

Financial statements for the year ended 30 June 2019

Contents

Contents	Page
General purpose financial statements	2
Special purpose financial statements	B1
Special schedules	C1

General purpose financial statements for the year ended 30 June 2019

Contents

General purpose financial statements				
Statement by Councillors and Management	3			
Income Statement	4			
Statement of Comprehensive Income	5			
Statement of Financial Position	6			
Statement of Changes in Equity	7			
Statement of Cash Flows	8			
Notes to the financial statements	9			
Auditors' reports	61			

Maitland City Council is constituted under the Local Government Act (1993) and has its principal place of business at:

Maitland City Council 285-287 High Street Maitland NSW 2320

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

General purpose financial statements for the year ended 30 June 2019

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

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

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

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

- * Present fairly the Council's operating result and financial position for the year, and
- * Accord with Council's accounting and other records

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

Signed in accordance with a resolution of Council made on 24 September 2019.

Loretta Baker

Mayor 24/09/19

Chris James

Acting General Manager

24/09/19

Ben Whiting Councillor 24/09/19

Michael Burfitt

Responsible Accounting Officer

24/09/19

Income Statement for the year ended 30 June 2019

Original unaudited budget 2019 \$'000		Notes	Actual 2019 \$'000	Actual 2018 \$'000
	Income from continuing operations			
	Revenue:	_		
77,726	Rates and annual charges	3a	79,344	73,084
8,109	User charges and fees	3b	8,561	8,376
3,931	Interest and investment revenue	3c	4,685	3,676
2,420	Other revenues	3d	3,286	2,860
9,968	Grants and contributions provided for operating purposes	3e,f	10,445	11,820
16,326	Grants and contributions provided for capital purposes	3e,f	46,008	55,273
	Other Income:			
	Net share of interests in joint ventures and associates using the equity method	15		247
-	using the equity method	13	•	347
118,480	Total income from continuing operations		152,329	155,436
110,100	retai meeme nem eemmanig operatione		102,020	100,400
	Expenses from continuing operations			
36,543	Employee benefits and on-costs	4a	37,002	34,520
1,875	Borrowing costs	4b	1,618	1,556
30,248	Materials and contracts	4c	33,599	25,833
20,014	Depreciation and amortisation	4d	22,088	20,714
11,323	Other expenses	4e	11,931	10,981
-	Interest and investment losses	3c	-	_
-	Net loss from the disposal of assets	5	5,991	3,221
	Net share of interests in joint ventures and associates			
-	using the equity method	15	56	-

100,003	Total expenses from continuing operations		112,285	96,825
10 177				
18,477	Operating result from continuing operations		40,044	58,611
	On another result from discouting description			
	Operating result from discontinued operations			
18,477	Not operating result for the year		40.044	E0 611
	Net operating result for the year		40,044	58,611
	Attributable to:			
18,477	- Council		40,044	58,611
10,477	- Non-controlling interests		40,044	50,011
	1.5.1. Sorta Sining Interested			
	Net operating result for the year before grants and			
2,151	contributions provided for capital purposes		(5,964)	3,338
	,			

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

Statement of Comprehensive Income for the year ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
Net operating result for the year - from income statement		40,044	58,611
Other comprehensive income			
Amounts which will not be reclassified subsequently to operating result Gain (loss) on revaluation of infrastructure, property, plant and equipment		45,662	2,583
Amounts which will be reclassified subsequently to operating result when specific conditions are met Gain (loss) on revaluation of available-for-sale investments Realised available-for-sale investment gains(losses) recognised in operating result Gain (loss) on revaluation of equity instruments through other comprehensive income		-	,- -
Total other comprehensive income for the year		45,662	2,583
Total comprehensive income for the year		85,706	61,194
Attributable to - Council - Non-controlling interests		85,706 -	61,194 -

The above Statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position as at 30 June 2019

	Notes	2019 \$'000	2018 \$'000
ASSETS		9 - 0 4555ca (49 00 m)	201 ¥ 10 20 May 200 200 200 400 400 400 400 400 400 400
Current assets	7 - 00		
Cash and cash equivalents Investments	6a	18,254	8,115
Receivables	6b 7	107,359 7,221	89,868 6,362
Inventories	8	397	381
Other	8	-	52
Total current assets		133,231	104,778
Non-current assets			
Investments	6b	30,613	46,749
Receivables	7	-	-
Infrastructure, property, plant and equipment	9	1,110,777	1,032,030
Intangible assets Investments accounted for using equity method	10 15	619 575	557 632
Total non-current assets	10	1,142,584	1,079,968
Total assets		1 275 945	1 104 746
Total assets		1,275,815	1,184,746
LIABILITIES Current liabilities			
Payables	11	10,954	7,601
Income received in advance	11	-	56
Borrowings	11	6,305	5,770
Provisions	12	13,606_	12,521_
Total current liabilities		30,865	25,948
Non-current liabilities			
Borrowings Provisions	11 12	39,747	39,243
	12	13,077	13,135
Total non-current liabilities		52,824	52,378
Total liabilities		83,689	78,326
Net assets		1,192,126	1,106,420
EQUITY			
Accumulated surplus	12/12/2	869,978	829,934
Revaluations reserves	13	322,148	276,486
Other reserves Council interest		1,192,126	1,106,420
Non-controlling equity interest		1,132,120	1,100,420
Total equity		1,192,126	1,106,420
· otal oquity		1,132,120	1,100,420

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

Statement of Changes in Equity for the year ended 30 June 2019

	2019 \$'000					
	Accumulated surplus	IPP&E revaluation reserve	Other reserves	Council equity interest	Non- controlling interest	Total Equity
Opening balance	829,934	276,486	-	1,106,420	-	1,106,420
Correction of errors	-	-	-	-	-	-
Changes due to AASB 9 (note 13)	-	-	-	-	-	-
Changes in accounting policies	-	-	-	-	-	-
Restated opening balance	829,934	276,486	-	1,106,420	-	1,106,420
Net operating result for the year Other comprehensive income	40,044	-	-	40,044	-	40,044
Gain (loss) on revaluation of available-for-sale investments	-		-	-	-	-
Gain (loss) on revalution of equity instruments through other comprehensive income	-	_	-	-	-	-
Gain (loss) on revaluation of infrastructure, property, plant and equipment	-	45,662	-	45,662	-	45,662
Correction of errors in previous years		-	-	-	-	-
Total comprehensive income	40,044	45,662	-	85,706	-	85,706
Transfers between equity items	-	-	-	-	-	-
Closing balance	869,978	322,148	-	1,192,126	-	1,192,126

2018 \$'000							
Accumulated surplus	IPP&E revaluation reserve	Other reserves	Council equity interest	Non- controlling interest	Total Equity		
771,323	273,903	-	1,045,226	-	1,045,226		
-	=	=	-	_	-		
-	-	•	-	-	-		
-	_	-	1	-	-		
771,323	273,903	-	1,045,226	-	1,045,226		
58,611	-	-	58,611	9-	58,611		
-	-	-	-	-	-		
-	-	v .=	3				
-	2,583	-	2,583	į.	2,583		
_		-	-	-	-		
58,611	2,583	-	61,194	=	61,194		
-	-	-		-	-		
829,934	276,486	-	1,106,420	-	1,106,420		

The above Statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows for the year ended 30 June 2019

Original unaudited				
budget			Actual	Actual
2019 \$'000		Notes	2019 \$'000	2018 \$'000
\$ 000		Notes	\$ 000	\$ 000
	Cash flows from operating activities			
	Receipts:			
77,539	Rates and annual charges		79,100	70,608
8,101	User charges and fees		9,327	8,832
3,918	Investment revenue and interest		4,909	3,661
26,464	Grants and contributions		29,979	37,852
2,504	Other		2,933	3,074
36,543	Payments:		26 000	24.200
28,940	Employee benefits and on-costs Materials and contracts		36,089 30,348	34,360
1,785	Borrowing costs		1,677	31,702 1,345
11,323	Other		12,725	10,595
39,935	Net cash provided by (or used in) operating activities	14(b)	45,409	46,025
,	the contract and the co	(5)	10,100	10,020
	Cash flows from investing activities			
	Receipts:			
86,500	Sale of investments		98,445	85,537
-	Sale of infrastructure, property, plant and equipment		-8	299
	Payments:			
80,006	Purchase of investments		99,800	104,717
47,794	Purchase of infrastructure, property, plant and equipme	nt	34,954	39,120
(41,300)	Net cash provided by (or used in) investing activities		(36,309)	(58,001)
	Cash flow from financing activities			
	Receipts:			
7,184	Proceeds from borrowings and advances		6,800	17,166
	Payments:			
5,819	Repayment of borrowings and advances		5,761	4,484
1,365	Net cash provided by (or used in) financing activities		1,039	12,682
	N			
0	Net increase/(decrease) in cash and cash equivalents		10,139	706
Q 11E	Cash and cash equivalents at beginning of reporting period		0 445	7 400
8,115	Cash and cash equivalents at end of		8,115	7,409
8,115	reporting period	14(a)	18,254	8,115
=======================================		1 1(4)	10,207	

The above Cash flow statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements for the year ended 30 June 2019

Contents of the Notes to the Financial Statements

		Page
Note 1	Basis of preparation	10
Note 2(a)	Functions or activities	13
Note 2(b)	Components of functions or activities	14
Note 3	Income from continuing operations	15
Note 4	Expenses from continuing operations	21
Note 5	Gain or loss from the disposal, replacement and de-recognition of assets	25
Note 6(a)	Cash and cash equivalents	26
Note 6(b)	Investments	27
Note 6(c)	Restricted cash, cash equivalents and investments	29
Note 7	Receivables	30
Note 8	Inventories and other assets	32
Note 9	Infrastructure, property, plant and equipment	33
Note 10	Intangible assets	35
Note 11	Payables and borrowings	36
Note 12	Provisions	38
Note 13	Accumulated surplus, revaluation reserves, changes in accounting policies,	41
	changes in accounting estimates and errors	
Note 14	Statement of cash flow information	42
Note 15	Interests in other entities	43
Note 16	Commitments	45
Note 17	Contingencies	46
Note 18	Financial risk management	47
Note 19	Material budget variations	50
Note 20	Fair value measurement	51
Note 21	Related party disclosures	54
Note 22	Statement of developer contributions	56
Note 23	Statement of performance measures	60

Notes to the financial statements 30 June 2019

Note 1 Basis of preparation

These financial statements were authorised for issue by Council on 10 september 2019. Council has the power to amend and reissue these financial statements.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (NSW)* and Regulations, and the Local Government Code of Accounting Practice and Financial Reporting. Maitland City Council is a not for profit entity. The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

(a) New and amended standards adopted by Council

There has been no new (or amended) accounting standards adopted by Council in this year's financial statements which have had a material impact on the reported financial position, financial performance or cashflow.

(b) Historical cost convention

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

(c) Significant accounting estimates and assumptions

The preparation of the 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 entity and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Maitland City 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 Note 9
- (ii) Estimated tip remediation provisions refer Note 11
- (iii) Employee benefit provisions refer Note 11

Critical accounting estimates and assumptions

(i) Impairment of receivables
Council has made a significant judgement about the impairment of a number of its receivables
- refer Note 7.

Monies and other assets received by Council

(i) The Consolidated Fund

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

The Consolidated Fund has been included in the financial statements of Maitland City Council.

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

* General purpose operations

Notes to the financial statements 30 June 2019

Note 1 Basis of preparation (continued)

(ii) The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993 (NSW)* (as amended), a separate and distinct Trust Fund is maintained to account for all money and property received by the Council in trust which must be applied only for the purposes of or in accordance with the trusts relating to those monies. Trust monies and property subject to Council's control have been included in these reports.

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 are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

New accounting standards adopted

AASB 9 Financial Instruments and Associated Amending Standards was adopted during the year There was no material impact on the reported financial position, performance or cash flows of Council although some additional disclosures have arisen.

Council has not applied any pronouncements before their operative date in the annual reporting period beginning 1 July 2018.

Notes to the financial statements 30 June 2018

Note 1 Basis of preparation (continued)

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 reporting period. The following new standards were issued but not effective.

AASB 16 Leases

AASB 16 will result in operating leases being brought onto the statement of financial position. While the impact of AASB 16 has not been fully determined it will result in a non-current right of use asset and recognition of a lease liability which will be separated into a current and non-current component. The effective date for adoption is for the annual reporting periods beginning on or after 1 January 2019.

