

# Goldenfields Water County Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2017

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*"Committed 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"*



# Goldenfields Water County Council

## General Purpose Financial Statements

for the year ended 30 June 2017

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### Overview

- (i) These financial statements are General Purpose Financial Statements and cover the operations for Goldenfields Water County Council.
- (ii) Goldenfields Water County Council is a body politic of NSW, Australia – being constituted as a local government area by proclamation and is duly empowered by the *Local Government Act 1993* (LGA).

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).

- (iii) All figures presented in these financial statements are presented in Australian currency.
- (iv) These financial statements were authorised for issue by the Council on 24 August 2017. Council has the power to amend and reissue these financial statements.
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# Goldenfields Water County Council

## General Purpose Financial Statements for the year ended 30 June 2017

### Understanding Council's financial statements

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#### Introduction

Each year, individual local governments across New South Wales are required to present a set of audited financial statements to their council and community.

#### What you will find in the statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2017.

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

This 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

This statement primarily records changes in the fair value of Council's Infrastructure, Property, Plant and Equipment.

##### 3. The Statement of Financial Position

A 30 June 2017 snapshot of Council's financial position indicating its assets, liabilities and equity, "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

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

#### About the Notes to the Financial Statements

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

#### About the Auditor's Reports

Council's annual financial statements are required to be audited by the NSW Audit Office. In NSW the auditor provides 2 audit reports:

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

#### Who uses the financial statements?

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

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

Council is required to forward an audited set of financial statements to the Office of Local Government by 31 October 2017.

#### More information

A review of Council's financial performance and position for the 16/17 financial year can be found at Note 29 of the financial statements.

## Goldenfields Water County Council

### General Purpose Financial Statements for the year ended 30 June 2017

### 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 financial statements:

- present fairly the Council's operating result and financial position for the year, and
- 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 24 August 2017.



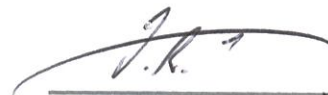
Chris Manchester  
Chairperson



David McCann  
Councillor



Phillip Rudd  
General manager



Ian Graham  
Responsible accounting officer

## Goldenfields Water County Council

## Income Statement

for the year ended 30 June 2017

Budget <sup>1</sup> 2017	\$ '000	Notes	Actual 2017	Actual 2016
<b>Income from continuing operations</b>				
<b>Revenue:</b>				
4,672	Rates and annual charges	3a	4,772	4,584
13,858	User charges and fees	3b	13,709	15,057
1,260	Interest and investment revenue	3c	1,379	1,203
350	Other revenues	3d	144	123
161	Grants and contributions provided for operating purposes	3e,f	176	202
866	Grants and contributions provided for capital purposes	3e,f	876	1,237
<b>Other income:</b>				
–	Net gains from the disposal of assets	5	89	4
<b>21,167</b>	<b>Total income from continuing operations</b>		<b>21,145</b>	<b>22,410</b>
<b>Expenses from continuing operations</b>				
4,410	Employee benefits and on-costs	4a	5,978	5,074
2,966	Materials and contracts	4c	2,248	1,835
5,440	Depreciation and amortisation	4d	5,758	5,624
4,317	Other expenses	4e	3,320	2,970
<b>17,133</b>	<b>Total expenses from continuing operations</b>		<b>17,304</b>	<b>15,503</b>
<b>4,034</b>	<b>Operating result from continuing operations</b>		<b>3,841</b>	<b>6,907</b>
<b>4,034</b>	<b>Net operating result for the year</b>		<b>3,841</b>	<b>6,907</b>
4,034	Net operating result attributable to Council		3,841	6,907
<b>3,168</b>	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>2,965</b>	<b>5,670</b>

<sup>1</sup> Original budget as approved by Council – refer Note 16

## Goldenfields Water County Council

## Statement of Comprehensive Income

for the year ended 30 June 2017

\$ '000	Notes	Actual 2017	Actual 2016
<b>Net operating result for the year</b> (as per Income Statement)		<b>3,841</b>	<b>6,907</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	40,404	4,559
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>40,404</b>	<b>4,559</b>
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Nil			
<b>Total other comprehensive income for the year</b>		<b>40,404</b>	<b>4,559</b>
<b>Total comprehensive income for the year</b>		<b>44,245</b>	<b>11,466</b>
<b>Total comprehensive income attributable to Council</b>		44,245	11,466
<b>Total comprehensive income attributable to non-controlling interests</b>		–	–

## Goldenfields Water County Council

Statement of Financial Position  
as at 30 June 2017

\$ '000	Notes	Actual 2017	Actual 2016
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6a	6,129	3,435
Receivables	7	5,867	5,265
Inventories	8	637	617
Other	8	116	153
<b>Total current assets</b>		<b>12,749</b>	<b>9,470</b>
<b>Non-current assets</b>			
Investments	6b	41,000	38,000
Infrastructure, property, plant and equipment	9	253,898	215,746
Other	8	–	–
<b>Total non-current assets</b>		<b>294,898</b>	<b>253,746</b>
<b>TOTAL ASSETS</b>		<b>307,647</b>	<b>263,216</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	10	919	956
Income received in advance	10	777	713
Provisions	10	1,605	1,446
<b>Total current liabilities</b>		<b>3,301</b>	<b>3,115</b>
<b>Non-current liabilities</b>			
Payables	10	2	2
Provisions	10	19	19
<b>Total non-current liabilities</b>		<b>21</b>	<b>21</b>
<b>TOTAL LIABILITIES</b>		<b>3,322</b>	<b>3,136</b>
<b>Net assets</b>		<b>304,325</b>	<b>260,080</b>
<b>EQUITY</b>			
Retained earnings	20	87,610	83,769
Revaluation reserves	20	216,715	176,311
<b>Council equity interest</b>		<b>304,325</b>	<b>260,080</b>
<b>Non-controlling equity interests</b>		<b>–</b>	<b>–</b>
<b>Total equity</b>		<b>304,325</b>	<b>260,080</b>

## Goldenfields Water County Council

## Statement of Changes in Equity

for the year ended 30 June 2017

\$ '000	Notes	2017				2016			
		Retained earnings	Asset revaluation reserve (Refer 20b)	Council interest	Total equity	Retained earnings	Asset revaluation reserve (Refer 20b)	Council interest	Total equity
<b>Opening balance</b> (as per last year's audited accounts)		83,769	176,311	260,080	260,080	76,862	171,752	248,614	248,614
<b>Revised opening balance</b>		<b>83,769</b>	<b>176,311</b>	<b>260,080</b>	<b>260,080</b>	<b>76,862</b>	<b>171,752</b>	<b>248,614</b>	<b>248,614</b>
<b>a. Net operating result for the year</b>		<b>3,841</b>	–	<b>3,841</b>	<b>3,841</b>	6,907	–	<b>6,907</b>	<b>6,907</b>
<b>b. Other comprehensive income</b>									
– Revaluations: IPP&E asset revaluation reserve	20b (ii)	–	40,404	<b>40,404</b>	<b>40,404</b>	–	4,559	<b>4,559</b>	<b>4,559</b>
<b>Other comprehensive income</b>		<b>–</b>	<b>40,404</b>	<b>40,404</b>	<b>40,404</b>	<b>–</b>	<b>4,559</b>	<b>4,559</b>	<b>4,559</b>
<b>Total comprehensive income</b> (c&d)		<b>3,841</b>	<b>40,404</b>	<b>44,245</b>	<b>44,245</b>	<b>6,907</b>	<b>4,559</b>	<b>11,466</b>	<b>11,466</b>
<b>c. Distributions to/(contributions from) non-controlling interests</b>		–	–	–	–	–	–	–	–
<b>d. Transfers between equity</b>		–	–	–	–	–	–	–	–
<b>Equity – balance at end of the reporting period</b>		<b>87,610</b>	<b>216,715</b>	<b>304,325</b>	<b>304,325</b>	<b>83,769</b>	<b>176,311</b>	<b>260,080</b>	<b>260,080</b>



## Goldenfields Water County Council

## Statement of Cash Flows

for the year ended 30 June 2017

\$ '000	Notes	Actual 2017	Actual 2016
<b>Cash flows from operating activities</b>			
<b>Receipts:</b>			
Annual charges		4,624	4,458
User charges and fees		13,345	15,702
Investment and interest revenue received		1,337	1,101
Grants and contributions		1,053	1,439
Bonds, deposits and retention amounts received		–	1
Other		159	123
<b>Payments:</b>			
Employee benefits and on-costs		(5,943)	(5,102)
Materials and contracts		(2,311)	(1,613)
Other		(3,146)	(3,341)
<b>Net cash provided (or used) in operating activities</b>	11b	<u>9,111</u>	<u>12,768</u>
<b>Cash flows from investing activities</b>			
<b>Receipts:</b>			
Sale of infrastructure, property, plant and equipment		1,621	766
<b>Payments:</b>			
Purchase of investment securities		(3,000)	(9,000)
Purchase of infrastructure, property, plant and equipment		(5,038)	(5,099)
<b>Net cash provided (or used) in investing activities</b>		<u>(6,417)</u>	<u>(13,333)</u>
<b>Cash flows from financing activities</b>			
Nil			
<b>Net increase/(decrease) in cash and cash equivalents</b>		2,694	(565)
Plus: <b>cash and cash equivalents – beginning of year</b>	11a	3,435	4,000
<b>Cash and cash equivalents – end of the year</b>	11a	<u>6,129</u>	<u>3,435</u>
Additional Information:			
plus: <b>Investments on hand – end of year</b>	6b	41,000	38,000
<b>Total cash, cash equivalents and investments</b>		<u>47,129</u>	<u>41,435</u>

**Please refer to Note 11 for information on the following:**

- Non-cash financing and investing activities
- Financing arrangements

# Goldenfields Water County Council

## Notes to the Financial Statements

for the year ended 30 June 2017

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n/a – not applicable

# Goldenfields Water County Council

## Notes to the Financial Statements

for the year ended 30 June 2017

### Note 1. Summary of significant accounting policies

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.

#### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the Local Government Act 1993 (NSW) and Regulations, and the Local Government Code of Accounting Practice and Financial Reporting. Council is a not for-profit entity for the purpose of preparing these financial statements.

#### (i) New and amended standards adopted by Council

AASB 124 Related Party Disclosures was adopted during the year, the impact of this standard had no impact on reporting financial position or performance, however note 28 has been added.

#### (ii) Early adoption of standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2016.

#### (iii) 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 property, plant and equipment that are accounted for at fair value.

#### (iv) Significant accounting estimates and judgements

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that

are believed to be reasonable under the circumstances.

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

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

(i) Estimated fair values of infrastructure, property, plant and equipment,

(ii) Estimated employee benefits

#### **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 in Note 7.

#### (b) Revenue recognition

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.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is measured on major income categories as follows:

#### (i) Annual charges, grants and contributions

Annual charges, grants and contributions (including developer contributions) are recognised as revenue when the Council obtains control over the assets comprising these receipts. Developer contributions may only be expended for the purposes for which the contributions were required, but the Council may apply contributions according to the priorities established in work schedules.

## Goldenfields Water County Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 1. Summary of significant accounting policies (continued)

Control over assets acquired from annual charges is obtained when the account is raised as it is an enforceable debt linked to the property.

Control over granted assets/contributed assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and is valued at their fair value 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 in Note 3(g). The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

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.

#### (ii) User charges and fees

User charges, fees and other income are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

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

#### (iii) Sale of infrastructure, property, plant and equipment

The profit or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer.

#### (iv) Interest

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

#### (v) Rent

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

#### (vi) Other income

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

#### (c) Principles of consolidation

##### (i) Interests in other entities

##### Subsidiaries

Council has no interest in any subsidiaries.

##### Joint arrangements

Council has no interest in any joint arrangements.

#### (d) Leases

All leases entered into by Council are reviewed and classified on inception date as either a finance lease or an operating lease.

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

Lease income from operating leases where Council is a lessor is recognised as income on a straight-line basis over the lease term.

#### (e) Impairment of assets

Intangible assets that have an indefinite useful life or are not yet available for use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the

## Goldenfields Water County Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 1. Summary of significant accounting policies (continued)

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.

#### (f) Cash and cash equivalents

For Statement of Cash Flow presentation purposes, cash and cash equivalents includes;

- cash on hand;
- deposits held at call with financial institutions;
- other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value; and
- bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

#### (g) Inventories

##### (i) 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.

Cost comprises direct materials, direct labour, and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated

costs of completion and the estimated costs necessary to make the sale.

##### (ii) Inventory held for distribution

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

##### (h) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as assets arising from employee benefits; financial assets; and investment properties that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

##### (i) Investments and other financial assets

###### Classification

Council classifies its financial assets in the following categories:

## Goldenfields Water County Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 1. Summary of significant accounting policies (continued)

- 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.

##### **(i) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets.

##### **(ii) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which that are classified as non-current assets.

Loans and receivables are included in other receivables (note 8) and receivables (note 7) in the Statement of Financial Position.

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

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

##### **(iii) 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. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the

whole category would be tainted and reclassified as available-for-sale.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date that are classified as current assets.

##### **(iv) Available-for-sale financial assets**

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

Council has not classified any financial assets as available-for-sale.

##### **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.

Financial assets 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.

##### **Subsequent measurement**

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.



## Goldenfields Water County Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 1. Summary of significant accounting policies (continued)

##### Impairment

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.

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

##### (v) Assets carried at amortised cost

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. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Council may measure impairment on the basis of an instrument's fair value using an observable market price.

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

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. The amount of the impairment allowance is the

difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The amount of the impairment loss is recognised in the income statement within other expenses. When a receivable for which an impairment allowance had been recognised becomes uncollectible 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.

##### Investment Policy

Council has an approved investment policy complying with Section 625 of the Local Government Act 1993 (NSW) and Clause 212 of the Local Government (General) Regulation 2005 (NSW).

Investments are placed and managed in accordance with that policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order. Council maintains an investment policy that complies with the Act and ensures that it, or its representatives, exercise the care, diligence and skill that a prudent person would exercise in investing Council funds.

Council amended its policy following revisions to the Ministerial Local Government Investment Order (the Order) arising from the Cole Inquiry recommendations. Certain investments the Council holds are no longer prescribed; however, they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

##### (j) Fair value estimation – financial instruments

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date.

The fair value of financial instruments that are not traded in an active market is determined using

## Goldenfields Water County Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 1. Summary of significant accounting policies (continued)

valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

#### (k) Infrastructure, property, plant and equipment (IPPE)

Council's assets have been progressively revalued to fair value in accordance with a staged implementation advised by the Office of Local Government. At reporting date, the following classes of IPPE were stated at their fair value:

##### Externally valued:

- Water Supply Network
- Operational Land
- Buildings

##### As approximated by depreciated historical cost:

- Plant and equipment

Non-specialised assets with short useful lives are measured at depreciated historical cost as an approximation of fair value. Council has assessed that any difference between fair value and depreciated historical cost is unlikely to be material. Water network assets are indexed annually between full revaluations in accordance with the latest indices provided in the NSW Office of Water Rates Reference Manual.

For all other asset classes, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date. If any such indication exists, Council determines the asset's fair value and revalue the asset to that

amount. Full revaluations are undertaken for all assets on a five-year cycle.

Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised as profit or loss.

Decreases that reverse previous increases of assets in the same class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

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

#### Depreciation

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 & Equipment

- Office Equipment	5 to 10 years
- Office Furniture	10 to 20 years
- Computer Equipment	4 years
- Vehicles	2 to 5 years
- Heavy Plant	5 to 10 years
- Other Plant and Equipment	5 to 20 years

##### Buildings

30 to 60 years

##### Water Assets

- Bores	25 to 30 years
- Mains	50 to 100 years
- Pumping Stations	40 to 70 years
- Reservoirs	100 to 120 years
- Water Treatment Plants	50 years



## Goldenfields Water County Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 1. Summary of significant accounting policies (continued)

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

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

##### (l) 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.

##### (m) 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.

##### (n) Employee benefits

###### (i) 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.

###### (ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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

###### (iii) 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.

##### Defined Benefit Plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the Statement of Financial Position, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost.

## Goldenfields Water County Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 1. Summary of significant accounting policies (continued)

The present value of the defined benefit obligation is based on expected future payments that arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. However, when this information is not reliably available, 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.

##### **Defined Contribution 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.

##### **(o) Crown reserves**

Crown Reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

Improvements on Crown Reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating to the reserves are recognised within Council's Income Statement.

##### **(p) Goods and Services Tax (GST)**

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to the

taxation authority is included with other receivables or payables in the Statement of Financial Position.

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

##### **(q) New accounting standards and interpretations issued but not yet effective**

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and which have not been applied. Council's assessment of the impact of these new standards and interpretations is set out below.

##### **AASB 9 - Financial Instruments**

Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. The amortised cost model is available for debt assets meeting both business model and cash flow characteristics tests. All investments in equity instruments using AASB 9 are to be measured at fair value. Apart from Held-to-maturity term deposits, Council already values all other investments at fair value with the result that there will not be any financial impact for these developments.

The revisions also amend measurement rules for financial liabilities that the Council elects to measure at fair value through profit and loss. Changes in fair value attributable to changes in the Council's own credit risk are presented in other comprehensive income. Council does not have any liabilities that are recorded on this basis and the new requirements will not have any financial impact.

