and will be included in asset management plan and long term financial plan



1.2.5: Water Pumping Stations are systematically renewed based on asset performance data

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
1.2.5.1	Develop and implement a water pumping station renewal program	Achieve greater than 85% of program	Production & Services Manager		100%	All water pump stations have been identified and included into a manual register for maintenance based on hours ran and time. Ad-hoc renewals have been undertaken in the past due to immature asset failure. Staff will be working towards developing a more automated asset reporting system in future years to increase administrative efficiencies and data quality

1.2.6: Trunk mains are systematically renewed based on asset performance data

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
1.2.6.1	Develop and implement a trunk main renewal program	Achieve greater than 85% of program	Engineering Manager		85%	Further program developed as part of asset management plan and capital works program next financial year

1.2.7: Reservoir relining is planned and programmed based on asset performance data

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
1.2.7.1	Develop and implement a reservoir relining program	Achieve greater than 85% of the program	Engineering Manager		100%	Program will be further updated in Asset Management Plan



1.2.8: Telemetry system is systematically renewed and extended, based on asset performance data

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
1.2.8.1	Develop and implement a telemetry renewal program	Achieve greater than 85% of program	Production & Services Manager		80%	An audit has been completed for the existing telemetry communication network and associated assets. The design of a new network has been completed with four new sites being setup for new tower installations. Current network failures of the old system have obstructed the delivery of a strategic renewal program. It is proposed that once the high risk, imminent failure assets have been corrected, staff will complete a formalised proactive renewal program during the 2019/2020 financial year.
1.2.8.2	Develop and implement a Telemetry expansion program	Achieve greater than 85% of program	Production & Services Manager		100%	New Telemetry sites are being installed across the scheme at locations where there is a high risk of failure of water quality parameters. New water quality analysers have been installed at critical locations across the scheme including the Jugiong Water Treatment Plant. These analysers include Chlorine and Turbidity meters which allows staff to maintain a live visual of water quality parameters through remote login access.



1.2.9: Flow meters are systematically renewed and extended, based on asset performance data

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
1.2.9.1	Develop and implement a flow meter renewal program	Achieve greater than 85% of program	Engineering Manager		30%	Meter replacement program in development and part of asset management planning
1.2.9.2	Develop and implement a flow meter expansion program	Achieve greater than 85% of program	Engineering Manager		20%	Ongoing

1.2.10: System valves are systematically renewed and extended, based on asset performance data

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
1.2.10.1	Develop and implement a air valve, scour, reflux renewal program	Achieve greater than 85% of program	Engineering Manager		50%	Further development for inclusion in asset management plan
1.2.10.2	Develop and implement a pressure reducing valve and surge tank renewal program	Achieve greater than 85% of the program	Engineering Manager		85%	Requires further development of program. Some surge tanks will be removed due to system modifications and/or operational changes with future main replacements
1.2.10.4	Develop and implement a control valve renewal program	Achieve greater than 85% of program	Engineering Manager		30%	New control valve to be installed at Wyalong to allow pump station to be taken off line during low demand period. Standardisation of valves taking place to reduce spares. Identification of valves for replacement/standardisation ongoing



Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
1.2.10.6	Develop and implement a stop valve renewal program	Achieve greater than 85% of program	Engineering Manager		50%	Finalize for inclusion in asset management plan

1.2.11: Hydrants are systematically renewed based on asset performance data

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
1.2.11.1	Develop and implement a hydrant renewal program	Achieve greater than 85% of program	Engineering Manager		0%	Finalise for inclusion in asset management plan



1.2.12: Instrumentation installations are systematically renewed and extended, based on asset performance data

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
1.2.12.1	Develop and implement an instrumentation renewal program	Achieve greater than 85% of program	Production & Services Manager		100%	Instrumentation at the Jugiong and Oura Water Treatment Plants are reviewed and replaced when required on an annual basis. Additional mobile Chlorine and Turbidity analysers for field testing have been purchased this year to replace the old units for field staff.
1.2.12.2	Develop and implement an instrumentation expansion program	Achieve greater than 85% of program	Production & Services Manager		100%	The review and identification of new laboratory instrumentation is being undertaken on an ongoing basis for increasing Goldenfields Water's capability of in house monitoring of core water quality parameters, such as Iron and Manganese. The purchase of a new spectrophotometer unit has been purchased to undertake operational testing for Iron and Manganese.



1.2.13: We inform and involve our community about projects, programs and other activities

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
1.2.13.1	Maintain and publish information on Council website	Provision of timely, accurate and relevant information	General Manager	●	100%	Goldenfields continues to utilise their website as one of the main methods of communicating and distributing information to their customers and community.
1.2.13.2	Proactively provide project specific information to relevant stakeholders as required	Provision of timely, accurate and relevant information	General Manager	●	100%	Information has been provided to our relevant stakeholders through emails, face to face meetings, digital media and community presentations and meetings.
1.2.13.3	Report financial information internally	To ensure all internal financial reporting is compliant with the Act and Regulations.	Corporate Services Manager	●	100%	Monthly reports provided to management. Reporting within the new Authority system will be refined to ensure useful information is being produced for decision making and budget development purposes.
1.2.13.4	Report financial performance to regulators and the community	To ensure all external financial reporting is compliant with the Act and Regulations	Corporate Services Manager	●	100%	Quarterly budget reviews completed per requirements. Annual financial statements have been drafted, submitted to the auditor and audit reports will be issued in accordance with the audit timetable so that they can be submitted by the due date.



Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
1.2.13.5	Report compliance information to regulators	Provision of timely, accurate and relevant information	Production & Services Manager	●	100%	All reporting has been completed for the financial year. Reports included the Jugiong Water Treatment Plant Environmental Protection License Annual Return, The NSW Benchmark Reporting and the Annual Drinking Water Management System Report has been completed and submitted to the relevant Authorities.

1.2.14: We have a recognised culture of customer service excellence

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
1.2.14.1	Develop and monitor performance targets for customer enquiries	Develop and implement customer service strategy.	Corporate Services Manager	●	100%	Customer enquiry service levels set as per Customer Service Charter.
1.2.14.2	Develop and monitor performance targets for customer applications	Develop and implement customer service strategy	Corporate Services Manager	●	100%	MyH2O application successfully completed and launched. Customers now able to sign up to the application.



2: Maximising regional water supply

2.2: Plan for the region's future growth

2.2.1: Our water supply network is able to respond to community growth and development

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
2.2.1.1	Liaise closely with constituent councils regarding growth and development	Council documents and policies are updated to reflect changes	General Manager		100%	Liaised with Constituent Councils during the 2018/19 year.
2.2.1.2	Review and update development servicing plans	Development servicing plan revised and adopted.	Engineering Manager		0%	Need to finalise 4 10 & 30 yr capital works plan and asset management plan

2.2.2: Water supply system constraints are identified

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
2.2.2.1	Enhance the system-wide hydraulic model	Hydraulic model is enhanced.	Engineering Manager		0%	Yet to commence enhancement works
2.2.2.2	Calibrate the hydraulic model with water meter and SCADA data.	Enhancements are made to improve the model.	Production & Services Manager		0%	The Water model has been developed; however it requires practical validation before undertaking any additional expansions of its capability. The works for connecting the model to SCADA have been re-allocated to future years.



3: Strategic water management

3.1: Become an industry leader in the water sector

3.1.1: We are open to emerging technology and water cycle management methods

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
3.1.1.1	Monitor emerging technology and incorporate into future plans.	Viable emerging technologies are incorporated into current and future programs	Production & Services Manager		100%	Goldenfields Water Staff are now representatives and members of water industry specialist groups such as AWA, WSAA and the NSW Water Directorate. These groups pool together new technologies and innovations that may be deemed beneficial in future years of the industry. Goldenfields Water is currently a leader within the industry for adopting Automated Meter Readers and an operational monitoring software system for water quality operations (WaterOutlook).



3.1.2: We have the capacity to influence water industry direction

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
3.1.2.1	Explore opportunities to influence water industry policy and direction through participation in industry groups and bodies	Participate in industry groups, bodies and make submissions	General Manager		100%	Goldenfields have continued representation on the Board of NSW Water Directorate, and members of AWA and WSAA. In addition the Deputy Chairperson is a representative on the Local Water Utility Policy Advisory Group.

3.1.3: We follow best practice strategic planning

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
3.1.3.1	Adopt new Strategic Business Plan	Completed Integrated Water Cycle Management Strategy.	Engineering Manager		45%	Issues paper near completion

4: Best practice pricing

4.1: Ensure water metering is accurate

4.1.1: There is a high level of confidence in accuracy of water metering internally and amongst stakeholders

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
4.1.1.1	Develop and implement a water meter replacement program	Achieve greater than 85% of program	Operations Manager		10%	Approximately 6000 meters were replaced in 2015/2016 and until an audit is completed this program will be on hold



4.2: Levy and collect water charges

4.2.1: Water meters are read accurately and water account notices issued correctly

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
4.2.1.1	Read water meters by using the AMR network	Achieve greater than 98% of meter reads through AMR's	Corporate Services Manager	●	100%	Target being achieved. Accounts being issued monthly or quarterly primarily utilising AMR network.
4.2.1.2	Issue water account notices within agreed timeframes	Quarterly accounts are issued within 4 weeks	Corporate Services Manager	●	100%	Full year's accounts issued within timeframe, meeting set targets.

4.3: Deliver a consistent price path

4.3.1: We have a published price path to ensure financial sustainability

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
4.3.1.1	Establish a multi-year price path.	A multi year price path is adopted	Corporate Services Manager	●	100%	Goldenfields Waters' Fees and Charges were adopted in June 2018 in accordance with the four year price path set in 2015/16.



5: Proactive customer relations

5.1: Improve customer and community engagement

5.1.1: Feedback from customers is regularly captured and used in decision-making

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
5.1.1.1	Undertake customer survey	Undertake customer survey and results provided to Council	Corporate Services Manager	●	0%	Next Customer Survey to be undertaken in 2020/21 as per Community Engagement Strategy.
5.1.1.2	Review and action customer survey feedback	Survey results are incorporated into future Operational Plans	Corporate Services Manager	●	0%	Next Customer Survey to be undertaken in 2020/21 as per Community Engagement Strategy.



5.1.2: Our community understands what we do and has regular opportunities to be involved with us

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
5.1.2.1	Implement the Community and Engagement Strategy	Community Engagement Strategy is being delivered to the community.	General Manager	●	65%	The following key actions were implemented in line with the Strategy; the annual donation towards educational institutions in the Goldenfields supply area, our curriculum based "Depth Day", the distribution of drinking water refill stations to our constituent councils, representation at community events, the ongoing presence on our social media platforms, release of bi-annual customer newsletter, launch of the Goldenfields Water App and installation of updated signage on outdoor assets.



5.1.4: We participate in improving understanding of water management and sustainable water practices in our community

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
5.1.4.1	Provide relevant information to the community through a variety of channels	Variety of channels utilised when communicating to the community	General Manager	●	70%	Information is provided to stakeholders via social media platforms, customer newsletters, community events such as local shows and career days, Goldenfields Water website and traditional media methods such as newspaper media releases, news interviews, radio commercials and interviews and TV advertisement.
5.1.4.2	Develop public education information about water management and sustainable water practice	A range of educational resources developed	General Manager	●	70%	Goldenfields developed and hosted their first educational program, known as 'Depth Day' during May 2019. Students from the GW supply area were invited to attend the Jugiong WTP and were provided a guided tour of the plant, hands on water testing experiments in the lab and a curriculum based workbook. Through the launch of the Goldenfields Water App in June, Goldenfields have offered its stakeholders a very useful tool that encourages sustainable water management.



5.2: Develop and maintain strong links with stakeholders

5.2.1: We have close relationships with the Riverina Eastern Regional Organisation of Councils (REROC)

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
5.2.1.1	Participate in opportunities for resource, expertise and knowledge sharing with REROC	GWCC actively attends REROC meetings	General Manager	●	100%	REROC and JO meetings are regularly attended.
5.2.1.2	Work closely with REROC to improve service efficiency and effectiveness and promote matters of common interest	GWCC participates in all projects with a joint interest	General Manager	●	100%	Regularly attending REROC and JO meetings.

5.2.2: We have close relationships with our constituent councils

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
5.2.2.1	Communicate and engage with constituent councils regularly	Regular meetings between GWCC and constituent councils	General Manager	●	100%	Goldenfields have continued to engage with our constituent councils including presenting at the June meeting of Bland Shire Council.
5.2.2.2	Identify where we can partner with constituent councils to attract growth and new business to the region	Joint projects undertaken where viable	General Manager	●	100%	Joint projects considered where viable including collaboration with Cootamundra Gundagai Regional Council regarding Nangus.