AASB 15 Revenue from Contracts with Customers and associated amending standards

The changes in revenue recognition requirements in AASB 15 may cause changes to the timing and amounts of revenue recorded in the financial statements and disclosures.

Council has commenced a review of AASB 15 impacts for the adoption of the standard for the annual reporting periods beginning on or after 1 January 2019.

AASB 1058 Income of Not For Profit Entities

The changes in revenue recognition requirements in AASB 1058 may cause changes to the timing and amounts of revenue recorded in the financial statements and disclosures.

Prepaid rates received prior to the beginning of the rating period will be recognised as a liability until the commencement of the rating year.

Council has commenced a review of AASB 1058 impacts for the adoption of the standard due 30 June 2020.

The following standards are expected to have no or limited impact to Council when adopted:

AASB 2014-10 Sale of Contribution of Assets between an investor and its Associate or Joint Venture.

AASB 2017-1 Amendments to Australian Accounting Standards - Transfer of Investment property

AASB 2018-1 Amendments to Australian Accounting Standards - Annual Improvement Cycle 2015-2017

Interpretation 22 Foreign Currency Transactions and Advance Consideration

AASB 2016-5 Amendments to Australian Accounting Standards - Classification of Share-Based

Payment Transactions

AASB 2017-6 Amendments to Australian Accounting Standards - Prepayment Features

With Negative Compensation

AASB 9 Insurance

Council does not apply any pronouncements before their operative date in the annual reporting period prior to the beginning of the effective date of the standard or interpretation.

Notes to the financial statements 30 June 2019

Note 2(a) Functions or activities

	Income	e from	Expens		Operating r	esults from operations	Grants included in income from continuing operations	Total assets held (current and non current)
Functions / Activities	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2019 \$'000
Proud People, Great Lifestyle	5,967	5,892	21,161	18,668	(15,194)	(12,776)	2,284	201,607
Our Built Space	53,614	62,555	18,748	20,589	34,866	41,966	3,232	863,414
Our Natural Environment	19,801	18,650	16,925	16,171	2,876	2,479	721	8,210
A Prosperous and Vibrant City	1,483	800	3,644	1,531	(2,161)	(731)	120	18,573
Connected and Collaborative Community Leaders	71,464	67,539	51,807	39,866	19,657	27,673	5,454	184,011
Net operating result for the year	152,329	155,436	112,285	96,825	40,044	58,611	11,811	1,275,815

Notes to the financial statements 30 June 2019

Note 2(b) Components of functions or activities

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

Proud People, Great Lifestyle

Focuses on: city appearance, place activation; community development; community health and safety; community, sport and recreation facilities; libraries, visitor information centre, Maitland Gaol and Maitland Regional Art Gallery operations; events program; visitor economy

Our Built Space

Focuses on: movement across the local government area; public transport; infrastructure utilities in new developments; footpaths; cycleways; land use planning; urban design; adaptive reuse; infill development and affordable housing

Our Natural Environment

Focuses on: enhancing natural environment; reducing land fill; holistic waste management; stormwater management; floodplain and river bank management; environmental and sustainability programs

A Prosperous and Vibrant City

Focuses on: economic development; partnerships; active transport; local food production; visitor economy; Central Maitland and the Levee; Greenhills/East Maitland

Connected and Collaborative Community Leaders

Focuses on: recognition and connection of community leaders; citizen engagement and participation; citizen services delivery; systems and processes; collaboration and sustainability

Notes to the financial statements 30 June 2019

Note 3 Income from continuing operations

	2019 \$'000	2018 \$'000
(a) Rates and annual charges		
Ordinary rates Residential Farmland Mining Business Less: Pensioner rebates	45,734 2,317 429 13,002 (949)	41,571 2,247 400 12,170 (879)
Rates levied to ratepayers Pensioner rate subsidies received	60,533 492	55,509 498
Total ordinary rates	61,025	56,007
Special rates Maitland CBD / Mall Total special rates	780 780	730 730
Annual charges (pursuant to s.496, 496A, 496B, s.501 & s.611) Domestic waste management services Stormwater management services Waste management services (not domestic) Section 611 charges Pensioner Subsidy - DWM Less Pensioner Rebate Total annual charges	16,108 779 777 - 205 (330) 17,539	14,981 763 750 50 184 (381)
Total rates and annual charges	79,344	73,084

Council has used 2016 valuations provided by the NSW Valuer General in calculating its rates.

Accounting policy for rates and charges

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

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area that are not subsidised by the NSW Government. Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates.

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

Notes to the financial statements 30 June 2019

Note 3 Income from continuing operations (continued)

	2019 \$'000	2018 \$'000
(b) User charges and fees		
User charges		
Waste management services (not domestic)	2,335	2,073
Total user charges	2,335	2,073
Fees		
Private works	234	205
RMS works (State roads not controlled by Council)	1,252	806
Building services - Other	324	323
Planning and building - Regulatory	1,725	1,732
Inspection fees	92	78
Section 10.7 certificates (EP&A Act)	239	274
Section 603 certificates	160	209
Registration fees	75	112
Other - Swimming facilities	1,120	4.406
- Cemeteries	1,120	1,126 138
- Libraries	32	38
- Outstanding notices	15	30
- Rezoning applications (Other)	25	38
- Construction certificates subdivision	135	209
- Sub division certificates (Endorsement)	1	141
- Compliance certificates subdivisions	435	539
- Connection to garbage service	71	72
- Food premises administration	35	32
- Work for the dole supervision	81	118
- Other ¹	27	83
Total fees	6,226	6,303
Total user charges and fees	8,561	8,376

Accounting policy for user charges and fees

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

(c) Interest and investment revenue

Interest on financial assets measured at amortised cost

 Overdue rates and annual charges 	87	254
- Cash and investments	4,598	3,422
Total interest and investment revenue	4,685	3,676

Accounting policy for interest and investment revenue

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

Notes to the financial statements 30 June 2019

Note 3 Income from continuing operations (continued)

	2019	2018
	\$'000	\$'000
(d) Other revenues		
Parking fines	278	145
Other fines	67	29
Recycling income (Non domestic)	256	222
Rental income		
- Other property	740	743
Legal fees recovery	214	23
Commissions and agency fees	15	14
Other		
- Tourism	1,035	1,013
 CBD activities and sundry income 	122	100
- Library sundry income	36	42
 Workers compensation premium adjustment 	59	56
- Workers compensation performance rebate	-	73
- Insurance incentive payments	-	27
- Sales of inventories	238	249
- Art gallery educational programs	26	26
- Art gallery sundry income	69	42
- Other	131	56
Total other revenues	3,286	2,860

Accounting policy for other revenue

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

Parking fees and fines are recognised as revenue when the service has been provided, or when the penalty has been applied, whichever occurs first.

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

Notes to the financial statements 30 June 2019

Note 3 Income from continuing operations (continued)

	Oper	ating	Сарі	tal
	2019	2018	2019	2018
(e) Grants	\$'000	\$'000	\$'000	\$'000
0 1 1 1 1				
General purpose (Untied)	7.040	0.000		
Financial assistance	7,043	6,992	-	:-
Specific purpose				
Community centres	_	- k	-	17
Transport (3x3, Flood Works, Road to Recovery)	-	=	992	1,700
Street lighting	160	156	-	· -
Cessnock Rd Cycleway	-	=	313	314
Bakers Brickyard Playground	-		375	184
Maitland No.1 sportsground grandstand (HIIF)	-		-	-
Levee project - Stage 2	-		-	4,817
Maitland interchange works	-	-1	■ 27	-
Fixing Country Roads - Tocal Road Improvement	-	-	•	-
Maitland Regional Athletic Track	-	-	683	118
Public Library Infrastructure Fund Project	-	<u>=</u> -	(2)	163
Country Passenger Transport Infrastructure Scheme	_		89	104
Floodplain management	48	21	-	_
Other environmental projects	118	15	11	_
Kerbside garden organics collection service	_	123	-	_
Riverlights festival	-	23	-	
Better waste and recycling fund	111	110	-	
LIRS subsidy payment	50	109	-	_
Public Reserves Management Fund Program	100	477	-8	-
Art gallery projects	66	66	100	
Library	195	211	-	_
Community Care	162	293		_
ADD and DOCS	71	50	₩1	-
Noxious weeds	135	131	-	-
Heritage	79	6	_	_
Road safety program	64	61	-	-
Stronger Country Communities Fund	-	-	626	_
Maitland Gaol Business Plan	-	-	-	-
Walka Water Works	37	-	-	1-
Groundsel Bush Control	52	-	-	-
Allandale Priority African Olive Management	36	-	-	
Other	47	74	48	75
Total grants	8,574	8,918	3,237	7,492
Comprising:	200 15 894		986 - 3980	
- Commonwealth funding	7,207	7,285	920	1,660
- State funding	1,345	1,633	2,317	5,832
- Other funding	22	-		
	8,574	8,918	3,237	7,492
		8.		

Notes to the financial statements 30 June 2019

Note 3 Income from continuing operations (continued)

	Opera	ting	Capi	tal
	2019	2018	2019	2018
(f) Contributions	\$'000	\$'000	\$'000	\$'000
Developer contributions				
(s7.4 and s7.11 - EP&A Act, s64 of the LGA):				
Cash contributions				
S 7.11 - contributions towards amenities/services	-	-	15,666	14,583
S 7.12 - fixed development consent levies			468	486
Total developer contributions			16,134	15,069
Other contributions:				
Cash contributions				
RMS contributions (Regional/Local, Block Grant)	630	1,093	389	392
Other	_		-	
- OHS incentive payment	190	106	-	-
- Art gallery projects	103	54	-	-
- Rural fire service	44	39	-	30
- Health Infrastructure): -	_	-	223
- Bushfire hazard work	78	39	-	-
- Sporting groups	174	113	₩.	-
- Flood and storm damage (April 2015)	:: <u>-</u>	867		-
 Staff motor vehicle lease payments 	401	359	-	-
- Fuel tax credits	145	164		=
- Other	106	68	-	76
Non-cash contributions				
Roadworks (other than by s.711)		-	16,386	22,667
Drainage (other than by s.711)	ω≡.	-	5,920	8,668
Land under roads (other than by s.711)	:-	-	285	178
Land (other than by s.711)	p. —	-	2,928	-
Bushfire equipment	-	-	100	193
Art gallery permanent collection	-		629	285
Total other conributions	1,871	2,902	26,637	32,712
Total contributions	1,871	2,902	42,771	47,781
Total grants and contributions	10,445	11,820	46,008	55,273
Total grante and contributions	10,443	11,020	40,000	

Accounting policy for grants and contributions

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

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner, or used over a particular period, and those conditions were un-discharged at reporting date, the unused grant or contribution is disclosed in note 3(g).

Council has obligations to provide facilities from contributions revenues levid on developers under the provisions of sections 7.4,7.11 & 7.12 of the *Enviromental Planning and Assessment Act 1979*.

While Council generally incorporates these amounts as part of a Development Consent Order, such developer contributions are only recognised as income on receipt due to the possibility that individual development consents may not be acted upon by the applicant and, accordingly would not be payable to Council.

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.

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

Notes to the financial statements 30 June 2019

Note 3 Income from continuing operations (continued)

	2019 \$'000	2018 \$'000
(g) Unspent grants and contributions	Ψοσο	ΨΟΟΟ
Certain grants and contributions are obtained by Council on the condition they be spent in a specified manner:		
Operating grants Operating grants recognised as income in the current period which have not been spent	439	1,391
Operating grants received for the provision of goods and services in a future period	4,263	3,541
Operating grants recognised in previous reporting periods that have been spent in the current reporting period	(1,370)	(1,584)
Capital grants Capital grants recognised as income in the current period which have not been spent	536	382
Capital grants received for the provision of goods and services in a future period	429	498
Capital grants recognised in previous reporting periods that have been spent in the current reporting period	(1,606)	(189)
Contributions Contributions recognised as income in the current period which have not been spent	16,134	15,069
Contributions received for the provision of goods and services in a future period	16,134	15,069
been spent in the current reporting period	(11,795)	(6,852)

Notes to the financial statements 30 June 2019

Note 4 Expenses from continuing operations

	2019 \$'000	2018 \$'000
(a) Employee benefits and on costs		
Salaries and wages	31,091	27,621
Employee leave entitlements	6,098	5,860
Superannuation	3,193	3,443
Workers' compensation insurance	786	951
FBT	105	141
Training costs (excluding salaries)	259	184
Other	144	165
Total operating employee costs	41,676	38,365
Less: Capitalised costs	(4,674)	(3,845)
Total employee costs expensed	37,002	34,520

Accounting policy for employee benefits and on-costs

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

Retirement benefit obligations

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

Superannuation plans

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

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note 16 for more information.