Impairment of assets is now based on expected losses in AASB 9 which requires entities to measure:

- the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible

## Goldenfields Water County Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 1. Summary of significant accounting policies (continued)

within 12 months after the reporting date) of full lifetime;

- expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

A financial impact will only arise if any investments become subject to impairment.

Available-for-sale investments will be classified as fair value through other comprehensive income and will no longer be subject to impairment testing.

##### AASB 15 - Revenue from contracts with customers

AASB 15 will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. AASB 15 will introduce a 5-step process for revenue recognition with the core principle of the new standard being that entities recognise revenue so as to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the Council expects to be entitled in exchange for those goods or services.

The changes in revenue recognition requirements in AASB 15 may cause changes to accounting policies relating to the timing and amount of revenue recorded in the financial statements, as well as additional disclosures.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2018.

Council is undertaking a detailed assessment of the impact of AASB 15.

##### AASB 16 - Leases

AASB 116 Leases replaces AASB 117 Leases and some associated lease-related Interpretations.

AASB 16 introduces a single lease accounting model (for lessees) that will require all leases to be accounted for on the balance sheet (i.e. recognition of both a right-of-use asset and a corresponding lease) for all leases with a term of more than 12 months unless the underlying assets are determined to be of 'low value'. There will also be detailed disclosure requirements for all lessees.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2019.

Council is undertaking a detailed assessment of the accounting impacts from AASB 16. However, based on preliminary assessments, impacts from the first time adoption of the standard are likely to include:

- a significant increase in lease assets and financial liabilities recognised on the balance sheet,
- a reduction in reported equity as the carrying amount of lease assets will reduce more quickly than the carrying amount of lease liabilities,
- lower operating cash outflows and higher financing cash flows in the statement of cash flows as principal repayments on all lease liabilities will now be included in financing activities rather than operating activities.

##### (r) Rounding of amounts

Unless otherwise indicated, amounts in the financial statements have been rounded off to the nearest thousand dollars.

##### (s) Comparative figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

##### (t) Disclaimer

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

## Goldenfields Water County Council

## Notes to the Financial Statements

for the year ended 30 June 2017

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

Functions/activities	Income, expenses and assets have been directly attributed to the following functions/activities. Details of these functions/activities are provided in Note 2(b).												
	Income from continuing operations			Expenses from continuing operations			Operating result from continuing operations			Grants included in income from continuing operations		Total assets held (current and non-current)	
	Original budget 2017	Actual 2017	Actual 2016	Original budget 2017	Actual 2017	Actual 2016	Original budget 2017	Actual 2017	Actual 2016	Actual 2017	Actual 2016	Actual 2017	Actual 2016
Water supplies	21,167	21,145	22,410	17,133	17,304	15,503	4,034	3,841	6,907	94	156	307,647	263,216
<b>Total functions and activities</b>	<b>21,167</b>	<b>21,145</b>	<b>22,410</b>	<b>17,133</b>	<b>17,304</b>	<b>15,503</b>	<b>4,034</b>	<b>3,841</b>	<b>6,907</b>	<b>94</b>	<b>156</b>	<b>307,647</b>	<b>263,216</b>
<b>Net operating result for the year <sup>(1)</sup></b>	<b>21,167</b>	<b>21,145</b>	<b>22,410</b>	<b>17,133</b>	<b>17,304</b>	<b>15,503</b>	<b>4,034</b>	<b>3,841</b>	<b>6,907</b>	<b>94</b>	<b>156</b>	<b>307,647</b>	<b>263,216</b>

1. As reported on the income statement

## 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), Harden and Young Shire Councils. Council does not undertake any other functions.

## Goldenfields Water County Council

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 3. Income from continuing operations

\$ '000	Notes	Actual 2017	Actual 2016
<b>(a) Annual charges</b>			
<b>Ordinary rates</b>			
Nil			
<b>Special rates</b>			
Nil			
<b>Annual charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Water Availability Charges			
– Residential		1,261	1,208
– Non residential		874	846
– Bulk supplies to councils		1,318	1,252
– Rural		1,319	1,278
<b>Total annual charges</b>		<b>4,772</b>	<b>4,584</b>
<b>TOTAL RATES AND ANNUAL CHARGES</b>		<b>4,772</b>	<b>4,584</b>
<b>(b) User charges and fees</b>			
<b>Specific user charges</b> (per s.502 – specific 'actual use' charges)			
Residential		4,212	4,365
Non residential		2,093	2,478
Rural		3,237	3,609
Bulk supplies to councils		3,953	4,360
<b>Total user charges</b>		<b>13,495</b>	<b>14,812</b>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>			
Private works		18	16
Section 603 certificates		44	42
Tapping fees		108	142
Connection application fees		40	43
Disconnection fees		4	2
<b>Total fees and charges – statutory/regulatory</b>		<b>214</b>	<b>245</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>			
Nil			
<b>TOTAL USER CHARGES AND FEES</b>		<b>13,709</b>	<b>15,057</b>

## Goldenfields Water County Council

## Notes to the Financial Statements

for the year ended 30 June 2017

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

\$ '000	Notes	Actual 2017	Actual 2016
<b>(c) Interest and investment revenue (including losses)</b>			
<b>Interest</b>			
– Interest on overdue charges		52	60
– Interest earned on investments (interest and coupon payment income)		1,327	1,143
<b><u>TOTAL INTEREST AND INVESTMENT REVENUE</u></b>		<b><u>1,379</u></b>	<b><u>1,203</u></b>
<b>(d) Other revenues</b>			
Rental income – other council properties		62	63
Diesel rebate		5	4
Employment / training incentives		–	8
New data networks		10	17
Sale of old materials		30	6
Statecover insurance rebates		20	13
Statewide insurance rebates		9	12
Other		8	–
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>144</u></b>	<b><u>123</u></b>

## Goldenfields Water County Council

## Notes to the Financial Statements

for the year ended 30 June 2017

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

\$ '000	2017 Operating	2016 Operating	2017 Capital	2016 Capital
<b>(e) Grants</b>				
<b>General purpose (untied)</b>				
Pensioners' rates subsidies – general component	94	96	–	–
<b>Total general purpose</b>	<b>94</b>	<b>96</b>	<b>–</b>	<b>–</b>
<b>Specific purpose</b>				
NSW environmental trust	–	60	–	–
<b>Total specific purpose</b>	<b>–</b>	<b>60</b>	<b>–</b>	<b>–</b>
<b>Total grants</b>	<b>94</b>	<b>156</b>	<b>–</b>	<b>–</b>
<b>Grant revenue is attributable to:</b>				
– State funding	94	156	–	–
	<b>94</b>	<b>156</b>	<b>–</b>	<b>–</b>
<b>(f) Contributions</b>				
<b>Developer contributions:</b>				
<b>(s93 &amp; s94 – EP&amp;A Act, s64 of the LGA):</b>				
Nil				
<b>Other contributions:</b>				
Staff vehicle lease/fuel contributions	60	21	–	–
Water supplies – headworks contributions	–	–	876	1,237
LSL Contributions from other Councils	22	25	–	–
<b>Total other contributions</b>	<b>82</b>	<b>46</b>	<b>876</b>	<b>1,237</b>
<b>Total contributions</b>	<b>82</b>	<b>46</b>	<b>876</b>	<b>1,237</b>
<b>TOTAL GRANTS AND CONTRIBUTIONS</b>	<b>176</b>	<b>202</b>	<b>876</b>	<b>1,237</b>

**(g) Unspent grants and contributions**

Nil

## Goldenfields Water County Council

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 4. Expenses from continuing operations

\$ '000	Notes	Actual 2017	Actual 2016
<b>(a) Employee benefits and on-costs</b>			
Salaries and wages		3,511	3,113
Employee termination costs (where material – other than vested leave paid)		62	139
Travel expenses		341	144
Employee leave entitlements (ELE)		599	613
ELE on-costs		64	(17)
Superannuation		748	586
Workers' compensation insurance		98	84
Fringe benefit tax (FBT)		95	63
Payroll tax		268	200
Training costs (other than salaries and wages)		319	165
Protective clothing		35	36
Recruitment costs		69	162
Other		177	83
<b>Total employee costs</b>		<b>6,386</b>	<b>5,371</b>
Less: capitalised costs		(408)	(297)
<b><u>TOTAL EMPLOYEE COSTS EXPENSED</u></b>		<b><u>5,978</u></b>	<b><u>5,074</u></b>
<b>(b) Borrowing costs</b>			
Nil			
<b>(c) Materials and contracts</b>			
Raw materials and consumables		6,540	5,898
Purchase of water		72	95
Contractor and consultancy costs:			
– Local Land Services (GWCC Wildlife Corridor Management)		153	183
– Open Spatial (Managed Services)		80	103
– Taggle Systems (data fees)		42	56
– Planet Footprint (electricity monitoring)		25	–
Auditors remuneration <sup>(1)</sup>		37	22
Legal expenses:			
– Legal expenses: other		36	79
<b>Total materials and contracts</b>		<b>6,985</b>	<b>6,436</b>
Less: capitalised costs		(4,737)	(4,601)
<b><u>TOTAL MATERIALS AND CONTRACTS</u></b>		<b><u>2,248</u></b>	<b><u>1,835</u></b>