5.2.3: We have a positive corporate reputation within our community and wider industry

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
5.2.3.1	Keep the community, media and internal and other stakeholders informed with relevant and timely information via the most appropriate channels	Variety of communication channels utilised to ensure stakeholders are informed	General Manager		100%	Information is continuing to be provided to stakeholders via social media, customer newsletters, Goldenfields Water webpage, traditional media methods, mobile phone app, outdoor advertising and other appropriate methods.

6: Environmental protection and sustainability

6.1: Develop social responsibility for the water cycle

6.1.1: We provide a water supply that provides the best value for money considering social, environmental and economic considerations

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
6.1.1.1	Develop and implement an Integrated Water Cycle Management Plan using established community expectations and asset management information	Develop and implement an Integrated Water Cycle Management Plan using established community expectations and asset management information	Production & Services Manager		25%	Public Works Advisory has now been engaged to complete the initial issues paper report for approval by Department of Industry & Water. Following the adoption of the issues paper a full IWCM strategy will then be completed. The Strategy is expected to be completed by the end of 2019/2020 financial year.



6.2: Ensure natural resources are used efficiently

6.2.1: We regularly review energy use to proactively identify and implement usage reduction activities to lower costs and reduce carbon foot print

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
6.2.1.2	Educate operators responsible for sites with highest energy consumption	Usage in high tariff periods are minimised where possible	Production & Services Manager		100%	Operations for large energy usage sites are continually monitored and adjusted to reflect appropriate tariff charges and off peak operations. All key operational staff are educated in the operating windows for energy use.
6.2.1.3	Renewable energy sources are utilised where viable	Viable renewable energy projects implemented	Corporate Services Manager		100%	Audit of all sites complete. Future year projects to review potential power purchasing agreements.
6.2.1.4	Carbon Footprint is monitored and regularly reported	Viable renewable energy projects implemented	Corporate Services Manager		100%	Monitored and reported annually as part of statutory benchmark reporting.



6.2.2: Water use efficiency is increased across the network

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
6.2.2.2	Customers have access to data portal	Customers have access to data portal	Corporate Services Manager		100%	MyH2O web portal and application fully functional.



6.3: Manage the water supply's sustainability and security

6.3.1: Risks to the water supply's sustainability and security are identified and monitored

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
6.3.1.1	Continue to monitor the water resource environment	Monitor and provide submissions when appropriate	Production & Services Manager		100%	Goldenfields Water staff continually liaise with State Government regulators regarding source water supply risks and opportunities. Staff actively monitor both access and quality of water supply to ensure its levels of service can be maintained for its customers.
6.3.1.2	Educate and provide water efficiency information	A range of water efficiency resources are developed	General Manager		75%	Information is continued to be provided to the community through digital media about water management and sustainable water practices. The launch of the water monitoring app in June also provides up to date information to customers.



6.3.3: We gather and use reliable data from water treatment facilities as part of our risk management approach

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
6.3.3.1	Automate and improve the reliability of processes at, and data available from, water treatment facilities	Data is utilised in strategic decision making	Production & Services Manager		100%	Staff continually seek improvements for automation of its Water Treatment Plants and associated instrumentation. Significant investment through the new ClearSCADA upgrade project will see additional improvements and access to information available for future reporting remotely.

7: Efficient operations

7.1: Improve business efficiency

7.1.2: Information management is integrated across the organisation

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
7.1.2.1	Develop and implement ICT strategy	ICT strategy is developed and implemented.	Corporate Services Manager		90%	Draft strategy 90% complete. Review to be undertaken before management approval.
7.1.2.2	Continually update and improve the Geographic Information System	GIS enhancements are implemented	Corporate Services Manager		100%	Geographic information system operational, maintained on an ongoing basis.



7.1.3: Corporate systems are implemented to support improvements in business efficiency

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
7.1.3.1	Implement a electronic records system	Electronic records system has been implemented	General Manager	●	100%	Completed and being utilised. Digitisation of archive records is ongoing.
7.1.3.3	Complete implementation of WaterOutlook.	Functional water quality database is in use.	Production & Services Manager	●	100%	The implementation of WaterOutlook has been completed; however continual improvements to the system will be ongoing in order to provide greater access to information and provide automated reporting to gain greater efficiencies in administrative requirements.

7.1.5: Fleet management is optimised

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
7.1.5.1	Review fleet requirements annually	Fleet procurement decisions are based on whole of life costing	Corporate Services Manager	●	100%	Review of annual fleet requirement completed.



7.2: Promote responsible and accountable corporate governance

7.2.1: Internal audits are regularly conducted and findings reported as appropriate

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
7.2.1.1	Formalise audit processes for procurement, stores and contractor management	Implement adopted internal audit plan	Corporate Services Manager	●	45%	Stores, procurement and contractor management processes currently under review.
7.2.1.2	Review audit processes for governance and compliance management	Internal audit plan and policies reviewed	Corporate Services Manager	●	60%	Audit processes for governance and compliance currently under review and action as per Audit and Risk Improvement Committee (ARIC) action items list. Internal audit engagements continuing as per ARIC prioritisation.



7.3: Reduce exposure to business risks

7.3.4: Systems and processes are in place to safeguard business continuity

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
7.3.4.1	Develop and implement a business wide continuity/disaster recovery plan	Business continuity/disaster recovery plan has been developed	Corporate Services Manager		95%	Draft Business Continuity/Disaster Plan 95% complete. Disaster scenario exercise undertaken in December 2018. Requires final review and adoption.
7.3.4.2	Develop and implement a information technology strategy	IT strategy developed and implemented	Corporate Services Manager		90%	Draft strategy 90% complete. Review to be undertaken before management approval.

7.4: Improve the efficiency of operations in the field

7.4.1: We have an efficient, mobile workforce

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
7.4.1.3	Implement mobile platform for Work, Health and Safety	Mobile platform for WHS is developed and implemented.	General Manager		100%	WHS information is available on the intranet, accessible on mobile devices.



8: Highly skilled and energetic workforce

8.1: Improve the management of human resources

8.1.1: Our workforce is motivated, skilled and flexible

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
8.1.1.2	Provide staff with professional development opportunities that meet future needs	Annual staff development plans completed, training undertaken for identified gaps	General Manager		100%	Staff Development Plans completed as per schedule. Training Plan updated and required training completed.
8.1.1.3	Undertake an annual employee survey	Annual Survey undertake and results reviewed and actioned	General Manager		100%	Annual staff survey completed and reported to the December 2018 Council Meeting.

9: Financially sustainable

9.1: Deliver responsible financial management

9.1.1: Our organisation is financially sustainable

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
9.1.1.1	Develop a long-term financial management plan	Long term financial plan updated annually	Corporate Services Manager		75%	Long term financial plan and updated Asset Management Plan with forward capital projects plan is due to be reviewed and developed in 2019/20 financial year.



Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
9.1.1.3	Review schedule of fees and charges in-line with the annual operational plan	Revised scheduled of fees and charges adopted by Council	Corporate Services Manager		100%	Goldenfields Waters' Fees and Charges were adopted in June 2018 in accordance with the four year price path adopted in 2015/16. Annual fees and charges reviewed in-line with annual operational plan.
9.1.1.4	Develop capital works programs in-line with the planned price path	Capital works program adopted by Council and reflected in LTFP	Corporate Services Manager		0%	Updated Asset Management Plan and forward capital projects plan to be developed in 2019/20 financial year.

9.1.3: The viability of projects are established through the use of a business cases process

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
9.1.3.1	Develop a business case for any proposed project or other activity to inform decision-making about whether to proceed	Capital project gateway framework developed	Engineering Manager		100%	Will be used to develop prioritised project list for capital works program and fed into asset management plan and long term financial planning documents.



9.2: Generate income through diversification

9.2.1: Fee for service opportunities identified

Code	Operational Plan Desired Outcome	Performance Measure	Responsible Officer Position	Traffic Lights	Progress	Annual Comment
9.2.1.1	Explore fee for service opportunities within the region	Works undertaken as opportunities present	General Manager		0%	Goldenfields focus is on completion of capital works. Fee for service opportunities are not being explored.



STATUTORY REPORTING

Financial, asset and other reporting requirements

Under the Local Government Act 1993 (NSW), Goldenfields Water's Annual Report must contain:

- A copy of its audited financial report prepared in accordance with the Local Government Code of Accounting Practice and Financial Reporting published by the NSW Government's Office of Local Government.
- Such other information or material as the Local Government (General) Regulation 2005 (NSW) or the Integrated Planning and Reporting Guidelines may require.

This section contains information about those items that Goldenfields Water as a single purpose county council is statutorily obligated to report on.



Total rates and charges written off

Clause 132 Local Government (General) Regulation 2005

During the 2018/19 year, Goldenfields Water County Council wrote off a total of \$1,001.93.

Overseas visits by Goldenfields Water representatives

Clause 217(1) (a) Local Government (General) Regulation 2005

During the 2018/19 year, no overseas visits were undertaken by Goldenfields Water representatives.

Councillor remuneration, expenses and provision of facilities

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

Chairpersons fees	\$15,849.96
Members fees	\$76,907.88
Total	\$92,757.84

Provision of dedicated office equipment	nil
Telephone call allowance	\$845.00
Attendance of councillors at conferences and seminars	\$1,504.38
Attendance of councillors spouse at conferences	\$210.00
Travel expenses	\$8,213.71
Total	\$10,773.09

Contracts awarded with a value of \$150,000.00 or more

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

Contractor Name	Name of goods/ services provided	Total amount payable under the contract
Origin Energy	Electricity	\$316,958.50
ERM Pty Ltd	Electricity	\$3,367,768.30
Caltex Australia Petroleum	Fuel	\$355,050.10
SAFEgroup Automation Pty Ltd	SCADA Hardware Radios and RTUs, Consultancy (Integrator)Service	\$1,004,389.48
Hillis Motor Group	Vehicles	\$283,819.55
Palmer Ford	Vehicles	\$608,357.61
MAC Coatings	Recoating and Repairs – Junee and Wyalong	\$1,098,497.00
Total		\$7,034,840.54



Legal Proceedings: Expenses & Progress

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

During the 2018/19 year Goldenfields Water incurred \$11,568.18 in legal fees for general legal issues and debt recovery.

Section 67 Works on private land

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

During the 2018/19 year Goldenfields Water did not carry out any works on private land.

Section 356 contributions

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

Section 365 of the Local Government Act 1993 enables a council to contribute money to persons for the purpose of exercising its functions. Goldenfields Water grants concessions and donations to Schools, Community Groups and Service Organisations located within its distribution area.

The following groups and service organisations are eligible to be granted the following concessions:

- Constituent General Purpose Councils - a donation equal to the value of access charges levied on the first connection to "community" land, together with any connections within road reserves (where such connection is used for public beautification) and crown reserves (where such reserves are not leased or otherwise subject to restrictions on public access);

- All Schools (State and Church), colleges and pre-schools within Council's service area - on application, a donation of \$200 per annum each, to be applied towards the cost of prizes and/or awards to students or any other approved purpose;
- Premises owned by recognised Churches - a donation equal to the value of access charges for any connection which serves, in whole or part, a place of public worship, residence occupied by a minister of religion and/or member of a recognised religious order, and/or welfare facility operated by that church (not including commercial operations);
- Premises owned (or held in trust) and used by the following community organisations, together with others which may be accepted from time to time - a donation equal to the value of access charges for any connection which serves premises primarily utilised to further the objectives of such organisation:
 - Scouting & Guiding movement
 - Rescue and disaster response groups
 - Masonic Lodge meeting places
 - Community halls / recreation facilities
 - Country Women's Association
 - Red Cross
 - Local history societies / museums
 - Local senior citizens' groups
 - Agricultural showgrounds
 - Unlicensed RSL halls or similar premises



During 2018/19, Goldenfields Water provided the following donations:

- Access Charge Donation - \$150,004.61
- Donation of Drinking Water re-fill stations - \$47,540.40
- Schools - \$13,800.00

Goldenfields Water functions delegated to external bodies

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

During the 2018/19 year, Goldenfields Water has delegated building inspections related to onsite water functions to retail councils: Bland, Coolamon, Junee and Temora.

Goldenfields Water's controlling interest in corporations, partnerships, trusts, joint ventures, syndicates or other bodies

Clause 217(1) (a7) Local Government (General) Regulation.

During the 2018/19 year, Goldenfields Water held no controlling interests under this section.

Participation in partnerships, trusts, joint ventures, syndicates or other bodies

Clause 217(1) (a8) Local Government (General) Regulation

Goldenfields Water was a party to the following partnerships, co-operatives or joint ventures during the 2018/19 financial year:

- Statewide Mutual - a self-insurance mutual providing public liability and professional indemnity cover for Council.
- Statewide Property Mutual - a self-insurance mutual providing property insurance for Council.