(b) Borrowing costs

Interest on loans	1,546	1,326
Interest on hire purchase	66	60
Amortisation of discounts and premiums:		
- Remediation (Tip)	-	135
- Interest free loan received	6	35
Total borrowing costs expensed	1,618	1,556_

Accounting policy for borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

Notes to the financial statements 30 June 2019

Note 4 Expenses from continuing operations (continued)

(c) Materials and contracts Raw materials and consumables 21,274 14,495 Contractor and consultancy costs 105 136 - Security services 105 136 - Cleaning services 552 348 - Valuation services 284 224 - Agency collections 67 44 - Software licencing assurance 127 178 - Recycling services 1,799 1,574 - Organics collection & processing 1,462 1,571 - RSPCA 150 371 - Other contractor and consultancy costs 1,872 935 Remuneration of auditors ⁽¹⁾ 211 123 Legal fees: - Planning and development 58 374 - Other 241 65 Operating leases: - Buildings 64 38 - Computers 276 293 - Other 44 152 Other 44 152 Other 44 152 Other 5,013 4,912		2019 \$'000	2018 \$'000
Contractor and consultancy costs 105 136 - Security services 552 348 - Cleaning services 284 224 - Agency collections 67 44 - Software licencing assurance 127 178 - Recycling services 1,799 1,574 - Organics collection & processing 1,462 1,571 - RSPCA 150 371 - Other contractor and consultancy costs 1,872 935 Remuneration of auditors ⁽¹⁾ 211 123 Legal fees: - Planning and development 58 374 - Other 241 65 Operating leases: - 241 65 - Buildings 64 38 - Computers 276 293 - Other 44 152 Other 44 152	(c) Materials and contracts		
- Security services 105 136 - Cleaning services 552 348 - Valuation services 284 224 - Agency collections 67 44 - Software licencing assurance 127 178 - Recycling services 1,799 1,574 - Organics collection & processing 1,462 1,571 - RSPCA 150 371 - Other contractor and consultancy costs 1,872 935 Remuneration of auditors ⁽¹⁾ 211 123 Legal fees: - Planning and development 58 374 - Other 241 65 Operating leases: - - 241 65 Operating leases: - - 293 - 293 - Other 44 152 -		21,274	14,495
- Cleaning services 552 348 - Valuation services 284 224 - Agency collections 67 44 - Software licencing assurance 127 178 - Recycling services 1,799 1,574 - Organics collection & processing 1,462 1,571 - RSPCA 150 371 - Other contractor and consultancy costs 1,872 935 Remuneration of auditors ⁽¹⁾ 211 123 Legal fees: - Planning and development 58 374 - Other 241 65 Operating leases: - - - Buildings 64 38 - Computers 276 293 - Other 44 152 Other 0ther 0ther	5	105	136
- Agency collections 67 44 - Software licencing assurance 127 178 - Recycling services 1,799 1,574 - Organics collection & processing 1,462 1,571 - RSPCA 150 371 - Other contractor and consultancy costs 1,872 935 Remuneration of auditors ⁽¹⁾ 211 123 Legal fees: - Planning and development 58 374 - Other Operating leases: - Buildings 64 38 - Computers 276 293 - Other 0ther 44 152 Other		552	
- Software licencing assurance 127 178 - Recycling services 1,799 1,574 - Organics collection & processing 1,462 1,571 - RSPCA 150 371 - Other contractor and consultancy costs 1,872 935 Remuneration of auditors ⁽¹⁾ 211 123 Legal fees: - Planning and development 58 374 - Other Operating leases: - Buildings 64 38 - Computers 276 293 - Other 44 152 Other	- Valuation services	284	224
- Recycling services 1,799 1,574 - Organics collection & processing 1,462 1,571 - RSPCA 150 371 - Other contractor and consultancy costs 1,872 935 Remuneration of auditors ⁽¹⁾ 211 123 Legal fees: - Planning and development 58 374 - Other 241 65 Operating leases: - Buildings 64 38 - Computers 276 293 - Other 44 152 Other 44 152	- Agency collections	67	44
- Organics collection & processing - RSPCA - Other contractor and consultancy costs Remuneration of auditors ⁽¹⁾ - Planning and development - Other	- Software licencing assurance	127	178
- RSPCA 150 371 - Other contractor and consultancy costs 1,872 935 Remuneration of auditors ⁽¹⁾ 211 123 Legal fees: - Planning and development 58 374 - Other 241 65 Operating leases: - Buildings 64 38 - Computers 276 293 - Other 44 152 Other		1,799	1,574
- Other contractor and consultancy costs Remuneration of auditors ⁽¹⁾ Legal fees: - Planning and development - Other Operating leases: - Buildings - Computers - Other	· · · · · ·	1,462	1,571
Remuneration of auditors ⁽¹⁾ 211 123 Legal fees: - Planning and development 58 374 - Other 241 65 Operating leases: - Buildings 64 38 - Computers 276 293 - Other 44 152 Other	, 13. (3.1)	150	371
Legal fees: - Planning and development 58 374 - Other 241 65 Operating leases: - Buildings 64 38 - Computers 276 293 - Other 44 152 Other 152 152		1,872	935
- Planning and development 58 374 - Other 241 65 Operating leases: - Buildings 64 38 - Computers 276 293 - Other 44 152 Other		211	123
- Other 241 65 Operating leases: - Buildings 64 38 - Computers 276 293 - Other 44 152 Other			
Operating leases: 64 38 - Buildings 64 293 - Computers 276 293 - Other 44 152 Other 152	· · · · · · · · · · · · · · · · · · ·		
- Buildings 64 38 - Computers 276 293 - Other 44 152 Other 152 152		241	65
- Computers 276 293 - Other 44 152 Other			
- Other 44 152 Other			
Other	•		
		44	152
- Waste disposal costs 5,013 4,912		E 0.40	4.040
		5,013	4,912
Total materials and contracts 33,599 25,833	Total materials and contracts	33,599	25,833

Accounting policy for operating leases.

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 lease (net of any incenitives received from the lessor) are charged to the Income Statement on a straight line basis over the period of the lease.

Auditors remuneration

Auditors of the Council - NSW Auditor-General: (i) Audit and other assurance services Audit and review of financial statements Other assurance services Total fee paid or payable to the Auditor-General	165 - 165	63 - 63
During the year the following fees were paid or payable for au provided by other audit firms:	ıdit services	
(ii) Other non-assurance services - Other firms services Tax Compliance services Other assurance services:	-	2
	46	58
Total fee paid or payable for non-assurance services	46	60

Notes to the financial statements 30 June 2019

Note 4 Expenses from continuing operations (continued)

	2019	2018
	\$'000	\$'000
(d) Depreciation, amortisation and impairment		
Depreciation and amortisation		
Intangibles - Software	111	-
Plant and equipment	2,375	2,247
Office equipment	114	103
Furniture and fittings	31	24
Infrastructure	18,589	17,402
Other assets		
- Library books	207	202
- Bushfire equipment	191	270
- Other	15	13
Tip asset	455	453
Less: Capitalised depreciation	-	
Total depreciation and amortisation costs	22,088	20,714
Impairment / revaluation decrement of IPPE Infrastructure assets		
Total impairment costs charged to income statement (IPPE)		
Total depreciation and impairment for intangibles and IPPE	22,088	20,714

Accounting policy for depreciation, amortisation and impairment expenses

Depreciation and amortisation

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

Impairment of non-financial assets

Intangible assets that have an indefinite useful life, or are not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

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

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

Notes to the financial statements 30 June 2019

Note 4 Expenses from continuing operations (continued)

	2019 \$'000	2018 \$'000
(e) Other expenses		
Cost of sales	174	181
Bad and doubtful debts	6	19
Insurance	1,658	1,196
Mayoral fee	43	41
Councillors' fees	257	238
Councillors' (incl. Mayor) expenses	115	104
Telephone	243	183
Street lighting	2,645	2,665
Electricity and heating	750	720
Contributions and donations	141	241
Election expenses	-	386
Tourism expenses	1,107	999
State Government waste disposal levy	2,956	2,359
CBD activities	300	293
Emergency services levies	943	928
Other		
- Advertising	322	127
- Bank charges	188	192
- Other	83	109
Total other expenses from continuing operations	11,931	10,981

Accounting policy for other expenses

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

Notes to the financial statements 30 June 2019

Note 5 Gain or loss from the disposal, replacement and de-recognistion of assets

	Note	2019 \$'000	2018 \$'000
Gain (or loss) on disposal of infrastructure, property, plant and equipment	9		
Proceeds from disposal Less: Carrying amount of assets sold Gain (or loss) on disposal Gain (or loss) on disposal of financial assets		911 6,902 (5,991)	1,451 (3,221)
held for sale Proceeds from Sales		-	_
Less: Cost of Sales Gain (or loss) on disposal		-	<u> </u>
Net gain (or loss) from the disposal of assets		(5,991)	(3,221)

Accounting policy for disposal of assets

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

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

Notes to the financial statements 30 June 2019

Note 6(a) Cash and cash equivalents

	2019 \$'000	2018 \$'000
Cash at bank and on hand Deposits at call	9,247 9,007	4,114 4,001
Total cash and cash equivalents	18,254	8,115

Accounting policy for cash and cash equivalents

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

Notes to the financial statements 30 June 2019

Note 6(b) Investments

The following financial assets are held as investments:

	20	019	20	18
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Financial assets at fair value through Profit and Loss - held for trading	. 	-	-	_
Debt securities at amortised cost.	107,359	30,613	89,868	46,749
Available for sale financial assets { (2018) Equity securities at FVOCI}			H	-
Total	107,359	30,613	89,868	46,749
Debt securities at amortised cost.				
- Term Deposits	87,006	2,052	87,150	11,051
- FRNs	18,316	25,907	2,718	35,698
- Bonds	2,037	2,654	-	3.
- Property Linked Notes		-	i e	=
	107,359	30,613	89,868	46,749

Accounting policy for investments

Accounting policy under AASB 9 - applicable from 1 July 2018

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

On initial recognition all financial instruments are measured at fair value plus transaction costs 9except for instruments measured at fair value through profit or loss where transaction costs are expenses as incurred).

Financial Assets

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

Classification

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

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

Financial assets are not reclassified subsequent to their initial recognition.

Amortised Cost

Assets measured at amortised cost are financial assets where:

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

Council's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position

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

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

Financial assets through profit or loss

All financial assets not classified as measured at amortised costs as described above are measured at FVTPL Net gains or losses, including any interest is recognised in profit or loss.

Council's financial assets measure at FVTPL are described above.

Notes to the financial statements 30 June 2019

Note 6(b) Investments (continued)

Accounting policy under AASB 139 - applicable for 2018 comparatives only

Classification

Council classifies its investments in the following categories: financial assets at fair value through profit or loss; 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.

(a) 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 held at fair value with changes in value taken through profit or loss at each reporting period.

(b) Held-to-maturity investments

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

(c) 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. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term. Assets in this category are held at fair value with changes in fair value taken to other comprehensive income.