## Goldenfields Water County Council

## Notes to the Financial Statements

for the year ended 30 June 2017

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

\$ '000	Notes	Actual 2017	Actual 2016
<b>(c) Materials and contracts (continued)</b>			
<b>1. Auditor remuneration</b>			
a. During the year, the following fees were incurred for services provided by the Auditor-General:			
<b>Audit and other assurance services</b>			
– Audit and review of financial statements: Auditor-General		27	–
<b>Remuneration for audit and other assurance services</b>		<b>27</b>	<b>–</b>
<b>Total Auditor-General remuneration</b>		<b>27</b>	<b>–</b>
b. During the year, the following fees were incurred for services provided by the other Council's Auditors:			
<b>Audit and other assurance services</b>			
– Audit and review of financial statements: Council's Auditor		10	12
– Other audit and assurance services		–	10
<b>Remuneration for audit and other assurance services</b>		<b>10</b>	<b>22</b>
<b>Total remuneration of other Council's Auditors</b>		<b>10</b>	<b>22</b>
<b>Total Auditor remuneration</b>		<b>37</b>	<b>22</b>
<b>(d) Depreciation, amortisation and impairment</b>			
<b>Depreciation and amortisation</b>			
Plant and equipment		645	578
Office equipment		42	34
Furniture and fittings		6	8
Infrastructure:			
– Buildings – non-specialised		121	99
– Water mains		3,253	3,234
– Reservoirs		639	636
– Pumping stations		626	626
– Treatment plants		371	371
– Bores		55	55
<b>Total gross depreciation and amortisation costs</b>		<b>5,758</b>	<b>5,641</b>
Less: capitalised costs		–	(17)
<b>Total depreciation and amortisation costs</b>		<b>5,758</b>	<b>5,624</b>
<b>Impairment</b>			
Nil			
<b>TOTAL DEPRECIATION AND IMPAIRMENT COSTS EXPENSED</b>		<b>5,758</b>	<b>5,624</b>

## Goldenfields Water County Council

## Notes to the Financial Statements

for the year ended 30 June 2017

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

\$ '000	Notes	Actual 2017	Actual 2016
<b>(e) Other expenses</b>			
Advertising		25	9
Bank charges		14	12
Collection agencies		61	62
Members expenses – chairperson’s fee		15	14
Members expenses – members fees		72	70
Members expenses (incl. chairperson) – other (excluding fees above)		15	10
Donations, contributions and assistance to other organisations (Section 356)		355	260
Electricity and heating		2,089	1,957
Insurance		193	180
Postage		30	31
Printing and stationery		46	38
Subscriptions and publications		93	60
Telephone and communications		229	199
Other		83	68
<b><u>TOTAL OTHER EXPENSES</u></b>		<b><u>3,320</u></b>	<b><u>2,970</u></b>

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

<b>Property</b>			
Proceeds from disposal – property		998	–
Less: carrying amount of property assets sold/written off		(892)	–
<b>Net gain/(loss) on disposal</b>		<b><u>106</u></b>	<b><u>–</u></b>
<b>Plant and equipment</b>			
Proceeds from disposal – plant and equipment		623	766
Less: carrying amount of plant and equipment assets sold/written off		(640)	(762)
<b>Net gain/(loss) on disposal</b>		<b><u>(17)</u></b>	<b><u>4</u></b>
<b><u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u></b>		<b><u>89</u></b>	<b><u>4</u></b>

## Goldenfields Water County Council

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 6a. Cash assets

\$ '000	Notes	2017 Actual Current	2016 Actual Current
<b>Cash and cash equivalents</b>			
Cash on hand and at bank		979	1,185
Cash-equivalent assets			
– Deposits at call		5,150	2,250
<b>Total cash and cash equivalents</b>		<b>6,129</b>	<b>3,435</b>

## Note 6b. Investments

\$ '000	Notes	2017 Actual Current	2017 Actual Non-current	2016 Actual Current	2016 Actual Non-current
<b>Investments</b>					
– Long term deposits		–	41,000	–	38,000
<b>Total investments</b>		<b>–</b>	<b>41,000</b>	<b>–</b>	<b>38,000</b>

Investments were classified at year end in accordance with AASB 139 as follows:

**Investments**

a. 'Held to maturity'	–	41,000	–	38,000
<b>Investments</b>	<b>–</b>	<b>41,000</b>	<b>–</b>	<b>38,000</b>

Refer to Note 27. Fair value measurement for information regarding the fair value of investments held.

## Goldenfields Water County Council

Notes to the Financial Statements  
for the year ended 30 June 2017

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

\$ '000	2017	2017	2016	2016
	Actual Current	Actual Non-current	Actual Current	Actual Non-current
Total cash, cash equivalents and investments	6,129	41,000	3,435	38,000
<b>Attributable to:</b>				
External restrictions (refer below)	–	–	–	–
Internal restrictions (refer below)	–	36,574	–	33,546
Unrestricted	6,129	4,426	3,435	4,454
	<b>6,129</b>	<b>41,000</b>	<b>3,435</b>	<b>38,000</b>

2017 \$ '000	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

## Details of restrictions

## External restrictions

Nil

## Internal restrictions

Plant and vehicle replacement	1,200	1,547	(1,547)	1,200
Infrastructure replacement	28,968	6,327	(3,415)	31,880
Employees leave entitlement	1,362	459	(336)	1,485
Deposits, retentions and bonds	16	–	(7)	9
Sales fluctuation reserve	2,000	–	–	2,000
<b>Total internal restrictions</b>	<b>33,546</b>	<b>8,333</b>	<b>(5,305)</b>	<b>36,574</b>
<b>TOTAL RESTRICTIONS</b>	<b>33,546</b>	<b>8,333</b>	<b>(5,305)</b>	<b>36,574</b>

## Goldenfields Water County Council

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 7. Receivables

\$ '000	Notes	2017		2016	
		Current	Non-current	Current	Non-current
<b>Purpose</b>					
Availability (access) charges		1,373	–	1,225	–
Interest and extra charges		89	–	84	–
User charges and fees		3,299	–	2,873	–
Accrued revenues					
– Interest on investments		539	–	502	–
Deferred developer contributions		482	–	485	–
Government grants and subsidies		94	–	95	–
Net GST receivable		–	–	16	–
Other debtors		14	–	10	–
<b>Total</b>		<b>5,890</b>	<b>–</b>	<b>5,290</b>	<b>–</b>
<b>Less: provision for impairment</b>					
User charges and fees		(23)	–	(25)	–
<b>Total provision for impairment – receivables</b>		<b>(23)</b>	<b>–</b>	<b>(25)</b>	<b>–</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>5,867</u></b>	<b><u>–</u></b>	<b><u>5,265</u></b>	<b><u>–</u></b>

There are no restrictions applicable to the above assets.

**Notes on debtors above:**

- (i) Availability charges outstanding are secured against the property.
- (ii) An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates and charges at 8.50% (2016 8.50%).  
Generally all other receivables are non-interest bearing.
- (iv) Please refer to Note 15 for issues concerning credit risk and fair value disclosures.

## Goldenfields Water County Council

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 8. Inventories and other assets

\$ '000	Notes	2017		2016	
		Current	Non-current	Current	Non-current
<b>(a) Inventories</b>					
<b>(i) Inventories at cost</b>					
Stores and materials		637	–	617	–
<b>Total inventories at cost</b>		<b>637</b>	<b>–</b>	<b>617</b>	<b>–</b>
<b>(ii) Inventories at net realisable value (NRV)</b>					
Nil					
<b>TOTAL INVENTORIES</b>		<b>637</b>	<b>–</b>	<b>617</b>	<b>–</b>
<b>(b) Other assets</b>					
Prepayments		116	–	153	–
<b>TOTAL OTHER ASSETS</b>		<b>116</b>	<b>–</b>	<b>153</b>	<b>–</b>

**Externally restricted assets**

There are no restrictions applicable to the above assets.

Refer to Note 27. Fair value measurement for information regarding the fair value of other assets held.