- StateCover - a self-insurance mutual providing workers compensation insurance for Council.
- Riverina Eastern Regional Organisation of Councils (REROC) - a collective of 7 General Purpose Councils and 2 Water County Councils whose objectives are as follows:
 - To participate in activities which promote effective regional development.
 - To enhance the collective status of Local Government within the eastern Riverina.
- MOU with Riverina Water – Goldenfields Water developed MOU to encourage resource and technical advice sharing.

Equal Employment Opportunity Statement of Activities

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

It is Council's policy to provide equal employment opportunity for all persons in accordance with relevant legislation. An Equal Employment Opportunity policy and accompanying Management Plan has been established which provides a comprehensive overview of EEO while outlining the actions Goldenfields Water will undertake to ensure compliance.

Through staff training and awareness, policy development and implementation, key messaging has been provided to reinforce Council's position against discrimination and harassment in any form.



Total remuneration for general managers and senior staff

Clause 217(1) (b) & (c) Local Government (General) Regulation 2005

During the 2018/19 financial year the general manager was the only position on a senior staff contract. During the year there was a resignation, an acting role and appointment of new General Manager. The remuneration total includes salaries paid, employer superannuation contributions, fringe benefits tax and termination payments for exiting general managers.

General Manager \$492,587.00

Staff conducted a total of 1296 microbial water samples, 114 Chemical samples issued to NATA laboratories and over 4100 in situ field samples. All microbial samples were compliant throughout the reporting, with 35 chemical results highlighting elevated levels of Iron Manganese within the Oura and Mt Arthur water supply schemes. A majority of these 35 results were from raw water samples, meaning they were prior to treatment and distribution for public consumption.

The DWMS is a public document and can be accessed through the following link.

<http://www.gwcc.nsw.gov.au/Plans-policies/Plans-and-reports>

Compliance with the Australian Drinking Water Guidelines (ADWG)

Government Information (Public Access) Act 2009

Section 125 of the Government Information (Public Access) Act 2009 & clause 7 of the Government Information (Public Access) Regulation 2009.

Goldenfields Water reviewed, has maintained an updated Drinking Water Management System (DWMS) since the 2017/18 financial year. The DWMS demonstrates Goldenfields Waters' compliance with the requirement of s25 Public Health Act 2010 which requires a utility to develop a Quality Assurance Program in line with the Framework for Drinking Water Quality Management in the Australian Drinking Water Guidelines 2011 v3.4 (NHMRC 2017). This DWMS and its associated documents, act as a roadmap of the activities that Council undertakes to ensure the provision of safe drinking water to its customers.

Throughout the reporting year Council staff collect and test water samples for Physical, Chemical and Microbial properties within the water.



Review of proactive release program – Clause 7 (a)

Under section 7 of the GIPA Act, Council must review its program for the release of government information to identify the kinds of information that can be made public. This must be undertaken every year. Council’s program for the release of information is on a case by case basis as little information is discretionally unavailable.

Number of access applications received - Clause 7(b)

During the reporting period, Council received 1 formal access application.

Number of refused applications for Schedule 1 information – Clause 7(c)

During the reporting period, Council did not refuse any formal access applications.

Statistical information about access applications – Clause 7(d) and Schedule 2

Table A: Number of applications by type of applicant and outcome*

	Access granted in full	Access granted in part	Access re-fused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media	0	0	0	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0
Private sector business	0	1	0	0	0	0	0	0
Not for profit organisations or community groups	0	0	0	0	0	0	0	0
Members of the public (application by legal representative)	0	0	0	0	0	0	0	0
Members of the public (other)	0	0	0	0	0	0	0	0

*More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table B.



Table B: Number of applications by type of application and outcome								
	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Personal information applications*	0	0	0	0	0	0	0	0
Access applications (other than personal information applications)	0	1	0	0	0	0	0	0
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0

**A personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual). The total number of decisions in Table B should be the same as Table A.*

Table C: Invalid applications	
Reason for invalidity	Number of applications
Application does not comply with formal requirements (section 41 of the Act)	0
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	0
Invalid applications that subsequently became valid applications	0



Table D: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 of the Act

	Number of times consideration used*
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	0
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0

**More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table E.*

Table E: Other public interest considerations against disclosure: matters listed in table to section 14 of the Act

	Number of occasions when application not successful
Responsible and effective government	0
Law enforcement and security	0
Individual rights, judicial processes and natural justice	0
Business interests of agencies and other persons	0
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

Table F: Timeliness

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	1
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	0
Total	1
Environment, culture, economy and general matters	1
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0



Table G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)

	Decision varied	Decision upheld	Total
Internal review	0	0	0
Review by Information Commissioner*	0	0	0
Internal review following recommendation under section 93 of Act	0	0	0
Review by ADT	0	0	0
Total	0	0	0

*The Information Commissioner does not have the authority to vary decisions, but can make recommendation to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made.

Table H: Applications for review under Part 5 of the Act (by type of applicant)

	Number of applications for review
Applications by access applicants	0
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0

Public interest disclosures

Section 31 of the Public Interest Disclosures Act 1994 (PID Act) & clause 4 of the Public Interest Disclosures Regulation 2011

Goldenfields Water is required to report annually on statistical information in accordance with the Public Interest Disclosures Act 1994 (PID Act).

Statistical information for 2018/19 can be found in the following table:

1 July 2018 - 30 June 2019	Made by public officials performing their day to day functions	Under a statutory or other legal obligation	All other PIDs
Number of public officials who made PIDs directly	0	0	0
Number of PIDs received	0	0	0
Of PIDs received, number primarily about: Corrupt conduct	N/A	N/A	N/A
Maladministration	N/A	N/A	N/A
Serious and substantial waste	N/A	N/A	N/A
Government information contravention	N/A	N/A	N/A
Local government pecuniary interest contravention	N/A	N/A	N/A
Number of PIDs finalised	0		



Financial Statements

Goldenfields' audited financial reports for the year 2018/19 are included below.

Goldenfields Water County Council

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2019

*To be innovative leaders in the supply and distribution of
water through regional efficiency, technical excellence and
customer service.*



Goldenfields Water County Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2019

*To be innovative leaders in the supply and distribution of
water through regional efficiency, technical excellence and
customer service.*



General Purpose Financial Statements

for the year ended 30 June 2019

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Overview

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

84 Parkes Street
Temora NSW 266

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

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

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

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

Goldenfields Water County Council

General Purpose Financial Statements

for the year ended 30 June 2019

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 2019.

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

About the Councillor/Management Statement

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

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

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

2. The Statement of Comprehensive Income

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

3. The Statement of Financial Position

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

4. The Statement of Changes in Equity

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

5. The Statement of Cash Flows

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

About the Notes to the Financial Statements

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

About the Auditor's Reports

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

In NSW the auditor provides 2 audit reports:

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

Who uses the Financial Statements?

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

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

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

General Purpose Financial Statements

for the year ended 30 June 2019

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 professional pronouncements, and
- the *Local Government Code of Accounting Practice and Financial Reporting*.

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

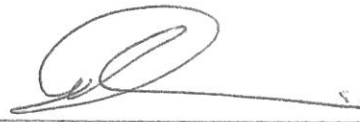
- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

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 22 August 2019.



Dennis Palmer
Chairman
22 August 2019



David McCann
Deputy Chairman
22 August 2019



Aaron Drenovski
General Manager
22 August 2019



Michele Curran
Responsible Accounting Officer
22 August 2019

Income Statement

for the year ended 30 June 2019

Original unaudited budget 2019	\$ '000	Notes	Actual 2019	Actual 2018 ¹
Income from continuing operations				
Revenue:				
5,056	Rates and annual charges	3a	5,243	5,052
14,844	User charges and fees	3b	17,335	16,129
1,488	Interest and investment revenue	3c	1,447	1,500
106	Other revenues	3d	169	119
–	Grants and contributions provided for operating purposes	3e,3f	30	134
1,885	Grants and contributions provided for capital purposes	3e,3f	940	2,009
23,379	Total income from continuing operations		25,164	24,943
Expenses from continuing operations				
5,904	Employee benefits and on-costs	4a	6,587	7,028
2,501	Materials and contracts	4b	3,403	2,425
6,251	Depreciation and amortisation	4c	7,065	6,783
4,612	Other expenses	4d	5,146	4,716
–	Net losses from the disposal of assets	5	819	244
19,268	Total expenses from continuing operations		23,020	21,196
4,111	Operating result from continuing operations		2,144	3,747
4,111	Net operating result for the year		2,144	3,747
4,111	Net operating result attributable to council		2,144	3,747
2,226	Net operating result for the year before grants and contributions provided for capital purposes		1,204	1,738

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

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

Statement of Comprehensive Income

for the year ended 30 June 2019

\$ '000	Notes	2019	2018 ¹
Net operating result for the year (as per Income Statement)		2,144	3,747
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	9	3,708	5,023
Total items which will not be reclassified subsequently to the operating result		3,708	5,023
Total other comprehensive income for the year		3,708	5,023
Total comprehensive income for the year		5,852	8,770
Total comprehensive income attributable to Council		5,852	8,770

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

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

Statement of Financial Position

as at 30 June 2019

\$ '000	Notes	2019	2018 ¹
ASSETS			
Current assets			
Cash and cash equivalent assets	6(a)	1,888	1,151
Investments	6(b)	22,000	12,000
Receivables	7	6,706	6,538
Inventories	8a	548	540
Other	8b	–	40
Total current assets		<u>31,142</u>	<u>20,269</u>
Non-current assets			
Investments	6(b)	27,000	36,000
Infrastructure, property, plant and equipment	9	264,678	259,936
Total non-current assets		<u>291,678</u>	<u>295,936</u>
TOTAL ASSETS		<u>322,820</u>	<u>316,205</u>
LIABILITIES			
Current liabilities			
Payables	10	1,657	1,113
Income received in advance	10	332	158
Borrowings	10	–	13
Provisions	11	1,797	1,801
Total current liabilities		<u>3,786</u>	<u>3,085</u>
Non-current liabilities			
Payables	10	7	2
Provisions	11	80	23
Total non-current liabilities		<u>87</u>	<u>25</u>
TOTAL LIABILITIES		<u>3,873</u>	<u>3,110</u>
Net assets		<u>318,947</u>	<u>313,095</u>
EQUITY			
Accumulated surplus	12	93,501	91,357
Revaluation reserves	12	225,446	221,738
Council equity interest		<u>318,947</u>	<u>313,095</u>
Total equity		<u>318,947</u>	<u>313,095</u>

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

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

Statement of Changes in Equity

for the year ended 30 June 2019

\$ '000	Notes	2019			2018 ¹		
		Accumulated surplus	IPP&E revaluation reserve	Total equity	Accumulated surplus	IPP&E revaluation reserve	Total equity
Opening balance		91,357	221,738	313,095	87,610	216,715	304,325
Net operating result for the year		2,144	–	2,144	3,747	–	3,747
Other comprehensive income							
– Gain (loss) on revaluation of IPP&E	9	–	3,708	3,708	–	5,023	5,023
Other comprehensive income		–	3,708	3,708	–	5,023	5,023
Total comprehensive income		2,144	3,708	5,852	3,747	5,023	8,770
Equity – balance at end of the reporting period		93,501	225,446	318,947	91,357	221,738	313,095

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

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

Statement of Cash Flows

for the year ended 30 June 2019

Original unaudited budget 2019	\$ '000	Notes	Actual 2019	Actual 2018
Cash flows from operating activities				
<u>Receipts</u>				
5,056	Annual charges		5,126	5,036
14,844	User charges and fees		17,534	15,080
1,488	Investment and interest revenue received		1,421	1,404
1,885	Grants and contributions		985	2,222
–	Bonds, deposits and retention amounts received		–	20
106	Other		1,695	1,335
<u>Payments</u>				
(5,904)	Employee benefits and on-costs		(6,579)	(6,682)
(2,874)	Materials and contracts		(4,162)	(3,146)
–	Bonds, deposits and retention amounts refunded		(1)	–
(4,239)	Other		(5,351)	(5,218)
10,362	Net cash provided (or used in) operating activities	13b	10,668	10,051
Cash flows from investing activities				
<u>Receipts</u>				
–	Sale of investment securities		12,000	22,000
1,066	Sale of infrastructure, property, plant and equipment		839	781
<u>Payments</u>				
–	Purchase of investment securities		(13,000)	(29,000)
(11,046)	Purchase of infrastructure, property, plant and equipment		(9,757)	(8,823)
(9,980)	Net cash provided (or used in) investing activities		(9,918)	(15,042)
382	Net increase/(decrease) in cash and cash equivalents		750	(4,991)
1,500	Plus: cash and cash equivalents – beginning of year	13a	1,138	6,129
1,882	Cash and cash equivalents – end of the year	13a	1,888	1,138
Additional Information:				
46,500	plus: Investments on hand – end of year	6(b)	49,000	48,000
48,382	Total cash, cash equivalents and investments		50,888	49,138

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

Notes to the Financial Statements

for the year ended 30 June 2019

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Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Basis of preparation

These financial statements were authorised for issue by Council on 04 October 2019. Council has the power to amend and reissue these financial statements.