Recognition and de-recognition

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

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

Impairment of available-for-sale investments

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

Notes to the financial statements 30 June 2019

Note 6(c) Restricted cash, cash equivalents and Investments

	20	19	201	8
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Total cash, cash equivalents and investments	125,613	30,613	97,983	46,749
External restrictions Internal restrictions	54,912 70,701 125,613	30,613 - 30,613	34,104 63,879 97,983	46,749 - 46,749

	2019 restricted cash \$'000	2018 restricted cash \$'000
External restrictions		*
General fund		
Developer contributions	83,974	77.302
Specific purpose unexpended grants	1,551	3,551
Total external restrictions	85,525	80,853
Internal restrictions		
Employee leave entitlements	4,526	4,379
Economic development	410	291
Waste disposal site construction	2,031	2,031
Computer replacement	1,587	1,555
Carry over works	16,172	20,618
Environmental works	135	159
Workers compensation	918	531
Asset management	346	328
General purpose reserve	1,391	1,183
Year end creditors	7,312	64
Compensatory habitat	173	173
Waste disposal site rehabilitation	8,569	7,138
Transfer station construction	13,400	10,503
Floodplain management construction	70	70
Asset protection zone maintenance	95	95
Financial Assistance Grant advance payment	3,585	3,541
Election cost reserve	483	183
Unexpended loans	9,498	11,037
Total internal restrictions	70,701	63,879
Total restrictions	156,226	144,732

Notes to the financial statements 30 June 2019

Note 7 Receivables

	20	019	201	18
Purpose	Current	Non-current	Current	Non-current
	\$'000	\$'000	\$'000	\$'000
Rates and annual charges	3,226	-	2,982	-
Interest and extra charges		-	224	_
User charges and fees	228	•	403	-
Government grants and subsidies	874		412	1 -
Other	-			
- Contributions	489	-	1,323	
- Net GST Receivable	2,137		825	v. -
- Property rentals	377	-	229	-
- Other	8		82	
Total	7,339		6,480	-
Less: Provision for impairment				
- Rates and annual charges	_	-	_	_
- Interest and extra charges	-	-	_	, <u>-</u>
- User charges and fees	-		-	-
- Other	(118)		(118)	·
	7,221		6,362	_
Restricted / unrestricted receivables				
Externally restricted resolvables	074		074	
Externally restricted receivables	874	-	971	
Unrestricted receivables	6,347		5,391_	
Total receivables	7,221	-	6,362	

Accounting policy for receivables

Recognition and measurement

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

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

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

Impairment

Accounting Policy under AASB 9 applicable from 1 July 2018

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

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

When considering the ECL for rate debtors, council takes into account that unpaid rates represents a charge against the rateable property that will be recovered when the property is sold.

For non-rate debtors, council uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

Notes to the financial statements 30 June 2019

Note 7 Receivables (continued)

Accounting policy for receivables (continued)

The council uses the presentation that a financial asset is in default when:

- the other party is unlikely to pay in full or
- the financial asses (for non-rate debtors) is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the entity in accordance with the contract, and cash flows expected to be received.

On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is estimated and recognised.

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

The council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, or when the receivables are over 2 years past due, which ever occurs first.

Receivable of \$NIL written off during the reporting period are still subject to enforcement activity.

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

Impairment

Accounting Policy applicable for 2018 comparative only

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

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

Rates and annual charges outstanding are secured against the property.

Notes to the financial statements 30 June 2019

Note 8 Inventories and other assets

	20	19	2018				
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000			
(a) Inventories At cost:							
Stores, materials and/or trading stock	397		381_				
Total inventories	397		381				
Inventories not expected to be realised within the next 12 months		<u> </u>					
(b) Other assets Prepayments			52				
Total other assets			52	_			
External restricted / unrestricted inventories and other assets							
Externally restricted	-	-	-	-			
Unrestricted	397	<u> </u>	433_	-			
Total inventories and other assets	397	-	433				

Accounting policy for inventories and other assets

Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventory held for distribution

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

Notes to the financial statements 30 June 2019

Note 9 Infrastructure, property, plant and equipment

By asset class		At 30 June 2018				Movement	Movements during year				At 30 June 2019	
	Gross		Net			Carrying	Depn		Revaluation	Gross		Net
	carrying	Accumulated	carrying		New	value of	and		increments/	carrying	Accumulated	carrying
	amonnt	Depreciation	amount	Renewals (1)	assets	disposals	impairment	Transfers	(decrements)	amonnt	Depreciation	amonut
	\$,000	\$,000	\$,000	\$.000	\$,000	\$,000	\$.000	\$,000	\$,000	\$.000	\$,000	\$,000
Capital WIP	1,772	ı	1,772	٠	9.711	•		- 18	•	11 465		11 465
Plant and equipment	18 863	11 069	7 704	8 41	2 570	909	2 275	2	Î q	40 560	10 10 1	7 200
מוני מוח כלתוסווים וו	10,000		+61,1	•	2,370	000	6,513	•	ő	19,500	12,100	605,7
Office equipment	1,212		310	•	144	•	114		1	1,356	1,016	340
Furniture and fittings	974	811	163	•	20	,	31	1		1,044	842	202
Land - Operational	78,859	1	78,859		491			- 6,901	•	72,449	,	72,449
Land - Community	41,030	1	41,030	•	2,600		1	- 7	- 344	43,279	1	43,279
Land - Crown	1	1	1		•		•	806'9	1,281	8,189	r	8,189
Land under roads (pre 1/7/08)	1	1	1	•	•	1	,		1	٠	•	•
Land under roads (post 1/7/08)	2,737	1	2,737		286	a	1	•	Ė	3,023	1	3,023
Infrastructure												
- Buildings*	101,748	36,933	64,815	283	464	1	2,826		13,760	148,913	72,417	76,496
- Roads*	677,865	183,164	494,701	16,881	13,135	6,159	10,295	•	24,271	722,552	190,018	532,534
- Footpaths*	100,561	27,680	72,881	942	3,251	65	1,337	,	2,158	107,115	29,285	77,830
- Bridges*	47,107	9,265	37,842	•	•	,	316	•	815	48,139	9,798	38,341
- Bulk earthworks (non deprec.)*	1	1	•	•	0	1	,	•	•	•	ı	٠
- Storm water drainage*	223,486	35,217	188,269	1	6,484	71	1,144	•	2,734	232,995	36,723	196,272
- Swimming pools*	13,270	7,856	5,414	į	42	•	599	•	1	13,312	8,455	4,857
- Other open space / recreational												
assets*	38,114	20,622	17,492	•	3,415		1,842	18	,	41,547	22,464	19,083
- Other infrastructure (waste depot)*	4,608	1,507	3,101		195		230		,	4,804	1,738	3,066
Other assets											•	
- Library books	1,934	1,125	808		227		207		•	1,934	1,105	829
- Art works	8,397	1	8,397	•	648	-	•	a C	286	10,031	•	10,031
- Bushfire equipment	2,721	2,113	809		101		191		3 1	2,821	2,303	518
- Other	125	69	99	•			15		•	125	84	41
Tip asset	9,766	4,786	4,980	1	•	•	455	24		9,791	5,242	4,549
Totals	1,375,149	343,119	1,032,030	18,106	43,834	6,902	21,977	24	45,662	1,504,452	393,675	1,110,777
Otals	1,070,140	040,110	1,002,000	10,100	40,004	0,302	118,12	47	700,04	1,504,	427	

Renewals are defined as replacements of existing assets as opposed to the acquisition of new assets.
 * Asset classes included in Special Schedule 2 - Infrastructure Asset Report.

Notes to the financial statements 30 June 2019

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

By asset class	A	At 30 June 2017				Movements	Movements during year			1	At 30 June 2018	
	Gross	Accumulated	Net			Carrying	Depn		Revaluation	Gross	Accumulated	Net
	carrying	Depreciation	carrying		New	value of	and		increments/	carrying	Depreciation	carrying
	amonnt		amonnt	Renewals (1)	assets	disposals	impairment	Transfers	(decrements)	amonnt		amonut
	\$,000	\$,000	\$,000	\$.000	\$,000	\$,000	\$,000	\$,000	\$.000	\$,000	\$,000	\$,000
Capital WIP	11,546	1	11,546	1	1,460			- 11,234	•	1,772	•	1,772
Plant and equipment	17,548	10,696	6,852	•	3,972	783	2,247	,		18,863	11,069	7,794
Office equipment	1,055	800	255	•	715	1	103	•		1,769	902	867
Furniture and fittings	910	787	123		64	•	24	•		974	811	163
Land - Operational	72,070	э	72,070		4,618	276		1,032	1,415	78,859	•	78,859
Land - Community	44,175	(1)	44,175	1	•	21		- 1,032	- 2,092	41,030		41,030
Land under roads (pre 1/7/08)	1	1	1	•			ı		1	•	ı	
Land under roads (post 1/7/08)	2,444	a t %	2,444		242	•	•	•	51	2,737		2,737
Infrastructure												
- Buildings*	128,066	67,180	988'09	456	3,171	222	1,939	8,360	- 5,897	101,748	36,933	64,815
- Roads*	642,128	172,981	469,147	19,075	15,672	2,824	10,269	•	3,900	677,865	183,164	494,701
- Footpaths*	96,092	27,445	68,647	3,420	5,476	503	1,279	•	- 2,880	100,561	27,680	72,881
- Bridges*	44,620	9,014	35,606		1,519	i	299		1,016	47,107	9,265	37,842
- Bulk earthworks (non deprec.)*	ı	ı	E			i	•					
- Storm water drainage*	203,874	31,387	172,487	,	9,803	43	1,048	•	7,070	223,486	35,217	188,269
- Swimming pools*	10,379	7,322	3,057	,	146	i	534	2,745	,	13,270	7,856	5,414
- Other open space / recreational												
assets*	36,624	18,810	17,814	586	212	ï	1,813	129	,	38,114	20,622	17,492
- Other infrastructure (waste depot)*	4,417	1,286	3,131	,	191	i	221	1	•	4,608	1,507	3,101
Other assets												
- Library books	1,914	1,115	799	,	212	,	202	,		1,934	1,125	808
- Art works	8,072	1	8,072	•	325	•	,	•	•	8,397	1	8,397
- Bushfire equipment	2,577	1,890	687	•	192	-	270	•	1	2,721	2,113	809
- Other	80	99	24		45	1	13	,	1	125	69	26
Tip asset	5,079	4,334	745	•	,	1	453	4,688	1	9,766	4,786	4,980
Totals	1,333,670	355,103	978,567	23,537	48,599	4,673	20,714	4,688	2,583	1,375,706	343,119	1,032,587

Notes to the financial statements 30 June 2019

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

Accounting policy for infrastructure, property, plant & equipment

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

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

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

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

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

Office equipment	5 years	Flood control structures	100 - 200 years
Office furniture	10 years	Sealed roads - Surface	15 - 125 years
Vehicles and road making equipment	5 - 6 years	Sealed roads - Structure	50 - 200 years
Other plant and equipment	5 - 15 years	Unsealed roads	15 - 125 years
Buildings - Operational	30 - 150 years	Footpaths	75 years
Buildings - Community	30 - 150 years	Kerb and gutter	100 years
Park equipment	5 years	Road furniture	20 years
Community improvements	10 - 50 years	Bridge - Concrete	150 years
Drains	200 years	Bridge - Other	150 years
Culverts	200 years	Bulk earthworks	Infinite

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.

Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips.

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051 Land Under Roads. Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 Property, Plant and Equipment.

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.

Rural Fire Service assets

Under Section 119 of the Rural Fire Services Act 1997 (NSW), 'all firefighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the firefighting equipment has been purchased or constructed'.

Notes to the financial statements 30 June 2019

Note 10 Intangible assets

Opening welves and deliver	2019 \$'000	2018 \$'000
Opening values at 1 July Gross book value	557	
Accumulated amortisation	-	_
Accumulated impairment	-	_
Net book value - opening balance	557	
Movements for the year		
- Purchases	173	_
- Development costs	-	557
- Other capitalised costs	-	-
- Amortisation charges	111	-
- Impairment charges	(-	-
- Gross book value written off	7 =	-
- Accumulated amortisation charges written off	: -	-
 Accumulated impairment charges written off 	-	-
Closing values at 30 June		
Gross book value	730	557
Accumulated amortisation	111	-
Accumulated impairment	-	7
Total intangible assets - net book value	619	557
Total Intaligible assets - Het book value		
The net book value of intangible assets represents:		
Software	619	557
Other		-
	619	557

Accounting policy for other intangible assets

IT development and software

Costs incurred in developing products or systems, and costs incurred in acquiring software and licences that will contribute to future-period financial benefits through revenue generation and/or cost reduction, are capitalised to software and systems. Costs capitalised include external direct costs of materials and services, direct payroll, and payroll-related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis over periods generally ranging from three to five years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility, and where Council has an intention and ability to use the asset.