## Goldenfields Water County Council

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 9a. Infrastructure, property, plant and equipment

Asset class \$ '000	as at 30/6/2016			Asset movements during the reporting period							as at 30/6/2017		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	2	–	2	–	–	–	–	(2)	–	–	–	–	–
Plant and equipment	7,601	1,922	5,679	–	1,624	(639)	(645)	–	–	–	8,481	2,462	6,019
Office equipment	250	116	134	–	243	–	(42)	2	–	–	495	158	337
Furniture and fittings	78	41	37	–	62	–	(6)	–	–	–	140	47	93
<b>Land:</b>													
– Operational land	1,954	–	1,954	–	395	(200)	–	–	260	–	2,409	–	2,409
<b>Infrastructure:</b>													
– Buildings – non-specialised	6,871	2,006	4,865	82	425	(692)	(121)	–	(260)	–	5,690	1,391	4,299
– Water mains	265,689	127,347	138,342	522	624	–	(3,253)	–	–	12,359	280,354	131,760	148,594
– Reservoirs	61,941	26,303	35,638	43	–	–	(639)	–	–	23,734	81,158	22,382	58,776
– Pumping stations	22,053	9,469	12,584	299	–	–	(626)	–	–	2,133	21,476	7,086	14,390
– Treatment plants	24,217	9,068	15,149	50	22	–	(371)	–	–	1,932	22,200	5,418	16,782
– Bores	2,279	917	1,362	267	379	–	(55)	–	–	246	2,759	560	2,199
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT.</b>	<b>392,935</b>	<b>177,189</b>	<b>215,746</b>	<b>1,263</b>	<b>3,774</b>	<b>(1,531)</b>	<b>(5,758)</b>	<b>–</b>	<b>–</b>	<b>40,404</b>	<b>425,162</b>	<b>171,264</b>	<b>253,898</b>

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

Refer to Note 27. Fair value measurement for information regarding the fair value of other infrastructure, property, plant and equipment.

## Goldenfields Water County Council

### Notes to the Financial Statements for the year ended 30 June 2017

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

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\$ '000

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Council has no externally restricted infrastructure, property, plant and equipment.

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

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Council has recognised no impairment losses during the reporting period nor reversed any prior period losses.



## Goldenfields Water County Council

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 10a. Payables, borrowings and provisions

\$ '000	Notes	2017		2016	
		Current	Non-current	Current	Non-current
<b>Payables</b>					
Goods and services – operating expenditure		636	–	679	–
Accrued expenses:					
– Salaries and wages		12	–	136	–
– Employee expense on-costs		136	2	109	2
– Other expenditure accruals		126	–	16	–
Security bonds, deposits and retentions		9	–	16	–
<b>Total payables</b>		<b>919</b>	<b>2</b>	<b>956</b>	<b>2</b>
<b>Income received in advance</b>					
Payments received in advance		777	–	713	–
<b>Total income received in advance</b>		<b>777</b>	<b>–</b>	<b>713</b>	<b>–</b>
<b>Borrowings</b>					
Nil					
<b>Provisions</b>					
<b>Employee benefits:</b>					
Annual leave		577	–	471	–
Long service leave		889	18	873	18
ELE on-costs		139	1	102	1
<b>Total provisions</b>		<b>1,605</b>	<b>19</b>	<b>1,446</b>	<b>19</b>
<b>TOTAL PAYABLES, BORROWINGS AND PROVISIONS</b>		<b>3,301</b>	<b>21</b>	<b>3,115</b>	<b>21</b>
<b>(i) Liabilities relating to restricted assets</b>					
		<b>2017</b>		<b>2016</b>	
		<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
<b>Externally restricted assets</b>					
Nil					
<b>Internally restricted assets</b>					
Employee Benefits		1,466	18	1,344	18
Security Bonds, Deposits & Retentions		9	–	15	–
<b>Liabilities relating to internally restricted assets</b>		<b>1,475</b>	<b>18</b>	<b>1,359</b>	<b>18</b>
<b>Total liabilities relating to restricted assets</b>		<b>1,475</b>	<b>18</b>	<b>1,359</b>	<b>18</b>
<b>Total liabilities relating to unrestricted assets</b>		<b>1,826</b>	<b>3</b>	<b>1,756</b>	<b>3</b>
<b>TOTAL PAYABLES, BORROWINGS AND PROVISIONS</b>		<b>3,301</b>	<b>21</b>	<b>3,115</b>	<b>21</b>

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 15.

## Goldenfields Water County Council

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 10a. Payables, borrowings and provisions (continued)

\$ '000	Actual 2017	Actual 2016
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**(ii) Current liabilities not anticipated to be settled within the next twelve months**

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

Provisions – employees benefits	1,184	1,085
	<u>1,184</u>	<u>1,085</u>

## Note 10b. Description of and movements in provisions

Class of provision	2016		2017			Closing balance as at 30/6/17
	Opening balance as at 1/7/16	Additional provisions	Decrease due to payments	Remeasurement effects due to discounting	Unused amounts reversed	
Annual leave	471	325	(219)	–	–	577
Long service leave	891	133	(117)	–	–	907
ELE on-costs	103	74	(37)	–	–	140
<b>TOTAL</b>	<b>1,465</b>	<b>532</b>	<b>(373)</b>	<b>–</b>	<b>–</b>	<b>1,624</b>

- a. Employees leave entitlements and on-costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.

## Goldenfields Water County Council

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 11. Statement of cash flows – additional information

\$ '000	Notes	Actual 2017	Actual 2016
<b>(a) Reconciliation of cash assets</b>			
Total cash and cash equivalent assets	6a	6,129	3,435
<b>Balance as per the Statement of Cash Flows</b>		<b>6,129</b>	<b>3,435</b>
<b>(b) Reconciliation of net operating result to cash provided from operating activities</b>			
<b>Net operating result from Income Statement</b>		<b>3,841</b>	<b>6,907</b>
<b>Adjust for non-cash items:</b>			
Depreciation and amortisation		5,758	5,624
Net losses/(gains) on disposal of assets		(89)	(4)
<b>+/- Movement in operating assets and liabilities and other cash items:</b>			
Decrease/(increase) in receivables		(602)	(201)
Decrease/(increase) in inventories		(20)	124
Decrease/(increase) in other assets		37	(149)
Increase/(decrease) in payables		(43)	98
Increase/(decrease) in other accrued expenses payable		(14)	(308)
Increase/(decrease) in other liabilities		84	617
Increase/(decrease) in employee leave entitlements		159	60
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>		<b>9,111</b>	<b>12,768</b>
<b>(c) Non-cash investing and financing activities</b>			
Nil			
<b>(d) Financing arrangements</b>			
<b>(i) Unrestricted access was available at balance date to the following lines of credit:</b>			
Bank overdraft facilities <sup>(1)</sup>		500	500
Credit cards/purchase cards		89	39
<b>Total financing arrangements</b>		<b>589</b>	<b>539</b>
<b>Amounts utilised as at balance date:</b>			
– Credit cards/purchase cards		15	11
<b>Total financing arrangements utilised</b>		<b>15</b>	<b>11</b>

1. The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice. Interest rates on overdrafts are interest rates on loans and other payables are disclosed in Note 15.

## Goldenfields Water County Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 12. Commitments for expenditure

\$ '000	Notes	2017	2016
<b>(a) Capital commitments (exclusive of GST)</b>			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
<b>Property, plant and equipment</b>			
Plant and equipment		381	–
<b>Total commitments</b>		<b>381</b>	<b>–</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		381	–
<b>Total payable</b>		<b>381</b>	<b>–</b>
<b>Sources for funding of capital commitments:</b>			
Internally restricted reserves		381	–
<b>Total sources of funding</b>		<b>381</b>	<b>–</b>

#### Details of capital commitments

Council's commitments listed are in respect to significant projects where contracts have been entered into.

## Goldenfields Water County Council

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 13a(i). Statement of performance measurement – indicators (consolidated)

\$ '000	Amounts	Indicator	Prior periods		Benchmark
	2017	2017	2016	2015	
<b>Local government industry indicators – consolidated</b>					
<b>1. Operating performance ratio</b>					
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions less operating expenses	<u>2,876</u>	<b>14.25%</b>	26.77%	26.32%	>0.00%
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions	<u>20,180</u>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue <sup>(1)</sup> excluding all grants and contributions	<u>20,004</u>	<b>95.00%</b>	93.58%	95.68%	>60.00%
Total continuing operating revenue <sup>(1)</sup>	<u>21,056</u>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions <sup>(2)</sup>	<u>12,749</u>	<b>6.02x</b>	4.67x	6.20x	>1.5x
Current liabilities less specific purpose liabilities <sup>(3, 4)</sup>	<u>2,117</u>				
<b>4. Debt service cover ratio</b>					
Operating result <sup>(1)</sup> before capital excluding interest and depreciation/impairment/amortisation	<u>8,634</u>	<b>0.00x</b>	0.00x	0.00x	>2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<u>–</u>				
<b>5. Rates, annual charges, interest and extra charges outstanding percentage</b>					
Rates, annual and extra charges outstanding	<u>1,462</u>	<b>23.84%</b>	22.55%	21.13%	< 5% Metro <10% Rural
Rates, annual and extra charges collectible	<u>6,133</u>				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<u>47,129</u>	<b>49.58 mths</b>	49.4 mths	37.3 mths	> 3 mths
Payments from cash flow of operating and financing activities	<u>951</u>				

## Notes

(1) Excludes fair value adjustments and reversal of revaluation decrements, net gain/(loss) on sale of assets.