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

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

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

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 17 – Material budget variations

and are clearly marked.

(a) New and amended standards adopted by Council

During the year, Council adopted all standards which were mandatorily effective for the first time at 30 June 2019.

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* from 1 July 2018. The adoption of AASB 9 has impacted the following areas:

Classification and measurement of financial assets

AASB 9 allows for three classification categories for financial assets - amortised cost, fair value through other comprehensive income and fair value through profit or loss. Classification is based on the business model in which a financial asset is managed and the related contractual cashflows. AASB 9 eliminates previous categories of held to maturity, loans and receivables and available for sale. Classification of financial liabilities is largely unchanged.

All financial assets and financial liabilities of Council have remained at amortised cost, with the exception of the equity instruments. These equity instruments have transitioned from being held at cost (as an 'available-for-sale asset') under AASB 139

None of Council's financial assets are impacted by this new standard.

Impairment of financial assets

Council's financial assets carried at amortised cost are now subject to AASB 9's new three-stage expected credit loss model, from an incurred loss model. This means earlier recognition of expected credit losses.

Council has reviewed its receivables and does not anticipate losses greater than the current provision for impairment. The majority of receivables other than rates and charges are current and due from government. Rates and charges are secured against the property. As such, there was no transitional adjustment requirement as at 1 July 2018.

(b) Historical cost convention

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

(c) Significant accounting estimates and judgements

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 1. Basis of preparation (continued)

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 9
- (ii) employee benefit provisions – refer Note 11.

Significant judgements in applying the council's accounting policies

- (i) Impairment of receivables

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

Monies and other assets received by Council

(a) The Consolidated Fund

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

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

General Purpose operations (Water services)

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to the taxation authority is included with other receivables or payables in the Statement of Financial Position.

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

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 not mandatory for 30 June 2019 reporting periods (and which have not been early adopted by Council).

As at the date of authorisation of these financial statements, Council does not consider that any of those standards are likely to have a material impact on the Council's future financial statements, financial position, financial performance or cash flows.

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

Notes to the Financial Statements

for the year ended 30 June 2019

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		Total assets held (current and non-current)	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Functions or activities										
Water supplies	25,164	24,943	23,020	21,196	2,144	3,747	30	60	322,820	316,205
Total functions and activities	25,164	24,943	23,020	21,196	2,144	3,747	30	60	322,820	316,205

Notes to the Financial Statements

for the year ended 30 June 2019

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:

Water supplies

Council is responsible for water supply functions within the Local Government areas of Bland, Coolamon, Cootamundra (rural only), Junee, Temora and part of Narrandera.

Council also supplies bulk water to Cootamundra (town) and Hilltops Shire Council.

Council does not undertake any other functions.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations

\$ '000	2019	2018
(a) Rates and annual charges		
Annual charges		
<small>(pursuant to s.496, s.496A, s.496B, s.501 & s.611)</small>		
– Residential	1,554	1,488
– Non-residential	941	908
– Rural	1,388	1,359
– Bulk supplies to councils	1,444	1,366
Less: pensioner rebates (mandatory)	(168)	(153)
Annual charges levied	5,159	4,968
Pensioner subsidies received:		
– Water	84	84
Total annual charges	5,243	5,052
TOTAL RATES AND ANNUAL CHARGES	5,243	5,052

Accounting policy for rates and charges

Rates and annual charges are recognised as revenue when the Council obtains control over the assets comprising these receipts.

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area that are not subsidised by the NSW Government.

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates.

Control over assets acquired from rates and annual charges is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

\$ '000	2019	2018
(b) User charges and fees		
Specific user charges		
<small>(per s.502 - specific 'actual use' charges)</small>		
Residential	5,248	4,735
Non residential	3,406	2,281
Rural	3,377	3,901
Bulk supplies to councils	4,891	4,502
Total specific user charges	16,922	15,419
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s.608)		
Inspection services	1	14
Private works	91	296
Section 603 certificates	43	48
Tapping fees	104	153
Connection application fees	56	45
Disconnection fees	–	70
Special meter reading fee	5	–
Other	13	–
Total fees and charges – statutory/regulatory	313	626
(ii) Fees and charges – other (incl. general user charges (per s.608))		
Leaseback fees – Council vehicles	100	84
Total fees and charges – other	100	84
TOTAL USER CHARGES AND FEES	17,335	16,129

Accounting policy for user charges and fees

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

(c) Interest and investment revenue (including losses)**Interest on financial assets measured at amortised cost**

– Overdue rates and annual charges (incl. special purpose rates)	61	47
– Cash and investments	1,386	1,453
TOTAL INTEREST AND INVESTMENT REVENUE	1,447	1,500

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

Overdue rates and annual charges (general fund)	61	47
General Council cash and investments	1,386	1,453
Total interest and investment revenue	1,447	1,500

Accounting policy for interest and investment revenue

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

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

\$ '000	2019	2018
(d) Other revenues		
Rental income – other council properties	64	64
Legal fees recovery – other	5	–
Diesel rebate	9	6
Employment / training incentives	12	–
New data networks	13	17
Sale of old materials	–	3
Statecover insurance rebates	30	21
Statewide insurance rebates	–	6
Procurement Rebate	7	–
Workers Compensation reimbursements	7	–
Triple O refund	7	–
Other	15	2
<u>TOTAL OTHER REVENUE</u>	<u>169</u>	<u>119</u>

Accounting policy for other revenue

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

Rental income is accounted for on a straight-line basis over the lease term.

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

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

Rental income is accounted for on a straight-line basis over the lease term.

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

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

\$ '000	Operating 2019	Operating 2018	Capital 2019	Capital 2018
(e) Grants				
Specific purpose				
Smarter Communities	30	60	–	–
Total specific purpose	30	60	–	–
<u>Total grants</u>	<u>30</u>	<u>60</u>	<u>–</u>	<u>–</u>
Grant revenue is attributable to:				
– State funding	30	60	–	–
	30	60	–	–

Notes to the Financial Statements

for the year ended 30 June 2019

Note 3. Income from continuing operations (continued)

\$ '000	Notes	Operating 2019	Operating 2018	Capital 2019	Capital 2018
(f) Contributions					
Other contributions:					
Cash contributions					
LSL contributions from other councils		–	74	–	–
Water supplies – headworks contributions		–	–	940	2,009
Total other contributions – cash		–	74	940	2,009
Total other contributions		–	74	940	2,009
Total contributions		–	74	940	2,009
TOTAL GRANTS AND CONTRIBUTIONS		30	134	940	2,009

Accounting policy for grants and contributions

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 4. Expenses from continuing operations

\$ '000	2019	2018
(a) Employee benefits and on-costs		
Salaries and wages	5,347	4,595
Employee termination costs (where material – other than vested leave paid)	141	11
Travel expenses	20	341
Employee leave entitlements (ELE)	454	819
Superannuation	807	851
Workers' compensation insurance	179	102
Fringe benefit tax (FBT)	100	119
Payroll tax	340	283
Training costs (other than salaries and wages)	127	174
Protective clothing	68	43
Recruitment costs	83	96
Other	89	157
Total employee costs	7,755	7,591
Less: capitalised costs	(1,168)	(563)
TOTAL EMPLOYEE COSTS EXPENSED	6,587	7,028
Number of 'full-time equivalent' employees (FTE) at year end	61	57

Accounting policy for employee benefits and on-costs

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

Retirement benefit obligations

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

Superannuation plans

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

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note 15 for more information.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 4. Expenses from continuing operations (continued)

\$ '000	2019	2018
(b) Materials and contracts		
Raw materials and consumables	6,359	8,202
Contractor and consultancy costs	5,326	93
– Temporary staff costs	120	104
Auditors remuneration ¹	59	54
Legal expenses:		
– Legal expenses: debt recovery	–	63
– Legal expenses: other	11	69
Purchase of water	116	80
Total materials and contracts	11,991	8,665
Less: capitalised costs	(8,588)	(6,240)
TOTAL MATERIALS AND CONTRACTS	3,403	2,425
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	30	28
Remuneration for audit and other assurance services	30	28
Total Auditor-General remuneration	30	28
Non NSW Auditor-General audit firms		
(i) Audit and other assurance services		
Internal Audit costs	22	17
Other audit and assurance services	7	9
Remuneration for audit and other assurance services	29	26
Total remuneration of non NSW Auditor-General audit firms	29	26
Total Auditor remuneration	59	54

Notes to the Financial Statements

for the year ended 30 June 2019

Note 4. Expenses from continuing operations (continued)

\$ '000	2019	2018
(c) Depreciation, amortisation and impairment of intangible assets and IPP&E		
Depreciation and amortisation		
Plant and equipment	696	687
Office equipment	334	91
Furniture and fittings	11	11
Infrastructure:		
– Buildings – non-specialised	122	94
– Water mains	3,338	3,354
– Reservoirs	1,399	1,394
– Pumping stations	523	521
– Treatment plants	573	561
– Bores	69	70
Total gross depreciation and amortisation costs	7,065	6,783
Total depreciation and amortisation costs	7,065	6,783
TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT / REVALUATION DECREMENT FOR INTANGIBLES AND IPP&E	7,065	6,783

Accounting policy for depreciation, amortisation and impairment expenses of intangibles and IPP&E**Depreciation and amortisation**

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note 9 for IPPE assets.

Impairment of non-financial assets

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

Other assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 4. Expenses from continuing operations (continued)

\$ '000	2019	2018
(d) Other expenses		
Advertising	27	92
Bad and doubtful debts	–	1
Bank charges	29	11
Cleaning	14	49
Collection agencies	46	71
Computer software charges	322	160
Contributions/levies to other levels of government		
Members expenses – chairperson’s fee	16	17
Members expenses – members fees	77	78
Members expenses (incl. chairperson) – other (excluding fees above)	12	19
Donations, contributions and assistance to other organisations (Section 356)	215	278
Electricity and heating	3,367	3,231
Insurance	371	236
Postage	42	57
Printing and stationery	43	61
Subscriptions and publications	120	91
Telephone and communications	325	201
Council land rates	67	38
Early payment discount	48	–
Other	5	25
Total other expenses	5,146	4,716
<u>TOTAL OTHER EXPENSES</u>	<u>5,146</u>	<u>4,716</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 2019

Note 5. Gains or losses from the disposal, replacement and de-recognition of assets

\$ '000	Notes	2019	2018
Property (excl. investment property)			
Proceeds from disposal – property		–	117
Less: carrying amount of property assets sold/written off		–	(93)
Net gain/(loss) on disposal		–	24
Plant and equipment			
	9		
Proceeds from disposal – plant and equipment		839	664
Less: carrying amount of plant and equipment assets sold/written off		(1,035)	(763)
Net gain/(loss) on disposal		(196)	(99)
Infrastructure			
	9		
Less: carrying amount of infrastructure assets sold/written off		(623)	(169)
Net gain/(loss) on disposal		(623)	(169)
Investments			
	6(b)		
Proceeds from disposal/redemptions/maturities – investments		12,000	22,000
Less: carrying amount of investments sold/redeemed/matured		(12,000)	(22,000)
Net gain/(loss) on disposal		–	–
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(819)	(244)

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 2019

Note 6(a). Cash and cash equivalent assets

\$ '000	2019	2018
Cash and cash equivalents		
Cash on hand and at bank	388	1
Cash-equivalent assets		
– Deposits at call	1,500	1,150
Total cash and cash equivalents	1,888	1,151

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 6(b). Investments

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
Investments				
'Financial assets at amortised cost' / 'held to maturity' (2018)	22,000	27,000	12,000	36,000
Total Investments	22,000	27,000	12,000	36,000
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS	23,888	27,000	13,151	36,000
Financial assets at amortised cost / held to maturity (2018)				
Long term deposits	22,000	27,000	12,000	36,000
Total	22,000	27,000	12,000	36,000

Accounting policy for investments**Accounting policy under AASB 9 – applicable from 1 July 2018**

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

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

Financial assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Assets measured at amortised cost are financial assets where:

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 6(b). Investments (continued)

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

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

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

Financial assets through profit or loss

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

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

Council's financial assets measured at fair value through profit or loss comprise investments in FRNs and NCDs in the Statement of Financial Position.