Notes to the financial statements 30 June 2019

Note 11 Payables and borrowings

	201	9	2018	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Payables				
Goods and services	9,999	-	6,596	_
Accrued wages and salaries	594	-	564	-
Accrued expenses - Other	361	-	420	_
Government departments & agencies				
Other			0.4	
- Other		-	21	
Total payables	10,954	-	7,601	
Income received in advance				
Payments received in advance	_	_	56	
Total income received in advance			56	
Total income received in advance				
Borrowings				
Bank overdraft	-			=
Loans:				
- Secured	5,832	38,832	5,302	37,862
Hire purchase	473	915	468	1,381
Total borrowings	6,305	39,747	5,770	39,243
(a) Restricted and unrestricted liabilities				
Liabilities relating to restricted assets				
Domestic waste management	454	871	449	1,318
Total restricted liabilities	454	871	449	1,318
Liabilities related to unrestricted assets	30,411	51,953	25,499	51,060
(1) 0	-			
(b) Current payables not expected to be settled within the next 12 months		n/a		n/a
Section within the next 12 months				11/a

(c) Changes in liabilities arising from financing activities

	2018 \$'000s	Cash flows \$'000s	Non-cash changes \$'000s			2019 \$'000s
				Fair value	Other non-cash	
			Acquisition	changes	movement	
Loans:	100000000000000000000000000000000000000					
- secured	43,164	1,500	-	-	-	44,664
Hire purchase	1,849	(461)	-	-	1-	1,388
Other						
Total liabilities from						
financing activities	45,013	1,039	-	-	-	46,052

Notes to the financial statements 30 June 2019

Note 11 Payables and borrowings (continued)

(d) Financing Arrangements	2019 \$'000	2018 \$'000
Total facilities The total amount of financing facilities available to council at the reporting date is:	V 000	Ψ 000
Corporate credit cards	140 140	140 140
Drawn facilities The amount of financing facilities drawn down at the reporting date is:		
Corporate credit cards	62 62	60
Undrawn facilities The amount of undrawn financing facilities available to council at the reporting date is:		
Corporate credit cards		80 80

Accounting policy for payables and borrowings

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

The financial liabilities of Council comprise trade payables, bank and other loans and finance lease liabilities.

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.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective-interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance cost.

Borrowings are classified as current liabilities unless Council has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Finance leases

Leases of property, plant and equipment where Council, as lessee, has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased assets or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Notes to the financial statements 30 June 2019

Note 12 Provisions

	2019		201	18
	Current	Non-current	Current	Non-current
	\$'000	\$'000	\$'000	\$'000
Employee benefits provisions				
Annual leave	3,639	-	3,541	-
Sick leave	764	-	715	_
Long service leave	8,830	298	7,843	381
RDO / Time in Lieu	373	-	422	-
Other provisions				
Tip remediation	-	12,779	-	12,754
Total provisions	13,606	13,077	12,521	13,135
	E			
Current provisions not expected to				-
be settled within the next 12 months	9,742	-	8,721	

(a) Description of and movements in provisions

The movement in each class of provision (excluding those relating to employee benefits) is presented in the table below.

	Asset remediation \$'000	Other Provision \$'000	Other Provision \$'000	Total \$'000
At beginning of year	12,754	-	-	12,754
Changes to provision:				
Revised life & costs to remediate	25	=	-	25
Revised discount rate	-	-	-	-
Amounts used	-	-	=	-
Unwinding of discount	-	-	Œ	-
Other	-	-	=	-
Other	14	_	-	_
Total	12,779	-	-	12,779

Nature and purpose of non-employee benefit provisions

Asset remediation

The asset remediation provision represents the present value estimate of future costs Council will incurr to restore, rehabilitate and reinstate the tip as a result of past operations.

Accounting policy for provisions

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

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current 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.

Notes to the financial statements 30 June 2019

Note 12 Provisions (continued)

Employee benefits

Short-term obligations

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

Other long-term employee benefit obligations

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

On-costs

The employee benefit provisions include on-cost liabilities that will arise when payment of current employee benefits is made in future periods. These amounts include superannuation, payroll tax & workers compensation which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.

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

Provisions for close-down and restoration, and environmental clean-up costs - tips and guarries

Restoration

Close-down and restoration costs include the dismantling and demolition of infrastructure, and the removal of residual materials and remediation of disturbed areas. Estimated close-down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs. Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

Rehabilitation

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each reporting date, and the cost is charged to the Income Statement.

Provision is made for the estimated present value of the costs of environmental clean-up obligations outstanding at the reporting date. These costs are charged to the Income Statement. Movements in the environmental clean-up provisions are presented as an operating cost, except for the unwinding of the discount which is shown as a borrowing cost. Remediation procedures generally commence soon after the time the damage, remediation process, and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors, including changes to the relevant legal requirements, the emergence of new restoration techniques, or experience at other locations. The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates. As a result, there could be significant adjustments to the provision for close down and restoration and environmental clean-up, which affect future financial results.

Notes to the financial statements 30 June 2019

Note 12 Provisions (continued)

Other movements in the provisions for close-down and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations, and revisions to discount rates, are capitalised within property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

Close-down and restoration costs are a normal consequence of tip and quarry operations, and the majority of close-down and restoration expenditure is incurred at the end of the life of the operations. Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

Notes to the financial statements 30 June 2019

Note 13 Accumulated surplus, revaluation reserves, changes in accounting policies, accounting estimates and errors

(a) Nature and purpose of reserves

(i) Infrastructure, property, plant and equipment revaluation reserve

The infrastructure, property, plant and equipment revaluation reserve is used to record increments and and decrements on the revaluation of non-current assets.

(ii) Available-for-sale investments revaluation reserve (2018 only)

Council does not hold any available-for-sale investments.

(iii) Interest in joint venture revaluation reserve

The interest in joint venture revaluation reserve is used to record increments and decrements on the revaluation of non-current assets held by Strategic Services Australia Limited (formerly Hunter Councils Limited) (refer Note 15).

(b) Change in Accounting Policy due to adoption of new Accounting Standards

During the year, Council adopted a number of new accounting standards. The impact of the adoption and associated transition disclosures are shown below.

Council has adopted AASB 9, Financial instruments for the first time in the current year with a date of initial adoption of 1 July 2017.

As part of the adoption of AASB 9, the Council adopted consequential amendments to other accounting standards arising from the issue of AASB 9 as follows:

- AASB 101 Presentation of Financial Statements requires the impairment of financial assets to be
 presented in a separate line item in the income statement. In prior year, this information was presented
 as part of other expenses.
- AASB 7 Financial instruments: Disclosures requires amended disclosures due to changes arising from AAS 9. These disclosures have been provided for the current year.

The key changes to Council's accounting policy and the impact on these financial statements from applying AASB 9 are described below.

Changes in accounting policies resulting from the adoption of AASB 9 have been applied retrospectively except Council has not restated any amounts relating to classification and measurement requirements, including impairment, which have been applied from 1 July 2018.

(i) Classification of financial assets.

The financial assets of Council have been reclassified into one of the following categories on adoption of AASB 9, based primarily on the business model in which a financial asset is managed and its contractual ash flow characteristics are:

- measured at amortised cost
- fair value through profit or loss
- fair value though other comprehensive income equity instruments (FVOCI equity)

(ii) Measurement of equity instruments

All equity instruments of Council are measured at fair value under AASB 9 whereas there was a cost exception under AASB 139 that allows certain unlisted investments to be carried at amortised costs in the absence of a reliable measurement of fair value. Any difference in the previous carrying amount and the fair value is recognised in the opening retained earnings (or other component of equity, as appropriate) at 1 July 2018.

Equity instruments are no longer subject to impairment testing and therefore all movements on equity instruments, classified as fair value through other comprehensive income, are taken to the relevant reserve.

(iii) Impairment of financial assets

The incurred loss from AASB 139 has been replaced with an expected credit loss model in AAS 9 for assets measured at amortised cost. This has resulted in the earlier recognition of credit loss (bad debt provisions).

Notes to the financial statements 30 June 2019

Note 14 Statement of Cash Flows information

(a) Reconciliation of cash assets	Notes	2019 \$'000	2018 \$'000
Total cash and cash equivalents Less: Bank overdraft	6(a) 10	18,254	8,115
Balances as per cash flow statement	10	18,254	8,115
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income statement Add:		40,044	58,611
Depreciation amortisation & impairment		22,088	20,714
Increase in provision for doubtful debts		-	19
Increase in provision for leave entitlements Increase in other provisions		1,002 25	244
Decrease in inventories		25	4,822 52
Decrease in other current assets		52	5
Decrease in equity shares in joint venture		57	-
Increase in payables		3,326	=
Increase in accrued interest payable		-	76
Increase in other liabilities & accruals		30	32
Loss on sale of assets		5,991	3,221
		72,615	87,796
Less:			
Decrease in employee leave entitlements		-	-
Increase in receivables		859	843
Increase in inventories		16	-1
Increase in other current assets		- 1	-
Increase in equity shares in joint ventures Decrease in payables		-	347
Decrease in payables Decrease in accrued interest payable		- 59	4,030
Adjustment to provision for tip remediation		24	4,688
Non cash contributions and dedications		26,248	31,863
Net cash provided from (or used in) operating activities	3		
from Statement of cash flows		45,409	46,025
(c) Non-cash financing and investing activities			
Asset contributions			
- Bushfire equipment		100	192
- Roads, bridges and footpaths		16,386	22,667
- Drainage		5,920	8,668
- Land under roads - Land		285	51
- Art works		2,928 629	- 285
- Musical instruments		-	200
- s. 7.11 contributions in kind			-
		26,248	31,863
Trade Ins			
- Motor vehicles acquired during the year were			8
partially financed by the trade in of other vehicles		911	1,179
,			

Notes to the financial statements 30 June 2019

Note 15 Interests in other entities

Interest in Joint Arrangements

Aggregate information for joint ventures that are not individually material

Council has an interest in Strategic Services Australia Limited (formerly known as Hunter Councils Limited), along with other Member Councils. The activities of this organisation are not controlled by any one Council.

Strategic Services Australia Limited has been established to improve the quality and efficiency of local government service throughout the Hunter Region. One such service is the establishment and provision of a Record Repository Centre for the use of the Member Councils and to outsource this service to other organisations.

This organisation was established in January 2003 after receiving Minister's consent, pursuant to Section 358(1)(a) of the Local Government Act, 1993.

Strategic Services Australia Limited Council's respective interests are:	2019	2018
- interest in outputs of the joint operation	11.545%	11.545%
- ownership interest in the joint operation	11.545%	11.545%
- the proportion of voting power in the joint operation	7.692%	7.692%
Carrying amount of investment in joint venture	575	632
	\$'000s	\$'000s
Council's share of joint venture's assets and liabilities		
Current assets	798	784
Non current assets	37	55
Total assets	835	839
Current liabilities	258	202
Non current liabilities	2	5
Total liabilities	260	207
Net assets	575	632
Council's share of joint venture's profit or loss and other comprehensive income		
Revenues	654	860
Expenses	710	799
Profit / (loss) from continuing operations	(56)	61
Post tax profit / (loss) from discontinued operations	-	286
Other comprehensive income	-	-
Total comprehensive income	(56)	347
Councils share of joint venture's commitments		
Lease commitments	-	-
Other commitments (other than for the supply of inventories)		
Total expenditure commitments	•	-
Capital commitments		=
Total commitments	-	-

Contingent Liabilities

Each of the partners in Strategic Services Australia Limited are jointly and severally liable for the debts of the organisation.

As at 30 June 2019 the company had no contingent liabilities.

Notes to the financial statements 30 June 2019

Note 15 Interests in other entities (continued)

Accounting policy for joint arrangements

The Council has determined that it has a joint venture because it has an 11.545% interest in Strategic Services Australia Limited (formerly Hunter Councils Limited), along with other Member Councils of Strategic Services Australia Limited. The activities of this organisation are not controlled by any one Council.

Joint ventures:

Interests in joint ventures/associates are accounted for using the equity method in accordance with AASB128 Investments in Associates and Joint Ventures. Under this method, the investment is initially recognised as a cost and the carrying amount is increased or decreased to recognise the Council's share of the profit or loss and other comprehensive income of the joint venture after the date of acquisition.

If the Council's share of losses of a joint venture equals or exceeds its interest in the joint venture, the Council discontinues recognising its share of further losses.

The council's share in the joint venture's gains or losses arising from transactions between itself and its joint venture are eliminated.

Adjustments are made to the joint venture's accounting policies where they are different from those of the council for the purposes of the consolidated financial statements.

Notes to the financial statements 30 June 2019

Note 16 Commitments for expenditure

	Actual 2019 \$'000	Actual 2018 \$'000
(a) Capital commitments (exclusive of GST)		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
 Plant and equipment Roads, bridges & footpaths Drainage assets Recreational assets Buildings Total The Council has committed to completing various road, bridge and footpath works and replacing various items of major plant.	1,481 668 20 463 881 3,513	1,044 655 99 187 71 2,056
(b) Non-cancellable operating lease commitments		
Commitments under non-cancellable operating leases at the reporting date but not recognised in the financial statements are payable as follows:		
 Not later than one year Later than 1 year and not later than 5 years Later than 5 years Total 	431 604 - 1,035	412 975 - 1,387

The operating leases in place are for properties, and plant & equipment and range from 3-5 years in length.