(2) Refer Notes 6-8 inclusive.

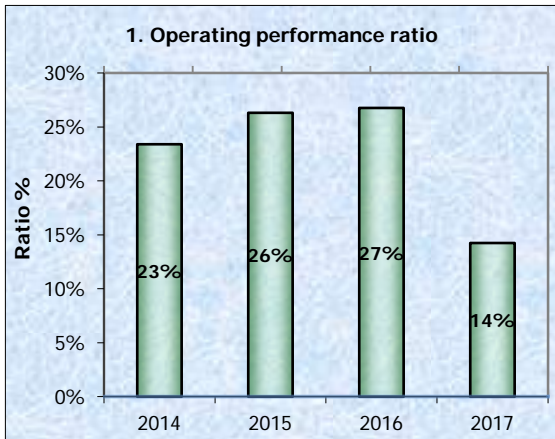
(3) Refer to Note 10(a).

(4) Refer to Note 10(a)(ii) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

# Goldenfields Water County Council

## Notes to the Financial Statements for the year ended 30 June 2017

### Note 13a(ii). Local government industry indicators – graphs (consolidated)



**Purpose of operating performance ratio**

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

**Commentary on 2016/17 result**

**2016/17 ratio 14.25%**

Unfavourable weather conditions and the increase in employment numbers has contributed to a decrease in Council's operating performance.

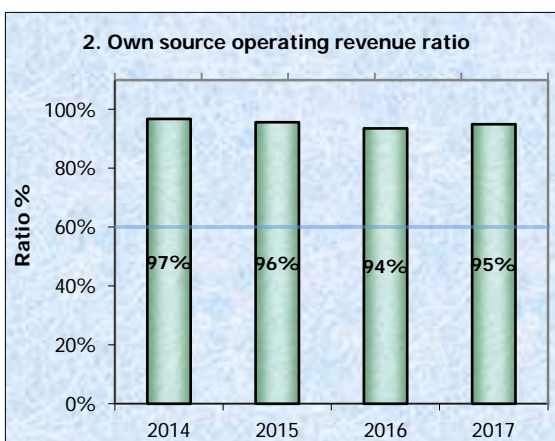
Benchmark: ——— Minimum  $\geq 0.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #25



Ratio achieves benchmark

Ratio is outside benchmark



**Purpose of own source operating revenue ratio**

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

**Commentary on 2016/17 result**

**2016/17 ratio 95.00%**

Council remains predominately self funding.

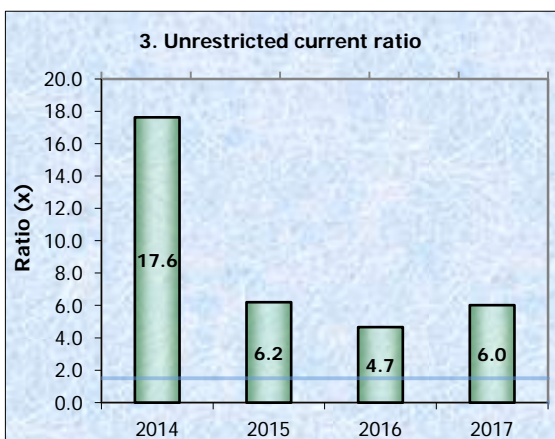
Benchmark: ——— Minimum  $\geq 60.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #25



Ratio achieves benchmark

Ratio is outside benchmark



**Purpose of unrestricted current ratio**

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

**Commentary on 2016/17 result**

**2016/17 ratio 6.02x**

Council's current ratio has increased from previous years due to a proportion of funds moving from a term greater than 12 months to a maturity within 12 months.

Benchmark: ——— Minimum  $\geq 1.50$

Source for benchmark: Code of Accounting Practice and Financial Reporting #25



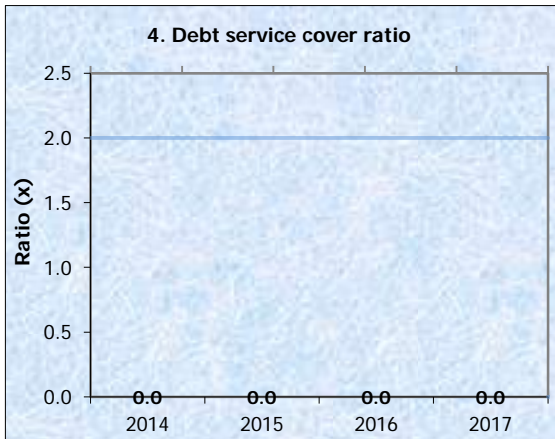
Ratio achieves benchmark

Ratio is outside benchmark

# Goldenfields Water County Council

## Notes to the Financial Statements for the year ended 30 June 2017

### Note 13a(ii). Local government industry indicators – graphs (consolidated)



**Purpose of debt service cover ratio**

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

**Commentary on 2016/17 result**

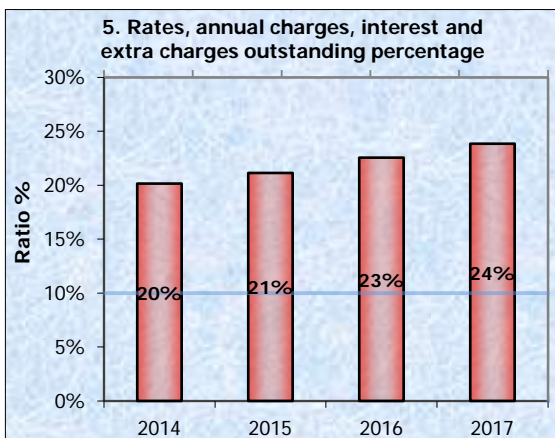
**2016/17 ratio 0.00x**

Council has no borrowings.

Benchmark: ——— Minimum  $\geq 2.00$

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Ratio achieves benchmark  
 Ratio is outside benchmark



**Purpose of rates and annual charges outstanding ratio**

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

**Commentary on 2016/17 result**

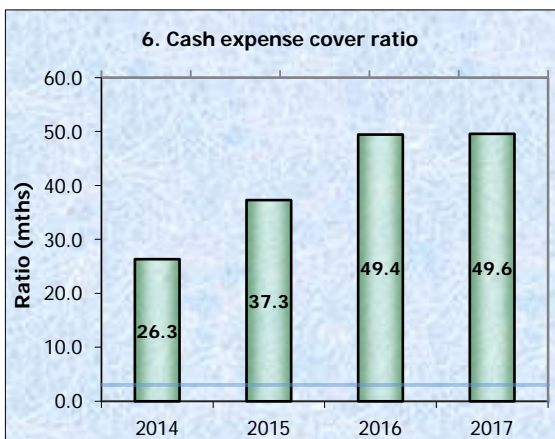
**2016/17 ratio 23.84%**

This ratio is very misleading in Council's case, as it bills its customers quarterly in arrears. The final billing run for 2016/17 was actually run in the new year. The ratio has been trending upwards over recent years, and Council will be increasing their focus on debt recovery in the 2017/18 year.

Benchmark: ——— Maximum  $< 10.00\%$

Source for Benchmark: Code of Accounting Practice and Financial Reporting #25

Ratio is within Benchmark  
 Ratio is outside Benchmark



**Purpose of cash expense cover ratio**

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

**Commentary on 2016/17 result**

**2016/17 ratio 49.58 mths**

Again, Council's cash expense cover ratio reflects a healthy position.

Benchmark: ——— Minimum  $\geq 3.00$

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Ratio achieves benchmark  
 Ratio is outside benchmark

## Goldenfields Water County Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 14. Investment properties

\$ '000

Council has not classified any land or buildings as 'investment properties'.

#### Note 15. 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.

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

	Carrying value		Fair value	
	2017	2016	2017	2016
<b>Financial assets</b>				
Cash and cash equivalents	6,129	3,435	6,129	3,435
Investments				
– 'Held to maturity'	41,000	38,000	41,000	38,000
Receivables	5,867	5,265	5,866	5,265
<b>Total financial assets</b>	<b>52,996</b>	<b>46,700</b>	<b>52,995</b>	<b>46,700</b>
<b>Financial liabilities</b>				
Payables	921	958	921	958
<b>Total financial liabilities</b>	<b>921</b>	<b>958</b>	<b>921</b>	<b>958</b>

Refer to Note 27. Fair value measurement for information regarding the fair value of financial assets and liabilities.