Accounting policy under AASB 139 – applicable for 2018 comparatives only

Classification

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

Held to maturity investments

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

Recognition and de-recognition

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

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the Income Statement as gains and losses from investment securities.

Impairment of financial assets

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

Notes to the Financial Statements

for the year ended 30 June 2019

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

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
Total cash, cash equivalents and investments	23,888	27,000	13,151	36,000
attributable to:				
External restrictions	–	–	–	–
Internal restrictions	14,259	27,000	8,831	36,000
Unrestricted	9,629	–	4,320	–
	<u>23,888</u>	<u>27,000</u>	<u>13,151</u>	<u>36,000</u>

\$ '000	2019	2018
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Details of restrictions

Internal restrictions

Plant and vehicle replacement	886	1,005
Infrastructure replacement	36,347	37,064
Employees leave entitlement	1,575	1,608
Carry over works	–	3,125
Deposits, retentions and bonds	28	29
Sales fluctuation reserve	2,000	2,000
Property Asset Reserve	423	–
Total internal restrictions	<u>41,259</u>	<u>44,831</u>
TOTAL RESTRICTIONS	<u>41,259</u>	<u>44,831</u>

Notes to the Financial Statements

for the year ended 30 June 2019

Note 7. Receivables

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
Purpose				
Availability (access) charges	1,428	–	1,311	–
Interest and extra charges	92	–	77	–
User charges and fees	3,790	–	3,797	–
Accrued revenues				
– Interest on investments	658	–	647	–
Deferred developer contributions	508	–	504	–
Government grants and subsidies	84	–	99	–
Net GST receivable	161	–	115	–
Other debtors	–	–	4	–
Total	6,721	–	6,554	–
Less: provision of impairment				
User charges and fees	(15)	–	(16)	–
Total provision for impairment – receivables	(15)	–	(16)	–
<u>TOTAL NET RECEIVABLES</u>	<u>6,706</u>	<u>–</u>	<u>6,538</u>	<u>–</u>
Unrestricted receivables	6,706	–	6,538	–
TOTAL NET RECEIVABLES	6,706	–	6,538	–

\$ '000	2019	2018
Movement in provision for impairment of receivables		
Balance at the beginning of the year (calculated in accordance with AASB 139)	16	23
+ new provisions recognised during the year	–	14
– amounts already provided for and written off this year	(1)	(21)
Balance at the end of the period	15	16

Accounting policy for receivables**Recognition and measurement**

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

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

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

Impairment**Accounting policy under AASB 9 applicable from 1 July 2018**

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

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 7. Receivables (continued)

When considering the ECL for rates debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. For non-rates debtors,

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

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

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

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

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

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

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

Accounting policy under AASB 139 – applicable for 2018 comparatives only

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

Collectability of receivables is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. When a receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Income Statement.

Rates and annual charges outstanding are secured against the property.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 8. Inventories and other assets

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
(a) Inventories				
(i) Inventories at cost				
Stores and materials	548	–	540	–
Total inventories at cost	548	–	540	–
<u>TOTAL INVENTORIES</u>	<u>548</u>	<u>–</u>	<u>540</u>	<u>–</u>
(b) Other assets				
Prepayments	–	–	40	–
<u>TOTAL OTHER ASSETS</u>	<u>–</u>	<u>–</u>	<u>40</u>	<u>–</u>

Accounting policy for inventories and other assets

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.

Inventory held for distribution

Inventory held for distribution is held at cost, adjusted where applicable for any loss of service potential.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 9. Infrastructure, property, plant and equipment

\$ '000	as at 30/6/2018			Asset movements during the reporting period						as at 30/6/2019		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals ⁽¹⁾	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
Capital work in progress	4,893	–	4,893	380	1,210	–	–	(2,769)	–	3,714	–	3,714
Plant and equipment	8,884	(2,980)	5,904	–	1,734	(1,035)	(696)	–	–	9,328	(3,421)	5,907
Office equipment	710	(249)	461	–	292	–	(334)	1,040	–	2,042	(583)	1,459
Furniture and fittings	140	(58)	82	–	–	–	(11)	–	–	140	(69)	71
Land:												
– Operational land	2,737	–	2,737	–	70	–	–	–	–	2,807	–	2,807
Infrastructure:												
– Buildings – non-specialised	6,574	(1,952)	4,622	19	481	–	(122)	–	–	7,074	(2,074)	5,000
– Water mains	286,837	(137,218)	149,619	845	1,750	(84)	(3,338)	1,550	2,348	295,011	(142,321)	152,690
– Reservoirs	82,862	(24,235)	58,627	1,252	509	(243)	(1,399)	74	920	85,552	(25,811)	59,741
– Pumping stations	21,927	(7,702)	14,225	403	508	(238)	(523)	16	174	22,827	(8,263)	14,564
– Treatment plants	22,666	(6,093)	16,573	50	203	–	(573)	–	263	23,274	(6,759)	16,515
– Bores	2,817	(624)	2,193	–	51	(58)	(69)	89	3	2,940	(730)	2,210
Total Infrastructure, property, plant and equipment	441,047	(181,111)	259,936	2,949	6,808	(1,658)	(7,065)	–	3,708	454,709	(190,031)	264,678

(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 2019

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

\$ '000	as at 30/6/2017			Asset movements during the reporting period					as at 30/6/2018		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation	Net carrying amount
Capital work in progress	–	–	–	1,213	3,680	–	–	–	4,893	–	4,893
Plant and equipment	8,481	(2,462)	6,019	1,335	–	(763)	(687)	–	8,884	(2,980)	5,904
Office equipment	495	(158)	337	215	–	–	(91)	–	710	(249)	461
Furniture and fittings	140	(47)	93	–	–	–	(11)	–	140	(58)	82
Land:											
– Operational land	2,409	–	2,409	95	–	(29)	–	262	2,737	–	2,737
Infrastructure:											
– Buildings – non-specialised	5,690	(1,391)	4,299	–	659	(64)	(94)	(178)	6,574	(1,952)	4,622
– Water supply network	280,354	(131,760)	148,594	270	279	–	(3,354)	3,830	286,837	(137,218)	149,619
– Reservoirs	81,158	(22,382)	58,776	234	–	–	(1,394)	1,011	82,862	(24,235)	58,627
– Pumping stations	21,476	(7,086)	14,390	416	–	(107)	(521)	47	21,927	(7,702)	14,225
– Treatment plants	22,200	(5,418)	16,782	290	–	–	(561)	62	22,666	(6,093)	16,573
– Bores	2,759	(560)	2,199	137	–	(62)	(70)	(11)	2,817	(624)	2,193
Total Infrastructure, property, plant and equipment	425,162	(171,264)	253,898	4,205	4,618	(1,025)	(6,783)	5,023	441,047	(181,111)	259,936

(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 2019

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

Accounting policy for infrastructure, property, plant and equipment

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

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Department of Industry (DoI) – Water.

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

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

When infrastructure, property, plant and equipment are acquired by Council for nil or nominal consideration, the assets are initially recognised at their fair value at acquisition date.

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

Plant and equipment	Years	Buildings	Years
Office equipment	5 to 10	Buildings: masonry	50 to 100
Office furniture	10 to 20	Buildings: other	20 to 40
Computer equipment	5		
Vehicles	5 to 8		
Heavy plant	5 to 8		
Other plant and equipment	5 to 15		
Water and sewer assets			
Dams and reservoirs	80 to 100		
Bores	20 to 40		
Reticulation pipes: PVC	70 to 80		
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 20		

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 10. Payables and borrowings

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
Payables				
Goods and services – operating expenditure	909	–	698	–
Accrued expenses:				
– Salaries and wages	245	–	248	–
– Employee expense on-costs	149	7	124	2
– Other expenditure accruals	260	–	14	–
Security bonds, deposits and retentions	28	–	29	–
Other	66	–	–	–
Total payables	1,657	7	1,113	2
Income received in advance				
Payments received in advance	332	–	158	–
Total income received in advance	332	–	158	–
Borrowings				
Bank overdraft	–	–	13	–
Total borrowings	–	–	13	–
<u>TOTAL PAYABLES AND BORROWINGS</u>	<u>1,989</u>	<u>7</u>	<u>1,284</u>	<u>2</u>

\$ '000	2019	2018
Financing arrangements		
(i) Unrestricted access was available at balance date to the following lines of credit:		
Bank overdraft facilities ¹	500	500
Credit cards/purchase cards	65	80
Total financing arrangements	565	580
Undrawn facilities as at balance date:		
– Bank overdraft facilities	500	500
– Credit cards/purchase cards	39	80
Total undrawn financing arrangements	539	580

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

Accounting policy for payables and borrowings

Council measures all financial liabilities initially at fair value less transaction costs.

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 2019

Note 11. Provisions

\$ '000	2019 Current	2019 Non-current	2018 Current	2018 Non-current
Provisions				
Employee benefits				
Annual leave	660	–	586	–
Long service leave	1,069	80	1,149	23
Accrued leave	68	–	66	–
Sub-total – aggregate employee benefits	1,797	80	1,801	23
TOTAL PROVISIONS	1,797	80	1,801	23

\$ '000	2019	2018
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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	1,367	1,271
	1,367	1,271

Accounting policy for provisions

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

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

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

Employee benefits**Short-term obligations**

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

Other long-term employee benefit obligations

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 11. Provisions (continued)

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.

Note 12. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 13. Statement of cash flows - additional information

\$ '000	Notes	2019	2018
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6(a)	1,888	1,151
Less bank overdraft	10	–	(13)
Balance as per the Statement of Cash Flows		1,888	1,138
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		2,144	3,747
Adjust for non-cash items:			
Depreciation and amortisation		7,065	6,783
Net losses/(gains) on disposal of assets		819	244
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		(167)	(664)
Increase/(decrease) in provision for impairment of receivables		(1)	(7)
Decrease/(increase) in inventories		(8)	97
Decrease/(increase) in other current assets		40	76
Increase/(decrease) in payables		211	62
Increase/(decrease) in other accrued expenses payable		243	124
Increase/(decrease) in other liabilities		269	(611)
Increase/(decrease) in provision for employee benefits		53	200
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		10,668	10,051

Notes to the Financial Statements

for the year ended 30 June 2019

Note 14. Commitments

\$ '000	2019	2018
Capital commitments (exclusive of GST)		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Plant and equipment	–	50
Design & Construct Reservoirs	378	945
Backflow Devices	245	–
Total commitments	623	995
These expenditures are payable as follows:		
Within the next year	623	525
Later than one year and not later than 5 years	–	470
Total payable	623	995
Sources for funding of capital commitments:		
Unrestricted general funds	623	945
Internally restricted reserves	–	50
Total sources of funding	623	995
Details of capital commitments		
Mandamah Scheme \$378,000		
Backflow Devices \$245,000		

Notes to the Financial Statements

for the year ended 30 June 2019

Note 15. Contingencies and other assets/liabilities not recognised

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

LIABILITIES NOT RECOGNISED**1. Guarantees****(i) Defined benefit superannuation contribution plans**

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named The Local Government Superannuation Scheme – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a 'multi-employer fund' for purposes of AASB119 Employee Benefits for the following reasons:

- Assets are not segregated within the sub-group according to the employees of each sponsoring employer.
- The contribution rates have been the same for all sponsoring employers. That is, contribution rates have not varied for each sponsoring employer according to the experience relating to the employees of that sponsoring employer.
- Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer.
- The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

Given the factors above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers, and hence shares in the associated gains and losses (to the extent that they are not borne by members).

Description of the funding arrangements.

Pooled employers are required to pay standard employer contributions and additional lump sum contributions to the fund.

The standard employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working life-time of a typical new entrant is calculated. The current standard employer contribution rates are:

Division B	1.9 times employee contributions
Division C	2.5% salaries
Division D	1.64 times employee contributions

The additional lump sum contribution for each Pooled Employer is a share of the total additional contributions of \$40 million per annum from 1 July 2018 for 3 years to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2019. These additional lump sum contributions are used to fund the deficit of assets to accrued liabilities as at 30 June 2019.

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

Description of the extent to which Council can be liable to the plan for other Council's obligations under the terms and conditions of the multi-employer plan

As stated above, each sponsoring employer (Council) is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses.

However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding additional contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the Council.

There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up.

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2019 was \$ 63,465.89. The last valuation of the Scheme was performed by [Richard Boyfield, FIAA, on 31 December 2018], and covers the period ended 30 June 2018.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 15. Contingencies and other assets/liabilities not recognised (continued)

The amount of additional contributions included in the total employer contribution advised above is \$34,328. Council's expected contribution to the plan for the next annual reporting period is \$103,709.56

The estimated employer reserves financial position for the Pooled Employers at 30 June 2019 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	1,798.7	
Past Service Liabilities	1,784.2	100.8%
Vested Benefits	1,792.0	100.4%

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

Based on Past Service Liabilities methodology, the share of any surplus that can be attributed to council is .19%.