Notes to the financial statements 30 June 2019

Note 17 Contingencies

Contingent liabilities

(a) Defined benefit plan

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

- assets are not segregated within the sub-group for each sponsoring employer
- contribution rates are the same for all sponsoring employers
- benefits for employees are determined according to the same formulae
- the same actuarial assumptions are currently used for each employee

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

Description of the funding arrangements

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

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

Division B

1.9 times for non -180 point members & Nil for 180 point members

Division C

2.5% salaries

Division D

1.64 times member contributions

The additional lump sum contribution for each pooled employer is a share of the total additional contributions of 40.0M for 1 July 2018 to 30 June 2021. These lump sum contributions are used to fund the deficit of assets to accrued liabilities as at 30 June 2019.

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

Description of Council's liability and obligations

As stated above council is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses. However, there is no relief under the Trust deed for employers to walk away from the obligations.

The last valuation of the Scheme was performed by the Actuary, Mr Richard Boyfield, FIAA on 31 December 2018 and covers the year ended 30 June 2018.

The expected contributions to the Fund by Council for the 2019/20 financial year is \$786,055 It is estimated that there are \$836,800 past service contributions remaining.

The estimated employer reserves financial position for the pooled employees as at 30 June 2019 is:

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

Council's share of that deficiency cannot be accurately calculated as the scheme is a mutual arrangement. For this reason no liability for the deficiency is recognised in the accounts. Council has a possible obligation that may arise should the scheme require immediate payment to correct the deficiency

An investment return of 5.75%, salary inflation of 3.5% and CPI increases of 2.5% are the key long term assumptions for the calculated present value of accrued benefits.

(b) Bank guarantees / loan guarantees

Council is guarantor of a bank loan obtained by the Maitland Hockey Association. The loan, in the amount of \$300,000, was drawn down in 2007/08.

Council is guarantor of a loan obtained by the Maitland City Tennis Club. The loan, in the amount of \$40,000, was drawn down in 2014/15. Council resolved to act as guarantor for a maximum of 5 years.

Page 46

Notes to the financial statements 30 June 2019

Note 18 Financial risk management

Risk management

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. 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 the finance Section under policies approved by the council.

The fair value of receivables, loans, investments and financial liabilities approximates the carrying amount.

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance section manages the cash and investments portfolio with the assistance of independent advisers. Council has an investment policy which complies with the Local Government Act and Ministerial Investment Order 625. The policy is regularly reviewed by Council and a monthly investment report is provided to Council setting out the make-up and performance of the portfolio as required by local government regulations.

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 these changes are caused by factors specific to individual financial instruments or their issuers or factors affecting similar instruments traded in a market.
- * Interest rate risk the risk that movements in interest rates could affect returns.
- * Credit risk the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council.

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from its independent advisers before placing any cash and investments.

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

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

Impact of a 10% movement in price of investments:	2019 \$'000	2018 \$'000
impact of a 10 % movement in price of investments.		
- Equity		-
- Income statement	-	-
Impact of a 1% movement in interest rates on cash and investments:		
- Equity	555	417
 Income statement 	555	417

Notes to the financial statements 30 June 2019

Note 18 Financial risk management (continued)

(b) Credit risk

Council's major receivables comprise rates, annual charges, user charges and fees. Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery policies. Council also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to recover these debts as a secured charge over the land; 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 payment.

There are no significant concentrations of credit risk. Benchmarks are set and monitored for acceptable collection performance.

The maximum exposure to credit risk at the reporting date is the acrrying amount of each class of receivable in the financial statements.

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

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

The profile of the Council's credit risk at balance date was:

	Not yet due	Overdue deb	ts			Total
	\$'000	< 1 year \$'000	1 - 2 years \$'000	2 - 5 years \$'000	> 5 years \$'000	\$'000
Rates and an	nual charges					
2019	-	2,675	443	81	27	3,226
2018	-	2,473	409	75	25	2,982
	Not yet due	Overdue deb	ts			Total
		< 30 days	30 - 60 days	60 - 90 days	> 90 days	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables -	other than rates	and annual ch	arges			0.40 (0.000)
2019	2,315	1,383	35	74	306	4,113
2018	1,969	1,176	30	63	260	3,498

Notes to the financial statements 30 June 2019

Note 18 Financial risk management (continued)

(c) Liquidity risk

Payables and borrowings are both subject to liquidity risk - that is 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 be extended and overdraft facilities drawn upon in extenuating circumstances.

Borrowings are also subject to interest rate risk: the risk that movements in interest rates could adversely affect funding costs. Council manages this risk through diversification of borrowing types, maturities and interest rate structure.

The finance section regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

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

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

2019 \$'000	Weighted Average Interest rate %	Due within 1 Year \$'000	Due between 1 and 5 years \$'000	Due after 5 years \$'000	Total Contractual cash flows \$'000	Carrying values \$'000
Payables Borrowings	0.00% 3.48%	10,954 7,901	- 27,420	- 17,578	10,954 52,899	10,954 46,052
		18,855	27,420	17,578	63,853	57,006
2018 \$'000	Weighted Average Interest rate %	Due within 1 Year \$'000	Due between 1 and 5 years \$'000	Due after 5 years \$'000	Total Contractual Cash flows \$'000	Carrying Values \$'000
Payables Borrowings	0.00% 3.84%	44,664 6,929 51,593	- 24,854 24,854	- 18,658 18,658	44,664 50,441 95,105	7,601 45,013 52,614

Notes to the financial statements 30 June 2019

Note 19 Material budget variations

Council's original budget was adopted by the Council on 12 June 2018 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include State and Federal Government decisions including new grant programs, changing economic activity, the weather, and by decisions made by the Council.

While these general purpose financial statements include the original budget adopted by Council, the Local Government Act requires Council to review its financial budget on a quarterly basis so it is able to manage the variation between actuals and budget that invariiably occur during the year.

Material variations of more than 10% between original budget and actual results are explained below:

Revenues

1. Interest and Investment Revenue

Actual amounts of investment revenue received were above budget by \$754K (19.2%). The variation is due to Council having additional funds available during the year for investment over this period when compared to the estimated investment funds that was budgeted for investment purposes.

2. Other Revenues

Actual other revenues received were over budget by \$866K (35.8%). Council received additional revenues for recycling \$110K, rentals \$164K and legal fees recovered \$214K when compared to budget.

3. Grants and contributions provided for capital purposes

Actual capital grants and contributions received were over budget by \$29.7M (181.8%). Non cash dedications were received for roads, bridges and footpaths (\$16.4M), drainage (\$5.9M), land (\$2.9M) and artworks (\$629K) that were not budgeted for as they could not be reliably estimated.

Expenses

1. Borrowing Costs

Borrowing costs were under budget by \$257K (13.7%). This was the result of deferring the draw down of borrowing until later in the financial year coupled with the lower rates on the new loan drawn in the year.

2. Materials and Contracts

Materials and contracts were over budget by \$3.5M (11.8%). During the year Council paid developers \$5.3M to upgrade a state controlled road and intersection funded from s711 contributions. The amount was expensed as it was incurred on a state controlled road.

3. Depreciation and Amortisation

Depreciation and amortisation were over budget by \$2.1M (10.4%). Council took control of Crown assets as a result of the Crown Reserves Management Act amendments where certain Crown assets were vested in Council. This resulted in an addition depreciation expense of \$1M which was not in the the original budget.

4. Net Loss from the disposal of assets

Council showed a total loss on the disposal of assets in 2018/19 of \$5.9M. This included a profit of \$397K resulting from excellent trade-in prices being received on a number of items of plant and equipment. These gains were offset, however, by losses of \$6.3M from the disposal of roads, footpaths and drainage, resulting from removing and replacing existing roads, footpaths and drainage in the asset ledger as rehabilitation works are performed. Budgets were not made for any of these items as they could not be reliably estimated.

Notes to the financial statements 30 June 2019

Note 20 Fair value measurement

The Council measures the following assets and liabilities at fair value on a recurring basis.

* Infrastructure, property, plant and equipment

Fair value hierarchy

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 council 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	Unobservable inputs for the asset or liability.	

None of Council's assets and liabilities at fair value are in Level 1 of the Fair value hierarchy.

The table below shows the assigned level for each asset and liability held at fair value by the Council:

2019	Note	Level 2 Significant observable inputs \$'000	Level 3 Significant unobservable inputs \$'000	Total \$'000
Recurring fair value measurements				
Infrastructure, property,				
plant and equipment				
Work in progress	9	-	11,465	11,465
Plant and equipment	9	-	7,383	7,383
Office equipment	9	.=	340	340
Furniture and fittings	9	-	202	202
Operational land	9	=	72,449	72,449
Community land	9	43,279	" = 0	43,279
Crown Land	9	8,189		8,189
Land under roads (post 1/7/08)	9	-	3,023	3,023
Buildings	9	-	76,496	76,496
Roads	9	-	532,534	532,534
Footpaths	9	-	77,830	77,830
Bridges	9	-	38,341	38,341
Storm water drainage	9	-	196,272	196,272
Swimming pools	9	-	4,857	4,857
Other open space / recreational assets	9	-	19,083	19,083
Other infrastructure assets (waste depot)	9	-	3,066	3,066
Library books	9	-	829	829
Art works	9	_	10,031	10,031
Bushfire equipment	9	-	518	518
Musical instruments	9	-	41	41
Tip asset	9	-	4,549	4,549
Total infrastructure, property,				
plant & equipment		51,468	1,059,309	1,110,777

Notes to the financial statements 30 June 2019

Note 20 Fair value measurement (continued)

2018	Note	Level 2 Significant observable inputs \$'000	Level 3 Significant unobservable inputs \$'000	Total \$'000
Recurring fair value measurements				
Infrastructure, property,				
plant and equipment				
Work in progress	9	-	1,772	1,772
Plant and equipment	9	-	7,794	7,794
Office equipment	9	-	867	867
Furniture and fittings	9	-	163	163
Operational land	9	-	78,859	78,859
Community land	9	41,030	1	41,030
Land under roads (post 1/7/08)	9	- 1	2,737	2,737
Buildings	9	-	64,815	64,815
Roads	9	-	494,701	494,701
Footpaths	9	-	72,881	72,881
Bridges	9	-	37,842	37,842
Storm water drainage	9		188,269	188,269
Swimming pools	9		5,414	5,414
Other open space / recreational assets	9	-	17,492	17,492
Other infrastructure assets (waste depot)	9	-	3,101	3,101
Library books	9	-	809	809
Art works	9	-	8,397	8,397
Bushfire equipment	9	- 1	608	608
Musical instruments	9	-	56	56
Tip asset	9	-	4,980	4,980
Total infrastructure, property,				
plant & equipment		41,030	991,557	1,032,587

Valuation Techniques

Level 2 Measurements

Community Land

The valuation of community land is based on the land values provided by the Valuer General. There have been no changes in the valuation technique during the reporting period.

Level 3 Measurements

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various Level 3 asset class fair values with no changes to valuation techniques during the period.

Class	Fair value 30/06/2018 \$'000s	Valuation Techniques	Unobservable inputs		
Land Under Roads	-,	Valued internally by Council based on community land values supplied by the Valuer General discounted for Englobo.	Land Value, Land area		

Notes to the financial statements 30 June 2019

Note 20 Fair value measurement (continued)

Level 3 Measurements continued

Class	Fair value 30/06/2019 \$'000	Valuation techniques	Unobservable inputs			
Capital work in progress		Cost used to approximate fair value	Current replacement cost of modern equivalent asset, asset condition, useful life and residual value			
Plant and equipment, office equipment, furniture and fittings, library books, bushfire equipment and musical instruments	9,313	Cost used to approximate fair value	Current replacement cost of modern equivalent asset, asset condition, useful life and residual value			
Operational land 7		External valuer based on current prices in the same location and condition, taking into account highest and best use of the land	Land value, land area			
Buildings 76,4		External valuer. Non specialised buildings using market based direct valuation method. Specialised buildings using the depreciated replacement cost method.	Current replacement cost of modern equivalent asset using componentisation asset condition, remaining lives, residual value.			
Roads, bridges, footpaths, stormwater drainage	844,977	Valued internally by Council using the depreciated current replacement cost method.	Current replacement cost of modern equivalent asset, asset condition, useful life and residual value			
Swimming pools	4,857	Cost used to approximate fair value	Current replacement cost of modern equivalent asset using componentisation asset condition, remaining lives, residual value.			
Other open space / recreational assets	19,083	Valued internally by Council using the depreciated current replacement cost method.	Current replacement cost of modern equivalent asset using componentisation asset condition, remaining lives, residual value.			
Other infrastructure assets (waste depot)	3,066	Cost used to approximate fair value	Current replacement cost of modern equivalent asset using componentisation asset condition, remaining lives, residual value.			
Art works	10,031	Cost or external valuation used to approximate fair value	Current replacement cost and useful life			
Tip asset	4,549	Valued internally by Council using independent report supporting the cost to rehabilitate.	Current replacement cost of modern equivalent asset using componentisation asset condition, remaining lives, residual value.			