## Goldenfields Water County Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 15. Financial risk management (continued)

\$ '000

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 with the assistance of independent advisors.

Council has an investment policy which complies with the *Local Government Act 1993* and Minister's investment order. This policy is regularly reviewed by Council and it's staff and an investment report is tabled before Council on a bi-monthly basis.

The risks associated with the investments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether there 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.
- **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.

Council also seeks advice from independent advisers before placing any funds in cash equivalents and investments.

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

The following represents a summary of the sensitivity of Council's Income Statement and equity (for the reporting period) due to a change in either the price of a financial asset or the interest rates applicable.

It is assumed that the change in interest rates would have been constant throughout the reporting period.

	Increase of values/rates		Decrease of values/rates	
	Net operating result	Equity	Net operating result	Equity
<b>2017</b>				
Possible impact of a 1% movement in interest rates	471	471	(471)	(471)
<b>2016</b>				
Possible impact of a 1% movement in interest rates	414	414	(414)	(414)

## Goldenfields Water County Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 15. Financial risk management (continued)

\$ '000

##### (b) Credit risk

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

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

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives.

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.

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 bi-monthly.

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.

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

	2017 Rates and annual charges	2017 Other receivables	2016 Rates and annual charges	2016 Other receivables
<b>(i) Ageing of receivables – %</b>				
Current (not yet overdue)	68%	71%	71%	78%
Overdue debts	32%	29%	29%	22%
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>(ii) Ageing of receivables – value</b>				
<b>Rates and annual charges</b>	<b>Rates and annual charges</b>	<b>Other receivables</b>	<b>Rates and annual charges</b>	<b>Other receivables</b>
Current	1,126	3,523	995	3,151
< 1 year overdue	137	678	130	614
1 – 2 years overdue	110	316	100	300
	<b>1,373</b>	<b>4,517</b>	<b>1,225</b>	<b>4,065</b>
<b>(iii) Movement in provision for impairment of receivables</b>			<b>2017</b>	<b>2016</b>
Balance at the beginning of the year			25	26
– amounts already provided for and written off this year			(2)	(1)
<b>Balance at the end of the year</b>			<b>23</b>	<b>25</b>

## Goldenfields Water County Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 15. Financial risk management (continued)

\$ '000

##### (c) Liquidity risk

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

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

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

The contractual undiscounted cash outflows (ie. principal and interest) of Council's payables and borrowings are set out in the maturity table below:

\$ '000	Subject to no maturity	payable in:						Total cash outflows	Actual carrying values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
<b>2017</b>									
Trade/other payables	9	912	–	–	–	–	–	921	921
<b>Total financial liabilities</b>	<b>9</b>	<b>912</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>921</b>	<b>921</b>
<b>2016</b>									
Trade/other payables	16	942	–	–	–	–	–	958	958
<b>Total financial liabilities</b>	<b>16</b>	<b>942</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>958</b>	<b>958</b>

The following interest rates were applicable to Council's borrowings at balance date:

	2017		2016	
	Carrying value	Weighted average interest rate	Carrying value	Weighted average interest rate
Trade/other payables	921	NA	958	NA
	<u>921</u>		<u>958</u>	

## Goldenfields Water County Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 16. Material budget variations

\$ '000

Council's original financial budget for 2016/17 was adopted by the Council on 23 June 2016.

While the Income Statement included in this General Purpose Financial Report 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 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.

**Note that for variations\* of budget to actual :**

Material variations represent those variances that amount to **10%** or more of the original budgeted figure.

**F** = Favourable budget variation, **U** = Unfavourable budget variation

\$ '000	2017 Budget	2017 Actual	2017 ----- Variance* -----		
<b>REVENUES</b>					
Rates and annual charges	4,672	4,772	100	2%	<b>F</b>
User charges and fees	13,858	13,709	(149)	(1%)	<b>U</b>
Interest and investment revenue	1,260	1,379	119	9%	<b>F</b>
Other revenues	350	144	(206)	(59%)	<b>U</b>
This variation is due to an error in the budgeting of 'other' fees. The budget has been recognised in 'other' income however actual income has been recognised in 'user charges & fees'.					
Operating grants and contributions	161	176	15	9%	<b>F</b>
Capital grants and contributions	866	876	10	1%	<b>F</b>
Net gains from disposal of assets	–	89	89	0%	<b>F</b>
No gain or loss on disposal of assets was budgeted for.					

## Goldenfields Water County Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 16. Material budget variations (continued)

\$ '000	2017 Budget	2017 Actual	2017 ----- Variance* -----	
<b>EXPENSES</b>				
<b>Employee benefits and on-costs</b>	<b>4,410</b>	<b>5,978</b>	<b>(1,568)</b>	(36%) <b>U</b>
Staff numbers have increased during the year. Recruitment costs and staff training costs have increased accordingly in addition to a return to focusing on staff training. Council also awarded back-pays associated with skills assessments.				
<b>Materials and contracts</b>	<b>2,966</b>	<b>2,248</b>	<b>718</b>	24% <b>F</b>
An increased focus on capital renewals over maintenance seen lower than anticipated operational materials and contracts expenditure.				
<b>Depreciation and amortisation</b>	<b>5,440</b>	<b>5,758</b>	<b>(318)</b>	(6%) <b>U</b>
The majority of the increase in depreciation expense this year was due the addition of significant new assets including a large amount of plant items & the Temora Workshop Building.				
<b>Other expenses</b>	<b>4,317</b>	<b>3,320</b>	<b>997</b>	23% <b>F</b>
Lower than anticipated electricity and communication costs are largely contributable to the variance.				

#### Note 17. Statement of developer contributions

Council currently has no S94 developer contribution plans or S94 funds on hand from prior years.

## Goldenfields Water County Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 18. Contingencies and other assets/liabilities not recognised

\$ '000

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.

#### CONTINGENT LIABILITIES

##### 1. Guarantees

###### (i) Defined benefit superannuation contribution plans

Council participates in an employer-sponsored defined benefit superannuation scheme, and makes contributions as determined by the superannuation scheme's trustees.

Member councils bear responsibility of ensuring there are sufficient funds available to pay out the required benefits as they fall due.

The schemes most recent full actuarial review was performed by Mr Richard Boyfield, FIAA on 2 December 2016. It indicated that the net assets of the scheme were not sufficient to meet the accrued benefits of the schemes defined benefit member category with member councils required to make significantly high contributions in future years.

The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of its share of the net deficit and accordingly Council has not recorded any net liability from its defined benefit scheme obligations in accordance with AASB 119.

Future contributions made to the defined benefit scheme to rectify the net deficit position will be recognised as an expense when they become payable – similar to the accounting for defined contributions plans. The expected contributions by Council for the next reporting period is \$78,387.56

###### (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.

## Goldenfields Water County Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 18. Contingencies and other assets/liabilities not recognised (continued)

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\$ '000

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##### **2. Other liabilities**

###### **(i) Third party claims**

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

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

#### Note 19. Interests in other entities

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Council has no interest in any controlled entities, joint arrangements or associates.

## Goldenfields Water County Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 20. Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

\$ '000	Notes	Actual 2017	Actual 2016
<b>(a) Retained earnings</b>			
<b>Movements in retained earnings were as follows:</b>			
Balance at beginning of year (from previous years audited accounts)		83,769	76,862
a. Net operating result for the year		3,841	6,907
Balance at end of the reporting period		<u>87,610</u>	<u>83,769</u>

#### (b) Revaluation reserves

##### (i) Reserves are represented by:

– Infrastructure, property, plant and equipment revaluation reserve		216,715	176,311
<b>Total</b>		<u>216,715</u>	<u>176,311</u>

##### (ii) Reconciliation of movements in reserves:

<b>Infrastructure, property, plant and equipment revaluation reserve</b>			
– Opening balance		176,311	171,752
– Revaluations for the year	9(a)	40,404	4,559
– <b>Balance at end of year</b>		<u>216,715</u>	<u>176,311</u>
<b>TOTAL VALUE OF RESERVES</b>		<u>216,715</u>	<u>176,311</u>

##### (iii) 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.

#### (c) Correction of error/s relating to a previous reporting period

Council made no correction of errors during the current reporting period.

#### (d) Voluntary changes in accounting policies

Council made no voluntary changes in any accounting policies during the year.

#### Note 21. Financial result and financial position by fund

Council utilises only a water fund for its operations.



## Goldenfields Water County Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 22. 'Held for sale' non-current assets and disposal groups

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\$ '000

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Council did not classify any non-current assets or disposal groups as 'held for sale'.

#### Note 23. Events occurring after the reporting date

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Events that occur between the end of the reporting period (30 June 2017) and the date when the financial statements are 'authorised for issue' have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the applicable 'authorised for issue' date relating to these General Purpose Financial Statements.