The key economic long term assumptions used to calculate the present value of accrued benefits are:

Investment return	5.75% per annum
Salary inflation *	3.5% per annum
Increase in CPI	2.5% per annum

* Plus promotional increases

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group.

(ii) Statewide Limited

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

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

The future realisation and finalisation of claims incurred but not reported to 30/6 this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

(iii) StateCover Limited

Council is a member of StateCover Mutual Limited and holds a partly paid share in the entity.

StateCover is a company providing workers compensation insurance cover to the NSW local government industry and specifically Council.

Council has a contingent liability to contribute further equity in the event of the erosion of the company's capital base as a result of the company's past performance and/or claims experience or as a result of any increased prudential requirements from APRA.

These future equity contributions would be required to maintain the company's minimum level of net assets in accordance with its licence requirements.

(iv) Other guarantees

Council has provided no other guarantees other than those listed above.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 15. Contingencies and other assets/liabilities not recognised (continued)

2. Other liabilities

(i) Third party claims

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

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 16. Financial risk management

Risk management

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

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

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

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

A comparison by category of the carrying amounts and fair values of Council's financial assets and financial liabilities recognised in the financial statements is presented below.

\$ '000	Carrying value 2019	Carrying value 2018	Fair value 2019	Fair value 2018
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	1,888	1,151	1,888	1,151
Receivables	6,706	6,538	6,706	6,538
Investments				
– 'Financial assets at amortised cost' / 'held to maturity' (2018)	49,000	48,000	49,000	48,000
Total financial assets	57,594	55,689	57,594	55,689
Financial liabilities				
Bank overdraft	–	13	–	13
Payables	1,664	1,115	1,664	1,115
Total financial liabilities	1,664	1,128	1,664	1,128

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value
- **Held-to-maturity investments** – are based upon estimated future cash flows discounted by the current mkt interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.

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

Council's finance area manages the cash and Investments portfolio.

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 monthly basis setting out the portfolio breakup and its performance as required by Local Government regulations.

The risks associated with the instruments held are:

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 16. Financial risk management (continued)

- **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.

(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
2019				
Possible impact of a 1% movement in interest rates	502	502	(502)	(502)
2018				
Possible impact of a 1% movement in interest rates	500	500	(500)	(500)

(b) Credit risk

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

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

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

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

Council makes suitable provision for doubtful receivables as required..

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

Credit risk profile

Receivables – rates and annual charges

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

\$ '000	Not yet overdue	< 1 year overdue	1 - 2 years overdue	2 - 5 years overdue	> 5 years overdue	Total
2019						
Gross carrying amount	739	689	–	–	–	1,428
2018						
Gross carrying amount	1,079	132	39	61	–	1,311

Notes to the Financial Statements

for the year ended 30 June 2019

Note 16. Financial risk management (continued)

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.

The loss allowance provision as at 30 June 2019 is determined as follows. The expected credit losses incorporate forward-looking information.

\$ '000	Not yet overdue	0 - 30 days overdue	31 - 60 days overdue	61 - 90 days overdue	> 91 days overdue	Total
2019						
Gross carrying amount	4,638	655	–	–	–	5,293
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	–	–	–	–	–	–
2018						
Gross carrying amount	4,224	656	–	–	363	5,243
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ECL provision	–	–	–	–	–	–

(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.

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk through diversification of borrowing types, maturities and interest rate structures. The finance team regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

The timing of cash flows presented in the table below to settle financial liabilities reflects the earliest contractual settlement dates. The timing of expected outflows is not expected to be materially different from contracted cashflows.

The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 - 5 Years	> 5 Years		
2019							
Trade/other payables	0.00%	28	1,636	–	–	1,664	1,664
Total financial liabilities		28	1,636	–	–	1,664	1,664
2018							
Bank overdraft	0.00%	13	–	–	–	13	13
Trade/other payables	0.00%	29	1,086	–	–	1,115	1,115
Total financial liabilities		42	1,086	–	–	1,128	1,128

Notes to the Financial Statements

for the year ended 30 June 2019

Note 17. Material budget variations

Council's original financial budget for 18/19 was adopted by the Council on 29/06/2018 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	2019 Budget	2019 Actual	2019 ----- Variance -----	
REVENUES				
Rates and annual charges	5,056	5,243	187	4% F
User charges and fees	14,844	17,335	2,491	17% F
Water usage charges were \$2.2m higher than budget due to demand.				
Interest and investment revenue	1,488	1,447	(41)	(3)% U
Other revenues	106	169	63	59% F
Additional insurance rebates and incentives, \$8k, training incentives, \$12k plus various other rebates and reimbursements.				
Operating grants and contributions	–	30	30	∞ F
Smart Cities & Suburbs grant of \$30k not budgeted.				
Capital grants and contributions	1,885	940	(945)	(50)% U
Developer contributions were significantly down on budget estimate.				

Notes to the Financial Statements

for the year ended 30 June 2019

Note 17. Material budget variations

\$ '000	2019 Budget	2019 Actual	2019 ----- Variance -----	
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EXPENSES

Employee benefits and on-costs	5,904	6,587	(683)	(12)%	U
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Payroll Tax \$105k, Superannuation \$17k, Workers Compensation Insurance \$19k, Fringe Benefits Tax \$20k, Employee Leave Entitlements \$44k were all higher than budget. Salary and Wage costs were also higher due to recruitment of additional staff.

Materials and contracts	2,501	3,403	(902)	(36)%	U
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Materials and Contracts were higher than budget due to a number of factors including purchases originally show in the capital budgets that were subsequently expensed such as software.

Depreciation and amortisation	6,251	7,065	(814)	(13)%	U
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Office Equipment was \$289k higher due to installation of new IT System, Plant & Equipment under estimated by \$376k plus additional depreciation on water infrastructure assets \$190k due to new assets.

Other expenses	4,612	5,146	(534)	(12)%	U
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Net losses from disposal of assets	–	819	(819)	∞	U
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Council incurred losses on disposal of plant & equipment \$196k and assets renewed which has not been fully written down at time of replacement, \$623k.

STATEMENT OF CASH FLOWS

Net cash provided from (used in) operating activities	10,362	10,668	306	3%	F
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Net cash provided from (used in) investing activities	(9,980)	(9,918)	62	(1)%	F
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Notes to the Financial Statements

for the year ended 30 June 2019

Note 18. Fair Value Measurement

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

– Infrastructure, property, plant and equipment

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

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

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

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

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

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

2019	Notes	Fair value measurement hierarchy			Total	
		Date of latest valuation	Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs		Level 3 Significant unobservable inputs
Recurring fair value measurements						
Infrastructure, property, plant and equipment						
	9					
Plant and Equipment		30/06/19	–	–	5,907	5,907
Office Equipment		30/06/19	–	–	1,459	1,459
Furniture and Fittings		30/06/19	–	–	71	71
Operational Land		30/06/18	–	2,807	–	2,807
Buildings – Non Specialised		30/06/18	–	5,000	–	5,000
Water Mains		30/06/17	–	–	152,690	152,690
Reservoirs		30/06/17	–	–	59,741	59,741
Pumping Stations		30/06/17	–	–	14,564	14,564
Treatment Plants		30/06/17	–	–	16,515	16,515
Bores		30/06/17	–	–	2,210	2,210
Total infrastructure, property, plant and equipment			–	7,807	253,157	260,964

Notes to the Financial Statements

for the year ended 30 June 2019

Note 18. Fair Value Measurement (continued)

2018	Notes	Date of latest valuation	Fair value measurement hierarchy			Total
			Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
Recurring fair value measurements						
Infrastructure, property, plant and equipment						
	9					
Plant and Equipment		30/06/18	–	–	5,904	5,904
Office Equipment		30/06/18	–	–	461	461
Furniture and Fittings		30/06/18	–	–	82	82
Operational Land		30/06/18	–	2,737	–	2,737
Buildings – Non Specialised		30/06/18	–	4,622	–	4,622
Water Mains		30/06/17	–	–	149,619	149,619
Reservoirs		30/06/17	–	–	58,627	58,627
Pumping Stations		30/06/17	–	–	14,225	14,225
Treatment Plants		30/06/17	–	–	16,573	16,573
Bores		30/06/17	–	–	2,193	2,193
Total infrastructure, property, plant and equipment			–	7,359	247,684	255,043

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

(2) Transfers between level 1 and level 2 fair value hierarchies

During the year, there were no transfers between level 1 and level 2 fair value hierarchies for recurring fair value measurements.

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

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

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

Infrastructure, property, plant and equipment (IPP&E)**Plant & Equipment, Office Equipment and Furniture & Fittings**

Plant & Equipment, Office Equipment and Furniture & Fittings are valued at depreciated historical cost.

The carrying amount of these assets approximates fair value due to the nature of the items. Council values Plant & Equipment, Office Equipment and Furniture & Fittings using unobservable Level 3 inputs including gross historical cost, estimated useful life of the asset and residual value.

Land - Operational

This asset class comprises of all of Council's land classified as Operational Land under the NSW Local Government Act 1993. Land was revalued as at 30 June 2018 by Asset Val Pty Ltd.

Where direct comparable sales evidence is used to value a parcel of land it is classed as a Level 2 input.

Buildings - Non Specialised

Buildings were valued at 30 June 2018 by Asset Val Pty Ltd.

Where direct comparable sales evidence is available the building is valued using observable Level 2 inputs.

Water Infrastructure

This asset class comprises of water mains, reservoirs, pumping stations, treatment plants & bores.

These asset classes were valued by Australis Pty Ltd as at 30 June 2017 using data unobservable in the market.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 18. Fair Value Measurement (continued)

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

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

\$ '000	IPP&E
2018	
Opening balance	247,190
Purchases (GBV)	3,176
Disposals (WDV)	(932)
Depreciation and impairment	(6,689)
FV gains – other comprehensive income	4,939
Closing balance	247,684
2019	
Opening balance	247,684
Purchases (GBV)	10,366
Disposals (WDV)	(1,658)
Depreciation and impairment	(6,943)
FV gains – other comprehensive income	3,708
Closing balance	253,157

(5) Highest and best use

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

Notes to the Financial Statements

for the year ended 30 June 2019

Note 19. Related Party Transactions

(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	2019	2018
Compensation:		
Short-term benefits	666	689
Post-employment benefits	76	73
Other long-term benefits	12	166
Termination benefits	141	46
Total	895	974

(b) Other transactions with KMP and their related parties

Nature of the transaction	Ref	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						
2019						
Supply and Service of Council vehicles	1	662	-		-	-
< Enter Description >						
2018						
Supply and Service of Council vehicles	1	709	-		-	-
< Enter Description >						

1 Council purchased vehicles during the year from a company which has a member of Council's KMP as a director. The contract of supply of Council vehicles was awarded through a competitive tender process. Amounts were due payable under normal payment terms following procurement processes.

Notes to the Financial Statements

for the year ended 30 June 2019

Note 20(a). Statement of performance measures – consolidated results

\$ '000	Amounts 2019	Indicator 2019	Prior periods		Benchmark
			2018	2017	
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	2,023	8.35%	8.64%	14.25%	>0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	24,224				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	24,110	95.81%	91.07%	95.29%	>60.00%
Total continuing operating revenue ¹	25,164				
3. Unrestricted current ratio					
Current assets less all external restrictions	31,142	12.87x	11.02x	18.78x	>1.50x
Current liabilities less specific purpose liabilities	2,419				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	9,088	∞	∞	∞	>2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	–				
5. Rates, annual charges, interest and extra charges outstanding percentage					
Rates, annual and extra charges outstanding	1,520	23.00%	21.43%	23.84%	<10.00%
Rates, annual and extra charges collectible	6,608				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	50,888	37.95 mths	39.20 mths	49.60 mths	>3.00 mths
Monthly payments from cash flow of operating and financing activities	1,341				

(1) Excludes fair value adjustments, reversal of revaluation decrements, net gain on sale of assets, and net loss of interests in joint ventures and associates.

(2) Excludes impairment/revaluation decrements, net loss on sale of assets, and net loss on share of interests in joint ventures and associates



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Goldenfields Water County Council

To the Councillors of the Goldenfields Water County Council

Opinion

I have audited the accompanying financial statements of Goldenfields Water County Council (the Council), which comprise the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2019, the Statement of Financial Position as at 30 June 2019, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Councillors and Management.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been presented, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

The Council's annual report for the year ended 30 June 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements.

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

In preparing the financial statements, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting except where the Council will be dissolved or amalgamated by an Act of Parliament, or otherwise cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note 17 Material budget variations
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

A handwritten signature in black ink, appearing to read 'SML'.