Reconciliation of Movements

A reconciliation of the movements in recurring fair value measurements allocated to Level 3 of the hierarchy is provided below:

	2019 \$'000	2018 \$'000
Balance at 1 July	1,032,030	978,567
Total gains or losses for the period	0. 2	
Recognised in profit or loss - Realised (Refer Note 5)	(5,991)	(3,221)
Recognised in profit or loss - Unrealised (Refer Notes 3 & 4)		_ ` _ ′
Recognised in other comprehensive income - Revaluation	45,662	2,583
Other movements		
Purchases	61,940	72,136
Sales	(911)	(1,452)
Depreciation	(21,977)	(20,714)
Transfers into Level 3	-	-
Transfer out of Level 3	-	_
Other movements	24	4,688
Balance at 30 June	1,110,777	1,032,587

Notes to the financial statements 30 June 2019

Note 21 Related party disclosures

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:

Compensation	2019 \$'000	2018 \$'000
Short-term benefits	1,805	1,742
Post-employment benefits	135	133
Other long-term benefits	-	-
Termination benefits	2	-
Total	1,942	1,875

Other transactions with KMP and their related parties

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

Nature of the transaction	Amount of the transactions during the year (\$'000s)	Outstanding balances, including commitments at year end (\$'000s)	Terms and conditions	Provisions for impairment of receivables related to the amount of outstanding balances (\$'000s)	The expense recognised during the period relating to bad or doubtful debts due from related parties (\$'000s)
2019					
Employee expenses relating to close family			Council competency based salary		
members of KMP ¹	141	-	system	-	-
Payments made for recycling services ²	2,701	_	30 days	_	-
Payments made for services received ³	165	_	30 days	-	-
Payments received for rates ⁴	9	_	Invoiced quarterly	-	-
Payments received for other services provided ⁵	22	-	30 days	_	-

Notes to the financial statements 30 June 2019

Note 21 Related party disclosures (continued)

Other transactions with KMP and their related parties (continued)

Nature of the transaction	Amount of the transactions during the year (\$'000s)	Outstanding balances, including commitments at year end (\$'000s)	Terms and conditions	Provisions for impairment of receivables related to the amount of outstanding balances (\$'000s)	The expense recognised during the period relating to bad or doubtful debts due from related parties (\$'000s)
2018					
Employee expenses relating to close family			Council competency based salary		
members of KMP ¹	110	-	system	-	-
Payments made for recycling services ²	1,574	-	30 days	-	_
Payments made for services received ³	105	-	30 days	_	-
Payments received for rates ⁴	25	-	Invoiced quarterly	_	-
Payments received for other services provided ⁵	22	_	30 days	-	-

¹ Close family members of Council's KMP are employed by the Council under its competency based salary system on an arms length basis. There are 2 close family members of KMP currently employed by the Council.

² Relates to payments to Hunter Resource Recovery, a company in which Council has an interest, to provide recycling services. The contract was awarded through a competitive tender process based on market rates for these services. Amounts are payable on a monthly basis for the term of the contract. Hunter Resource Recovery details have not been consolidated into Council's financial statements as the amounts are not material to Council operations.

³ Council uses Strategic Services Australia Limited, a company in which Council has an ownership interest, for a variety of services, inlcluding legal services, records storage, training and Environment Management. Further details of Council's interest in Strategic Services Australia Limited are outlined in Note 15.

⁴ Council receives rates income from Strategic Services Australia Limited, a company in which Council has an ownership interest, for two properties owned within the Maitland local government area.

⁵ Council receives a rebate from Strategic Services Australia Limited, a company in which Council has an ownership interest, for its share of Local Government Procurement Contracts and for various services provided.

Notes to the financial statements 30 June 2019

Note 22 Statement of developer contributions

(a) Summary of developer contributions

	Opening _	Contrib received yea		Interest & investment income earned	Expended	Internal borrowings during the	Held as restricted	Cumulative balance of internal borrowings
Purpose	Balance (\$'000)	Cash (\$'000)	Non cash (\$'000)	during year (\$'000)	during year (\$'000)	year ⁽⁴⁾ (\$'000)	asset ⁽²⁾ (\$'000)	(to) / from ⁽⁵⁾ (\$'000)
Drainage	230	40	-	7	-		277	-
Roads	167	46	-	4	41	-	176	<u>=</u>
Traffic facilities	31,703	9,460	-	957	6,685	-	35,435	<u> </u>
Parking	1	-	-	-	-	-	1	=
Open space	21,365	3,375	-	644	1,328	-	24,056	-
Community facilities	19,449	2,454	=	588	3,197	-	19,294	_
Other	1,043	291	-	32	98	=	1,268	-
S7.11 under plans	73,958	15,666	-	2,232	11,349		80,507	-
S7.11 not under plans	1.5%	-	-		: -	-	: - :	-
S7.12 levies	3,344	468	1-1	101	446	-	3,467	2
S7.4 Planning agreements	-	123	_	4	-	-	-	<u>~</u>
Section 64		-	-		-	-		-
TOTAL	77,302	16,134	-	2,333	11,795	-,	83,974	

Under the Environmental Planning and Assessment Act 1979, council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas. It is possible that the funds contributed may be less than the cost of this infrastructure, requiring council to borrow or use general revenue to fund the difference.

(b) Contribution plan no. 1 - 1995 Plan

	Opening _	Contrib received yea	d during	Interest & investment income earned	Expended	Internal borrowings during the	Held as restricted	Cumulative balance of internal borrowings
Purpose	Balance (\$'000)	Cash (\$'000)	Non cash (\$'000)	during year (\$'000)	during year (\$'000)	year ⁽⁴⁾ (\$'000)	asset ⁽²⁾ (\$'000)	(to) / from ⁽⁵⁾ (\$'000)
Drainage	-	-	-	-	-	-	-	:-
Roads	48	46	-	1	1	_	94	12
Traffic facilities	30	=		1	20	=	11	-
Parking	1	-	2	-	-	_	1	-
Open space	1,043	-	= .	31	368	-	706	: -
Community facilities	2,877	-	-	87	575	=	2,389	8 = 1
Other	7	<u>-</u>	-	-	-	=	7	-
Total	4,006	46	-	120	964	-	3,208	-

Notes to the financial statements 30 June 2019

Note 22 Statement of developer contributions (continued)

(c) Contribution plan no. 2 - 2006 City Wide Plan

	Opening _	Contrib received yea	d during	Interest & investment income earned	Expended	Internal borrowings during the	Held as restricted	Cumulative balance of internal borrowings
Purpose	Balance (\$'000)	Cash (\$'000)	Non cash (\$'000)	during year (\$'000)	during year (\$'000)	year ⁽⁴⁾ (\$'000)	asset ⁽²⁾ (\$'000)	(to) / from ⁽⁵⁾ (\$'000)
Drainage	=	-	_			-	-	-:
Roads	119	=	=	3	40	-	82	=
Traffic facilities	9,708	2,111	-	293	1,090	_	11,022	
Parking	-	-	-	-		-	-	
Open space	9,639	1,157	-	291	960	-	10,127	. :
Community facilities	11,536	759	_	348	2,622	_	10,021	-
Other	286	68	-	9	(8)	-	371	_
Total	31,288	4,095	-	944	4,704	-	31,623	-

(d) Contribution plan no. 3 - 2006 Rutherford Trunk Drainage

	Opening	receive	butions d during ar ⁽¹⁾	Interest & investment income earned	Expended	Internal borrowings during the	Held as restricted	Cumulative balance of internal borrowings
Purpose	Balance (\$'000)	Cash (\$'000)	Non cash (\$'000)	during year (\$'000)	during year (\$'000)	year ⁽⁴⁾ (\$'000)	asset ⁽²⁾ (\$'000)	(to) / from ⁽⁵⁾ (\$'000)
Drainage	223	-	-	7	-	- 1	230	_
Roads	-	_	-	_		=:	=	= ≤
Traffic facilities	-	« -	=	-	_	-	-	-
Parking	3 -	1-	_	2. - -(1-1	-	-	-0
Open space	-	-	-	-	.=	=::	-	.=0
Community facilities	700	12		120	-	-	-	-
Other		-	-	-	-	-7		
Total	223	-	-	7	-	<u>=</u>	230	-

Notes to the financial statements 30 June 2019

Note 22 Statement of developer contributions (continued)

(e) Contribution plan no. 4 - 2006 Thornton North Plan

	Opening _		outions d during r ⁽¹⁾	Interest & investment income earned	Expended	Internal borrowings during the	Held as restricted	Cumulative balance of internal borrowings
Purpose	Balance (\$'000)	Cash (\$'000)	Non cash (\$'000)	during year (\$'000)	during year (\$'000)	year ⁽⁴⁾ (\$'000)	asset ⁽²⁾ (\$'000)	(to) / from ⁽⁵⁾ (\$'000)
Drainage	s=	-	-	-		-:	- s	=.
Roads	19	-	=	=	-	-	-	-
Traffic facilities	19,440	5,145	-	587	5,517	- 20	19,655	-
Parking	-	-	-	-	-	-0	-	-0
Open space	10,287	1,592	-	311	-	=	12,190	=
Community facilities	3,763	625	0 	113	-	-0	4,501	=
Other	691	164	-	21	106	-	770	-0
Total	34,181	7,526	-	1,032	5,623	-	37,116	-

(f) Contribution plan no. 5 - 2014 Lochinvar Plan

	Opening _	Contrik received yea	d during	Interest & investment income earned	Expended	Internal borrowings during the	Held as restricted	Cumulative balance of internal borrowings
Purpose	Balance (\$'000)	Cash (\$'000)	Non cash (\$'000)	during year (\$'000)	during year (\$'000)	year ⁽⁴⁾ (\$'000)	asset ⁽²⁾ (\$'000)	(to) / from ⁽⁵⁾ (\$'000)
Drainage	7	40	-	-	-	-	47	
Roads	-	7 =	-	-	-	=	-	-
Traffic facilities	21	97	-	1	-	-	119	_
Parking	-	0 .7 .		-	-	-	=.2	-
Open space	33	255	12	1	-	=	289	<u> </u>
Community facilities	10	82		-	-	-	92	_
Other	2	18			-	-	20	_
Total	73	492	224	2	_	74	567	

Notes to the financial statements 30 June 2019

Note 22 Statement of developer contributions (continued)

(g) Contribution plan no. 6 - 2016 City Wide Plan

	Opening _	Contrik received yea	d during	Interest & investment income earned	Expended	Internal borrowings during the	Held as restricted	Cumulative balance of internal borrowings
Purpose	Balance (\$'000)	Cash (\$'000)	Non cash (\$'000)	during year (\$'000)	during year (\$'000)	year ⁽⁴⁾ (\$'000)	asset ⁽²⁾ (\$'000)	(to) / from ⁽⁵⁾ (\$'000)
Drainage	-	-	: -	-	===	-	-	_
Roads	72	* <u>~</u>	S=	_	=0	-	-	-
Traffic facilities	2,495	2,107	-	75	58	:	4,619	_
Parking	-	-	2 -	-	-:	-	-	-
Open space	352	371	12	10	-	-	733	-
Community facilities	1,260	988	1 -	39		-	2,287	-
Other	56	41	-	2	-	-	99	-
Total	4,163	3,507	-	126	58	-	7,738	-