Accordingly, the 'authorised for issue' date is 24/08/17.

Events that occur after the reporting period represent one of two types:

##### **(i) Events that provide evidence of conditions that existed at the reporting period**

These financial statements (and the figures therein) incorporate all 'adjusting events' that provided evidence of conditions that existed at 30 June 2017.

##### **(ii) Events that provide evidence of conditions that arose after the reporting period**

These financial statements (and figures therein) do not incorporate any 'non-adjusting events' that have occurred after 30 June 2017 and which are only indicative of conditions that arose after 30 June 2017.

Council is unaware of any material or significant 'non-adjusting events' that should be disclosed.

#### Note 24. Discontinued operations

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Council has not classified any of its operations as 'discontinued'.

#### Note 25. Intangible assets

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Intangible assets represent identifiable non-monetary assets without physical substance.

Council is unaware of any control over intangible assets that warrant recognition in the financial statements, including either internally generated and developed assets or purchased assets.

#### Note 26. Reinstatement, rehabilitation and restoration liabilities

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Council has no outstanding obligations to make, restore, rehabilitate or reinstate any of its assets/operations.

## Goldenfields Water County Council

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 27. Fair value measurement

\$ '000

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) The following table presents all assets and liabilities that have been measured and recognised at fair values:

2017	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	
<b>Recurring fair value measurements</b>					
<b>Infrastructure, property, plant and equipment</b>					
Plant and Equipment	Various	–	–	6,019	6,019
Office Equipment	Various	–	–	337	337
Furniture and Fittings	Various	–	–	93	93
Operational Land	30/06/08	–	2,409	–	2,409
Buildings - Non Specialised	30/06/12	–	4,299	–	4,299
Water Mains	30/06/17	–	–	148,594	148,594
Reservoirs	30/06/17	–	–	58,776	58,776
Pumping Stations	30/06/17	–	–	14,390	14,390
Treatment Plants	30/06/17	–	–	16,782	16,782
Bores	30/06/17	–	–	2,199	2,199
<b>Total infrastructure, property, plant and equipment</b>		<b>–</b>	<b>6,708</b>	<b>247,190</b>	<b>253,898</b>
<b>2016</b>					
<b>Recurring fair value measurements</b>					
<b>Infrastructure, property, plant and equipment</b>					
Plant and Equipment	30/06/16	–	–	5,678	5,678
Office Equipment	30/06/16	–	–	134	134
Furniture and Fittings	30/06/16	–	–	37	37
Operational Land	30/06/08	–	1,954	–	1,954
Buildings - Non Specialised	30/06/12	–	4,865	–	4,865
Water Mains	30/06/16	–	–	138,342	138,342
Reservoirs	30/06/16	–	–	35,638	35,638
Pumping Stations	30/06/16	–	–	12,584	12,584
Treatment Plants	30/06/16	–	–	15,149	15,149
Bores	30/06/16	–	–	1,362	1,362
<b>Total infrastructure, property, plant and equipment</b>		<b>–</b>	<b>6,819</b>	<b>208,924</b>	<b>215,743</b>

## Goldenfields Water County Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 27. Fair value measurement (continued)

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\$ '000

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##### (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.

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 2012 by Scott Fullarton Valuations 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.

## Goldenfields Water County Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 27. Fair value measurement (continued)

\$ '000

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

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

	IPP&E	Total
<b>Opening balance – 1/7/15</b>	206,773	206,773
Purchases (GBV)	3,897	3,897
Disposals (WDV)	(762)	(762)
Depreciation and impairment	(5,543)	(5,543)
FV gains – other comprehensive income	4,559	4,559
<b>Closing balance – 30/6/16</b>	<b>208,924</b>	<b>208,924</b>
Purchases (GBV)	4,136	4,136
Disposals (WDV)	(639)	(639)
Depreciation and impairment	(5,635)	(5,635)
FV gains – other comprehensive income	40,404	40,404
<b>Closing balance – 30/6/17</b>	<b>247,190</b>	<b>247,190</b>

#### (5). Highest and best use

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

## Goldenfields Water County Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 28. Related party disclosures

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\$ '000

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##### 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:

	Actual 2017
<b>Compensation:</b>	
Short-term benefits	555
Post-employment benefits	59
Other long-term benefits	10
Termination benefits	5
<b>Total</b>	<b>629</b>

## Goldenfields Water County Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 28. Related party disclosures (continued)

\$ '000

##### b. Other transactions with KMP and their related parties

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

Nature of the transaction		Value of transactions during year	Outstanding balance (incl. loans and commitments)	Terms and conditions	Provisions for doubtful debts outstanding	Doubtful debts expense recognised
	Note	\$'000	\$'000		\$'000	\$'000
Supply of Council Vehicles	1	683	53	28-day terms on invoices	–	–

##### c. Other related party transactions

- 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.

## Goldenfields Water County Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 29. Financial review

\$ '000

#### Key financial figures of Council over the past 5 years

<b>Financial performance figures</b>	<b>2017</b>	<b>2016</b>	2015	2014	2013
<b>Inflows:</b>					
Rates and annual charges revenue	<b>4,772</b>	4,584	4,433	4,096	4,014
User charges revenue	<b>13,709</b>	15,057	14,680	13,605	11,675
Interest and investment revenue (losses)	<b>1,379</b>	1,203	969	883	918
Grants income – operating and capital	<b>94</b>	156	161	109	101
Total income from continuing operations	<b>21,145</b>	22,410	21,682	19,348	17,426
Sale proceeds from I,PP&E	<b>1,621</b>	766	539	433	530
New loan borrowings and advances	<b>–</b>	–	–	–	–
<b>Outflows:</b>					
Employee benefits and on-cost expenses	<b>5,978</b>	5,074	4,873	4,103	4,047
Borrowing costs	<b>–</b>	–	–	–	–
Materials and contracts expenses	<b>2,248</b>	1,835	1,844	1,619	1,756
Total expenses from continuing operations	<b>17,304</b>	15,503	15,408	14,416	14,426
Total cash purchases of I,PP&E	<b>5,038</b>	5,099	2,386	6,292	3,737
Total loan repayments (incl. finance leases)	<b>–</b>	–	–	–	–
Operating surplus/(deficit) (excl. capital income)	<b>2,965</b>	5,670	5,527	4,460	2,547
<b>Financial position figures</b>	<b>2017</b>	<b>2016</b>	2015	2014	2013
Current assets	<b>12,749</b>	9,470	9,809	26,793	23,050
Current liabilities	<b>3,301</b>	3,115	2,650	2,340	2,561
Net current assets	<b>9,448</b>	6,355	7,159	24,453	20,489
Available working capital (Unrestricted net current assets)	<b>11,053</b>	7,801	–	–	–
Cash and investments – unrestricted	<b>10,555</b>	7,889	5,135	47	89
Cash and investments – internal restrictions	<b>36,574</b>	33,546	27,865	23,674	20,622
Cash and investments – total	<b>47,129</b>	41,435	33,000	23,721	20,711
Total borrowings outstanding (Loans, advances and finance leases)	<b>–</b>	–	–	–	–
Total value of I,PP&E (excl. land and earthworks)	<b>422,753</b>	390,981	381,516	377,353	363,520
Total accumulated depreciation	<b>171,264</b>	177,189	170,984	166,669	158,945
Indicative remaining useful life (as a % of GBV)	59%	55%	55%	56%	56%

**Source:** published audited financial statements of Council (current year and prior year)

# Goldenfields Water County Council

## Notes to the Financial Statements for the year ended 30 June 2017

### Note 30. Council information and contact details

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**Principal place of business:**

84 Parkes Street  
TEMORA NSW 2666

**Contact details****Mailing address:**

PO Box 220  
TEMORA NSW 2666

**Opening hours:**

9:00am to 4:30pm  
Monday to Friday

**Telephone:** 02 6977 3200

**Facsimile:** 02 6977 3299

**Internet:** [www.gwcc.nsw.gov.au](http://www.gwcc.nsw.gov.au)

**Email:** [office@gwcc.nsw.gov.au](mailto:office@gwcc.nsw.gov.au)

**Officers****GENERAL MANAGER**

Phillip Rudd

**RESPONSIBLE ACCOUNTING OFFICER**

Ian Graham

**PUBLIC OFFICER**

Ian Graham

**AUDITORS**

Audit Office of New South Wales  
Level 15, 1 Margaret Street  
Sydney NSW 2000

**Elected members****CHAIRMAN**

Chris Manchester

**COUNCILLORS**

Dennis Palmer  
Wendy Tuckerman  
Liz McGlyn  
David McCann  
Bob Callow  
Kevin Morris  
Graham Sinclair

**Other information**

**ABN:** 54 357 453 921