Min Lee
A/Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

4 October 2019
SYDNEY



Cr Dennis Palmer
 Chairperson
 Goldenfields Water County Council
 PO Box 220
 TEMORA NSW 2666

Contact: Min Lee
 Phone no: (02) 9275 7151
 Our ref: D1921492/1819

4 October 2019

Dear Mayor

**Report on the Conduct of the Audit
 for the year ended 30 June 2019
 Goldenfields Water County Council**

I have audited the general purpose financial statements (GPFS) of the Goldenfields Water County Council (the Council) for the year ended 30 June 2019 as required by section 415 of the *Local Government Act 1993* (the Act).

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

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2019 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

INCOME STATEMENT

Operating result

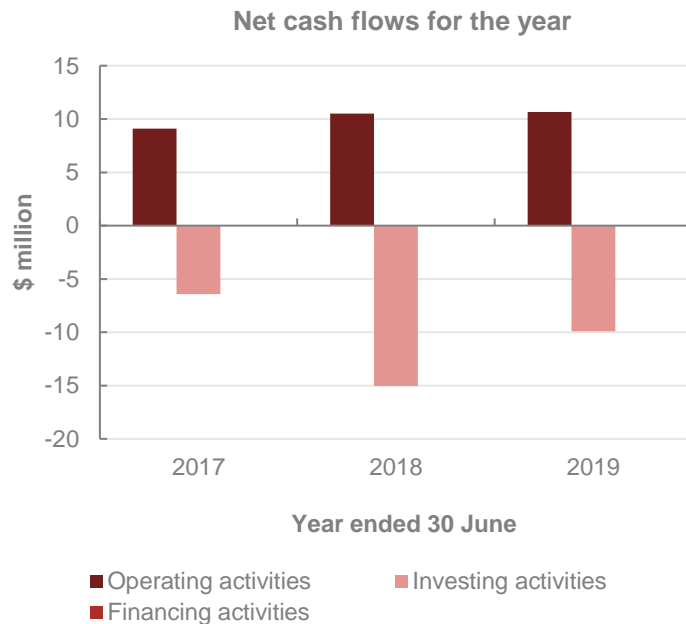
	2019 \$m	2018 \$m	Variance %
Rates and annual charges revenue	5.2	5.0	↑ 4.0
User Chargers and fees	17.3	16.1	↑ 7.4
Grants and contributions revenue	0.9	2.1	↓ 57.1
Operating result for the year	2.1	3.7	↓ 43.2
Net operating result before capital grants and contributions	1.2	1.7	↓ 29.4

The following comments are made in respect of Council’s operating result for the year:

- Council’s operating result was a surplus of \$2.1 million (\$3.7 million for the year ended 30 June 2018). The Council budgeted for a surplus of \$4.1 million.
- The Council’s net operating result before capital grants and contributions was a surplus of \$1.2 million (\$1.7 million for the year ended 30 June 2018).
- User charges and fees increased by \$1.2 million (7.4%) to \$17.3 million. The increase can be attributed to the dry and hot weather over the summer period which resulted in higher water sales (specific actual use charges) and bulk water sales to Councils compared to the previous year.
- Rates and annual charges revenue increased by \$0.2 million (4.0%) to \$5.2 million.
- Grants and contributions revenue decreased by \$1.2 million (57.1%) to \$0.9 million. The decrease is due to high augmentation contributions largely from the Manadamah development stage 1 not recurring in 2019.
- Council’s depreciation and amortisation expense increased by \$0.3 million (4.4%) to \$7.1 million (\$6.8 million for the year ended 30 June 2018). The increase can be attributed to the current year asset additions and revaluation increments in 2017–18.

STATEMENT OF CASH FLOWS

- Council recorded a net increase in cash and cash equivalents of \$0.7 million at 30 June 2019 (net decrease of \$4.9 million at 30 June 2018).
- Net cash provided by operating activities amounted to \$10.7 million. Council recorded cash receipts from rates and annual charges of \$5.1 million and user fees and charges of \$17.5 million. Council recorded \$6.6 million of cash payments for employee benefits and on-costs and \$4.1 million for materials and contracts.
- Net cash used in investing activities amounted to \$9.9 million. This is largely due to the net cash outflow of \$9.7 million for the purchase of infrastructure, property, plant and equipment during the year.



FINANCIAL POSITION

Cash and investments

Cash and investments	2019	2018	Commentary
	\$m	\$m	
External restrictions	-	-	<ul style="list-style-type: none"> Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect identified programs of works and any forward plans identified by Council. The movement in the internally restricted cash balance is predominantly due to a decrease in infrastructure replacement restrictions and carry over works. Unrestricted cash has increased due to the decrease in internal restrictions from the prior year explained above.
Internal restrictions	41.3	44.8	
Unrestricted	9.6	4.3	
Cash and investments	50.9	49.1	

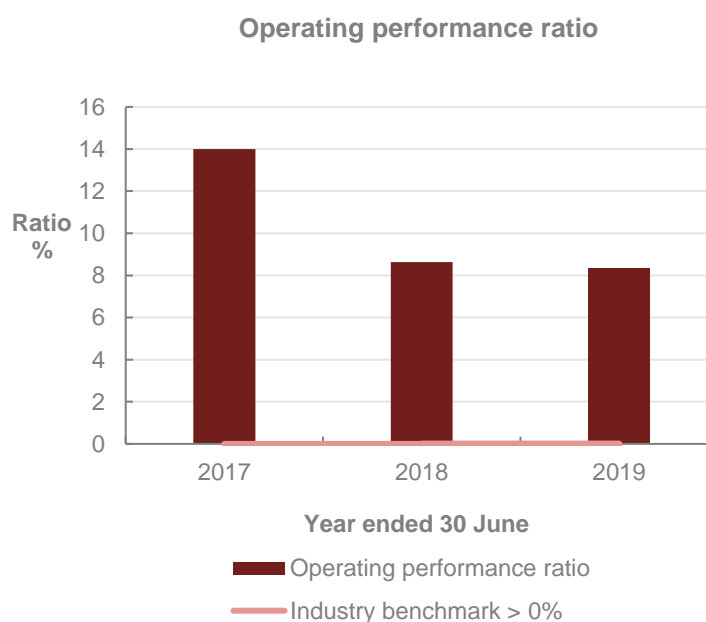
Debt

Council maintains a bank overdraft facility of \$0.5 million. As at 30 June 2019, Council has reported a bank overdraft of nil (2018: \$13,000).

PERFORMANCE

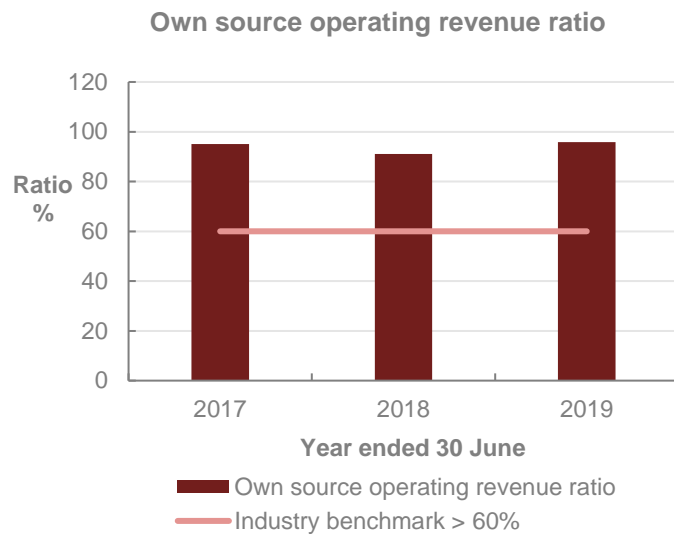
Operating performance ratio

- The operating performance ratio of 8.35 per cent is above the industry benchmark of greater than zero per cent.
- The operating performance ratio has remained steady from 2018.
- The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by the former Office of Local Government (OLG) is greater than zero per cent.



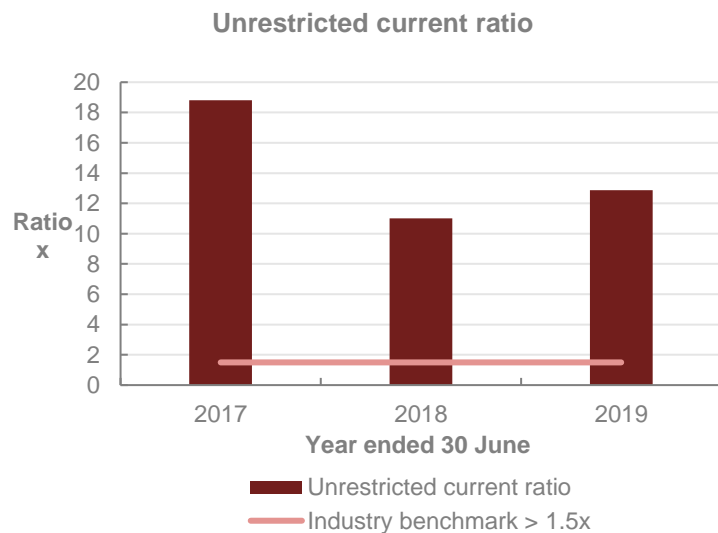
Own source operating revenue ratio

- The Council's own source operating revenue ratio of 95.8 per cent is above the industry benchmark of 60 per cent.
- The own source operating revenue ratio increased from 91.1 per cent in the 2018 financial year due to the increase in user charges and fees during 2018–19.
- Council has met this benchmark as its main source of income is from water sales, rather than reliance on operating grants and contributions.
- The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by the former OLG is greater than 60 per cent.



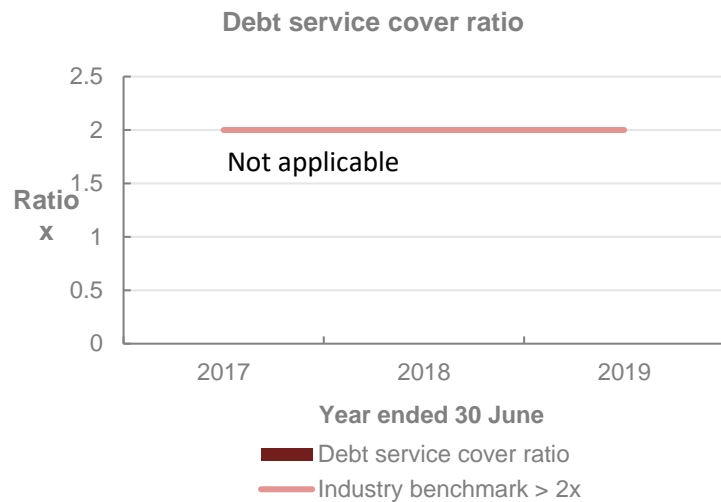
Unrestricted current ratio

- The Council's liquidity ratio of 12.9 times is greater than the industry benchmark set by OLG.
- The increase in the ratio compared with prior year is due to an increase in cash and investment holdings impacted by the movement of longer term investments to shorter term investments.
- Overall, this ratio indicates that Council has sufficient liquidity to meet its current liabilities as and when they fall due.
- The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by the former OLG is greater than 1.5 times.



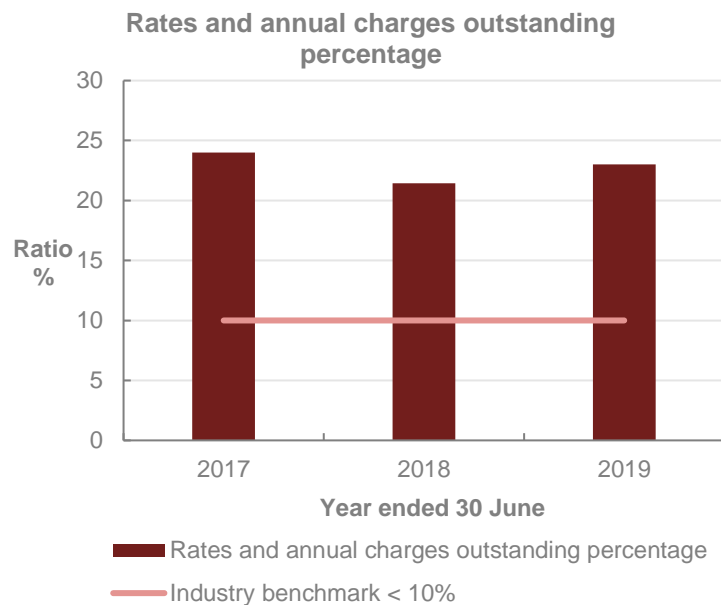
Debt service cover ratio

- Council has a bank overdraft of nil at 30 June 2019 (\$13,000 at 30 June 2018).
- The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by the former OLG is greater than two times.



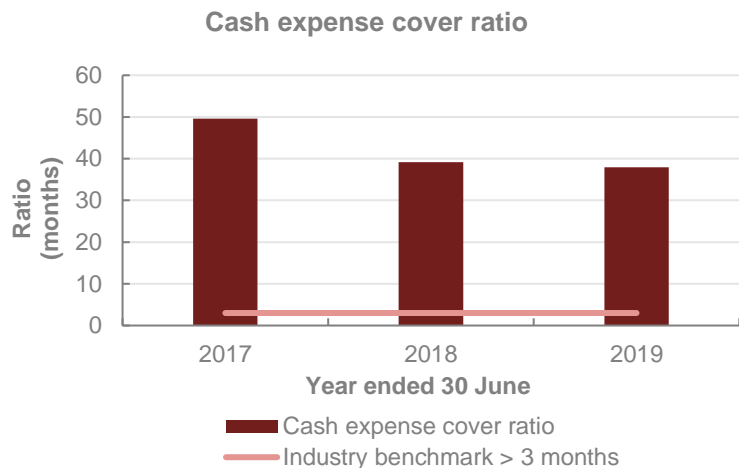
Rates and annual charges outstanding percentage

- The Council's rates and annual charges outstanding ratio of 23 per cent is outside the industry benchmark of less than 10 per cent for rural councils.
- Council continues to remain outside this benchmark and the result remains consistent with the prior periods due to rolling quarterly billing arrangements.
- The billing cycle of water county councils needs to be considered when assessing this ratio against other Councils.
- The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by the former OLG is less than 10 per cent for regional and rural councils.



Cash expense cover ratio

- Council has performed comfortably above the benchmark in both the current and prior periods, indicating a strong liquidity position.
- This liquidity ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by the former OLG is greater than three months.



Infrastructure, property, plant and equipment renewals

The Council has renewed \$2.9 million of assets in the 2018–19 financial year, compared to \$4.2 million of assets in the 2017–18 financial year. The decrease is primarily due to the transfer of work in progress renewals in the 2017–18 financial year to water mains infrastructure in the 2018–19 financial year on completion of project works. Renewal of reservoirs infrastructure has increased by \$1 million on the 2017–18 financial year to \$1.3 million due to various reservoir treatment works in the 2018–19 financial year.

OTHER MATTERS

New accounting standards implemented

Application period	Overview
AASB 9 'Financial Instruments' and revised AASB 7 'Financial Instruments: Disclosures'	
For the year ended 30 June 2019	<p>AASB 9 replaces AASB 139 'Financial Instruments: Recognition and Measurement' and changes the way financial instruments are treated for financial reporting.</p> <p>Key changes include:</p> <ul style="list-style-type: none"> • a simplified model for classifying and measuring financial assets • a new method for calculating impairment • a new type of hedge accounting that more closely aligns with risk management. <p>The revised AASB 7 includes new disclosures as a result of AASB 9.</p> <p>Council's disclosure of the impact of adopting AASB 9 is disclosed in Note 1 (a).</p>

Legislative compliance

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

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



Min Lee
A/Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

cc: Aaron Drenovski, General Manager
Peter McLean, Chair of Audit, Risk and Improvement Committee
Michelle Curran, Corporate Services Manager
Jim Betts, Secretary of the Department of Planning, Industry and Environment

Goldenfields Water County Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2019

*To be innovative leaders in the supply and distribution of
water through regional efficiency, technical excellence and
customer service.*



Special Purpose Financial Statements

for the year ended 30 June 2019

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Background

- i. These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
- ii. The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.

- iii. For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).

- iv. In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).

Special Purpose Financial Statements

for the year ended 30 June 2019

Statement by Councillors and Management made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,
- the NSW Office of Water Best-Practice Management of Water and Sewerage Guidelines.

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

- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records.
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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

Signed in accordance with a resolution of Council made on 22 August 2019.



Dennis Palmer
Chairman
22 August 2019



David McCann
Deputy Chairman
22 August 2019



Aaron Drenovski
General Manager
22 August 2019



Michele Curran
Responsible Accounting Officer
22 August 2019

Income Statement – Water Supply Business Activity

for the year ended 30 June 2019

\$ '000	2019	2018
Income from continuing operations		
Access charges	5,243	4,968
User charges	16,922	15,419
Fees	413	627
Interest	1,447	1,500
Grants and contributions provided for non-capital purposes	30	302
Other income	169	119
Total income from continuing operations	24,224	22,935
Expenses from continuing operations		
Employee benefits and on-costs	6,587	7,028
Materials and contracts	3,287	2,346
Depreciation, amortisation and impairment	7,065	6,783
Water purchase charges	116	80
Loss on sale of assets	819	244
Calculated taxation equivalents	35	30
Other expenses	5,146	4,716
Total expenses from continuing operations	23,055	21,227
Surplus (deficit) from continuing operations before capital amounts	1,169	1,708
Grants and contributions provided for capital purposes	940	2,009
Surplus (deficit) from continuing operations after capital amounts	2,109	3,717
Surplus (deficit) from all operations before tax	2,109	3,717
Less: corporate taxation equivalent (27.5%) [based on result before capital]	(321)	(470)
SURPLUS (DEFICIT) AFTER TAX	1,788	3,247
Plus accumulated surplus	91,357	87,610
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	35	30
– Corporate taxation equivalent	321	470
Closing accumulated surplus	93,501	91,357
Return on capital %	0.4%	0.7%
Subsidy from Council	–	5,128
Calculation of dividend payable:		
Surplus (deficit) after tax	1,788	3,247
Less: capital grants and contributions (excluding developer contributions)	(940)	(2,009)
Surplus for dividend calculation purposes	848	1,238
Potential dividend calculated from surplus	424	619

Statement of Financial Position – Water Supply Business Activity

as at 30 June 2019

\$ '000	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents	1,888	1,151
Investments	22,000	12,000
Receivables	6,706	6,538
Inventories	548	540
Other	–	40
Total current assets	31,142	20,269
Non-current assets		
Investments	27,000	36,000
Infrastructure, property, plant and equipment	264,678	259,936
Total non-current assets	291,678	295,936
TOTAL ASSETS	322,820	316,205
LIABILITIES		
Current liabilities		
Bank overdraft	–	13
Payables	1,657	1,112
Income received in advance	332	159
Provisions	1,797	1,801
Total current liabilities	3,786	3,085
Non-current liabilities		
Payables	7	2
Provisions	80	23
Total non-current liabilities	87	25
TOTAL LIABILITIES	3,873	3,110
NET ASSETS	318,947	313,095
EQUITY		
Accumulated surplus	93,501	91,357
Revaluation reserves	225,446	221,738
TOTAL EQUITY	318,947	313,095

Goldenfields Water County Council

Notes to the Special Purpose Financial Statements

for the year ended 30 June 2019

Note 1. Significant Accounting Policies

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

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

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

The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the Local Government Act 1993 (NSW), the *Local Government (General) Regulation 2005*, and the Local Government Code of Accounting Practice and Financial Reporting.

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

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

National Competition Policy

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

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

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

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

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

Declared business activities

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

Category 1

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

Goldenfields Water County Council (whole of Council operation)

Supply water within the Local Government areas of Bland, Coolamon, Jumea, Temora and part of Narrandera, Hilltops Council and Cootamundra Gundagai Regional Council - excluding the provision of retail water distribution in Cootamundra and Hilltops Council.

Monetary amounts

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

Goldenfields Water County Council

Notes to the Special Purpose Financial Statements

for the year ended 30 June 2019

Note 1. Significant Accounting Policies (continued)

(i) Taxation equivalent charges

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

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

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

Notional rate applied (%)

Corporate income tax rate – 30%

Land tax – the first \$692,000 of combined land values attracts 0%. For the combined land values in excess of \$692,001 up to \$4,231,000 the rate is 1.6% + \$100. For the remaining combined land value that exceeds \$4,231,000 a premium marginal rate of 2.0% applies.

Payroll tax – 5.45% on the value of taxable salaries and wages in excess of \$850,000.

Income tax

An income tax equivalent has been applied on the profits of the business activities.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

Income tax is only applied where a gain/ (loss) from ordinary activities before capital amounts has been achieved.

Since the taxation equivalent is notional – that is, it is payable to Council as the 'owner' of business operations - it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

The rate applied of 30% is not the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

A calculation of the equivalent rates and charges payable on all category 1 businesses has been applied to all land assets owned or exclusively used by the business activity.

Loan and debt guarantee fees

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

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

(ii) Subsidies

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

Notes to the Special Purpose Financial Statements

for the year ended 30 June 2019

Note 1. Significant Accounting Policies (continued)

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

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

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

(iii) Return on investments (rate of return)

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

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

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

The rate of return is calculated as follows:

Operating result before capital income + interest expense

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

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 1.32% at 30/6/19.

(iv) Dividends

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

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

Each dividend must be calculated and approved in accordance with the DPIW guidelines and must not exceed:

- 50% of this surplus in any one year, or
- the number of water supply assessments at 30/06/2019 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements

Goldenfields Water County Council

To the Councillors of the Goldenfields Water County Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Goldenfields Water County Council's (the Council) declared business activity, Water Supply Business Activity, which comprise the Income Statement of the declared business activity for the year ended 30 June 2019, the Statement of Financial Position of the declared business activity as at 30 June 2019, Note 1 Significant accounting policies for the business activity declared by Council, and the Statement by Councillors and Management.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared business activity as at 30 June 2019, and its financial performance for the year then ended, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting – update number 27 (LG Code).

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

The Council's annual report for the year ended 30 June 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements.

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

In preparing the financial statements, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it is not appropriate to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

A handwritten signature in black ink, appearing to read 'SML'.

Min Lee
A/Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

4 October 2019
SYDNEY

Goldenfields Water County Council

SPECIAL SCHEDULES
for the year ended 30 June 2019

*To be innovative leaders in the supply and distribution of
water through regional efficiency, technical excellence and
customer service.*



Special Schedules

for the year ended 30 June 2019

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Report on Infrastructure Assets

as at 30 June 2019

Asset Class	Asset Category	Estimated cost		2018/19 Required maintenance ^a	2018/19 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
(a) Report on Infrastructure Assets - Values												
Buildings	Council Office	–	–	16	16	1,480	1,826	95.0%	0.0%	5.0%	0.0%	0.0%
	Council Works Depots	–	–	11	11	1,963	2,496	91.0%	3.0%	3.0%	3.0%	0.0%
	Council Houses	–	–	14	14	1,557	2,752	37.0%	28.0%	35.0%	0.0%	0.0%
	Sub-total	–	–	41	41	5,000	7,074	71.0%	12.0%	16.0%	1.1%	(0.1%)
Water supply network	Mains	18,063	28,889	2,180	1,273	152,690	295,011	25.0%	34.0%	24.0%	9.0%	8.0%
	Reservoirs	96	678	139	131	59,741	85,552	41.0%	54.0%	5.0%	0.0%	0.0%
	Pumping Stations	48	509	400	559	14,564	22,827	28.0%	58.0%	13.0%	1.0%	0.0%
	Treatment	–	119	193	195	16,515	23,274	71.0%	25.0%	4.0%	0.0%	0.0%
	Bores	–	53	–	133	2,210	2,940	28.0%	58.0%	13.0%	1.0%	0.0%
	Sub-total	18,207	30,248	2,912	2,291	245,720	429,604	30.9%	38.9%	18.5%	6.2%	5.5%
TOTAL - ALL ASSETS		18,207	30,248	2,953	2,332	250,720	436,678	31.5%	38.5%	18.4%	6.2%	5.4%

(a) Required maintenance is the amount identified in Council's asset management plans.

Infrastructure asset condition assessment 'key'

1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

Report on Infrastructure Assets (continued)

as at 30 June 2019

\$ '000	Amounts 2019	Indicator 2019	Prior periods		Benchmark
			2018	2017	
Infrastructure asset performance indicators (consolidated) *					
Buildings and infrastructure renewals ratio ¹					
Asset renewals ²	<u>2,949</u>	85.23%	74.25%	–	>=100.00%
Depreciation, amortisation and impairment	<u>3,460</u>				
Infrastructure backlog ratio ¹					
Estimated cost to bring assets to a satisfactory standard	<u>18,207</u>	11.55%	11.27%	–	<2.00%
Net carrying amount of infrastructure assets	<u>157,690</u>				
Asset maintenance ratio					
Actual asset maintenance	<u>2,332</u>	78.97%	147.01%	–	>100.00%
Required asset maintenance	<u>2,953</u>				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	<u>30,248</u>	6.93%	6.96%	–	
Gross replacement cost	<u>436,678</u>				

(*) All asset performance indicators are calculated using classes identified in the previous table.

(1) Excludes Work In Progress (WIP)

(2) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.