(h) Contribution plan no. 7 - 2015 Farley Plan

	Opening _	receive	butions d during ar ⁽¹⁾	Interest & investment income earned	Expended	Internal borrowings during the	Held as restricted	Cumulative balance of internal borrowings
Purpose	Balance (\$'000)	Cash (\$'000)	Non cash (\$'000)	during year (\$'000)	during year (\$'000)	year ⁽⁴⁾ (\$'000)	asset ⁽²⁾ (\$'000)	(to) / from ⁽⁵⁾ (\$'000)
Drainage	-	-	-	_	=	=		
Roads	-	(-	-	_	2	=	· <u>·</u>	-
Traffic facilities	9	X X	-	-	-	-	9	_
Parking	-	-	-	-	-	-	-	=:
Open space	11	-	-		-	20	11	_
Community facilities	3	-	1-1	1	-	-	4	=0
Other	1	-	1=	-	-	-	1	-
Total	24	_	14	1		-	25	-

Notes to the financial statements 30 June 2019

Note 23 Statement of performance measures

	Amounts 2019 \$'000	2019 indicators	2018	2017	Benchmark
1. Operating performance					>0
Total continuing operating revenue ¹ excluding capital grants and contributions less operating expenses ⁴ Total continuing operating revenue ¹ excluding capital grants and contributions	\$ 83 \$ 106,321	0.08%	6.22%	0.29%	
2. Own source operating revenue					>60%
Total continuing operating revenue ¹ excluding all grants and contributions Total continuing operating revenue ¹ inclusive of all grants and contributions	\$ 95,876 \$ 152,329	62.94%	56.30%	54.13%	
3. Unrestricted current ratio					>1.5x
Current assets less all external restrictions Current liabilities less specific purpose liabilities (2), (3)	\$ 77,445 \$ 20,669	3.75 x	4.15 x	3.18	×
4. Debt service cover ratio					>2x
Operating results¹ before capital excluding interest and depreciation / impairment / amortisation (EBTDA) Principal repayments (from statement of cash flows) + borrowing interest costs (from income statement)	\$ 23,789 \$ 7,379	3.22 ×	4.72 x	4.58 :	Κ.
5. Rates and annual charges outstanding percentage					<5% metro <10% regional
Rates and annual charges outstanding Rates and annual charges collectable	\$ 3,226 \$ 82,413	3.91%	4.33%	2.05%	
6. Cash expense cover ratio					>3 months
Current year's cash and cash equivalents + term deposits Payments from cash flow of operating and financing activities * 12	\$ 107,312 \$ 86,600	14.87 months	15.47 months	14.55 months	

Notes.

- (1) Excludes fair value adjustments, reversal of revaluation decrements, net gain/loss on sale of assets and net share/loss of interests in joint ventures and associates.
- (2) Refer to Note 11(a)
- (3) \$9,742 provisions not expected to be settled have been deducted.
- (4) Excludes impairment/revaluation decrements, net loss on sale of assets & net loss on share of interest in Joint ventures and associates joint ventures and associates



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements Maitland City Council

To the Councillors of the Maitland City Council

Opinion

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

In my opinion:

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

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

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

My opinion does not provide assurance:

- · that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note 19 Material budget variations
- on the Special Schedules. A separate opinion has been provided on Special Schedule - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Furgan Yousuf

my

Delegate of the Auditor-General for New South Wales

26 November 2019 SYDNEY

Special purpose financial statements for the year ended 30 June 2019

Contents

	Page
Statement by Councillors and Management	B2
Income statement	B3
Statement of financial position	B4
Notes to the special purpose financial statements	B5
Auditors' reports	B8

Special purpose financial statements for the year ended 30 June 2019

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

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

- * NSW Government Policy Statement "Application of National Competition Policy to Local Government"
- * Division of Local Government Guidelines "Pricing & Costing for Council Businesses: A Guide to Competitive Neutrality"
- * The Local Government Code of Accounting Practice and Financial Reporting
- * The NSW Office of Water "Best-Practice Management of Water Supply and Sewerage Guidelines"

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

- * present fairly the Council's operating result and financial position for each of Council's declared Business Activities for the year, and
- accord with Council's accounting and other records

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

Signed in accordance with a resolution of Council made on 24 September 2019.

Loretta Baker

Mayor 24/09/19

Ben Whiting / Councillor 24/09/19

Chris James

Acting General Manager

24/09/19

Michael Burfitt

Responsible Accounting Officer

24/09/19

Income statement for the year ended 30 June 2019

	Actual 2019 Maitland Share of Strategic Services Australia Limited (11.55%) (Cat. 2) \$'000	Actual 2018 Maitland Share of Strategic Services Australia Limited (11.55%) (Cat. 2) \$'000
Income from continuing operations	545	
User charges Grants and contributions provided for non capital purposes	545 92	575 136
Profit from the sale of assets Other income	- 47	125
Other income	17	24
Total income from continuing operations	654	860
Expenses from continuing operations Employee benefits and on-costs	416	450
Borrowing costs	1	15
Materials and contracts Depreciation and impairment	137 14	172 20
Debt guarantee fee	- 14	-
Other expenses	142	142_
Total expenses from continuing operations	710	799
Surplus (deficit) from continuing operations before capital amounts	(56)	61
Grants and contributions provided for capital purposes		
Surplus (deficit) from continuing operations after capital amounts	(56)	61
Surplus (deficit) from discontinued operations		286
Surplus (deficit) from all operations before tax	(56)	347
Less: Corporate Taxation Equivalent (30%) (based on result before capital)		
Surplus (deficit) after tax	(56)	347
Opening retained profits	632	285
Adjustments for amounts unpaid Corporate taxation equivalent		1=
Closing retained profits	576	632
Return on capital % Subsidy from Council	0.00%	0.00%

Statement of financial position for the year ended 30 June 2019

	Actual 2019 Maitland Share of Strategic Services Australia Limited (11.55%) (Cat. 2) \$'000	Actual 2018 Maitland Share of Strategic Services Australia Limited (11.555%) (Cat. 2) \$'000
ASSETS Current assets Cash and cash equivalents Financial Assets at Amortised Cost Receivables Inventories Other Assets held for sale	613 105 78 - 2	583 - 195 - 6
Total current assets	798	784
Non-current assets Infrastructure, property, plant and equipment	37_	55
Total non-current assets	37	55
Total assets	835	839
LIABILITIES Current liabilities Payables Borrowings Provisions Other	73 18 70 97	79 - 71 52
Total current liabilities	258	202
Non-current liabilities Borrowings Provisions	2	5
Total non-current liabilities	2	5
Total liabilities	260	207
Net assets	575	632
EQUITY Accumulated surplus Revaluation reserves	575	632
Total equity	575	632

Notes to the Special Purpose Financial Statements for the year ended 30 June 2019

Note 1 - Significant accounting policies

A statement summarising the supplementing accounting policies adopted in the preparation of the special purpose financial statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

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

The figures presented in these special purpose financial statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these special purpose financial statements have been prepared in accordance with the *Local Government Act* 1993 (NSW), the *'Local Government (General) Regulation 2005'* and the Local Government Code of Accounting Practice and Financial Reporting.

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

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

National competition policy

Council has adopted the principle of 'competitive neutrality' to its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government. The framework for its application is set out in the June 1996 Government Policy statement titled 'Application of National Competition Policy to Local Government'. The *Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality"* issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard of disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, returns on investments (rate of return and dividends paid).

Declared business activities

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

Category 1

Name	Brief description of Activity	
Not applicable		

Category 2

Name	Brief description of Activity
Council's share in Strategic	Established to improve the quality and efficiency of local
Services Australia Limited	government services in the Hunter Region. Has established
	a records repository centre for use by member Councils and
	other organisations.

Strategic Services Australia Limited (formerly Hunter Councils Limited) was established in January 2003 after after receiving Ministers consent, pursuant to Section 358(1)(a) of the Local Government Act 1993.

Monetary amounts

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

Notes to the Special Purpose Financial Statements for the year ended 30 June 2019

Note 1 - Significant accounting policies (continued)

(i) Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs. However, where Council does not pay some income taxes, which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council nominated business activities and are reflected in the special purpose financial statements. For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

	Notional rate applied %
Corporate tax rate	30.00%
Land tax	Not applicable for 2018-19
Stamp duty	Not applicable for 2018-19
Payroll tax	Not applicable for 2018-19
Other taxes or charges	Debt guarantee fee 1.00%

Income tax

An income tax equivalent has been applied on the profits of the business activities. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account of in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level (gain/(loss) from ordinary activities before capital amounts) as would be applied by a private sector competitor - that is, it should include a provision equivalent to the corporate income tax rate, currently 30.00%.

Income tax is only applied where a gain from ordinary activities before capital amounts has been achieved. Since the taxation equivalent is notional, that is, it is payable to the "Council" as the owner of business operations, it represents an internal payment and has no effect on the operations of the Council.

Accordingly, there is no need for disclosure of internal charges in the SPFS. The rate applied of 30.00% is the equivalent company tax rate prevalent at balance date. No adjustments have been made for variations that have occurred during the year.

Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that council business activities face "true" commercial borrowing costs in line with private sector competitors. In order to calculate a debt guarantee fee, council has determined what the differential borrowing rate would have been between the commercial rate and the council's borrowing rate for its business activities.

(ii) Subsidies

Government policy requires that subsidies provided to customers and the funding of those subsidies must be explicitly disclosed. Subsidies occur where council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations. The overall effect of subsidies is contained within the Income Statement of Business Activities.

Notes to the Special Purpose Financial Statements for the year ended 30 June 2019

Note 1 - Significant accounting policies (continued)

(iii) Return on investments (Rate of return)

The policy statement requires that councils with Category 1 businesses "would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field". Funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return is disclosed for each of Councils business activities on the Statement of Business Activities on the Income Statement. As Council does not have any Category 1 Business Activities this does not apply.

(iv) Dividends

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



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statements Maitland City Council

To the Councillors of the Maitland City Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Maitland City Council's (the Council) declared business activity, Maitland Share of Strategic Services Australia Limited, which comprise the Income Statement of the declared business activity for the year ended 30 June 2019, the Statement of Financial Position of the declared business activity as at 30 June 2019, Note 1 Significant accounting policies for the business activity declared by Council, and the Statement by Councillors and Management.

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

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

My opinion does not provide assurance:

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

Furgan Yousuf

Delegate of the Auditor-General for New South Wales

26 November 2019 SYDNEY

Special Schedules for the year ended 30 June 2019

Contents

Special Schedules (Not Audited)			
Special Schedule 1	Permissible income calculation	C2	
Special Schedule 2	Report on infrastructure assets	C3	

Special Schedule 1 Permissible Income for General Rates

	2019/20 \$'000	2018/19 \$'000
Notional General Income Calculation ⁽¹⁾		9.
Last year notional income yield	62,348	56,509
Plus / minus adjustments ⁽²⁾	568_	1,621
Notional general income	62,916	58,130
Permissible income calculation		
Special variation percentage ⁽³⁾	7.25%	7.25%
OR Rate peg percentage	2.70%	2.30%
OR Crown land adjustment incl. rate peg percentage	-	-
Less expiring special variation amount	·-	-
Plus special variation amount	4,561	4,215
OR Plus rate peg amount	-	5 -
OR Plus crown land adjustment and rate peg amount		
Sub total	67,477	62,345
Plus or minus last year's carry forward total	-	1
Less valuation objections claimed in the previous year	(3)	
Sub total	(3)	1
Total permissible income	67,474	62,346
Less notional general income yield	67,478	62,348
Catch-up or (excess) result	(4)	(2)
Plus income lost due to valuation objections claimed ⁽⁴⁾	4	3
Less unused catch-up ⁽⁵⁾		
Carry forward to next year ⁽⁶⁾	-	-

Notes

- The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- Adjustments account for changes in the number of assessments and any increase or decrease in land value
 occurring during the year. The adjustments are called "supplementary valuations" as defined in the Valuation
 of Land Act 1916 (NSW).
- 3. The 'special variation percentage' is inclusive of the Rate Peg percentage and where applicable crown land adjustment.
- 4. Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- 5. Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- 6. Carry forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Local Government Act 1993. The OLG will extract these amounts from councils' Special Schedule 2 in the Financial Data Return (FDR) to administer this process. Please check data is transferred accurately to the Special Schedule 2 of the Financial Statements and the FDR.

Special Schedule No. 2: Report on infrastructure assets as at 30 June 2019

Asset class Buildings * Other structures *	Asset category Road pavement (incl.	Estimated cost to bring to a satisfactory standard \$'000	Estimated cost to bring to the agreed level of service set by Council \$'000	2018/19 Required maintenance \$'000	2018/19 actual maintenance^ \$'000	Net carrying amount \$'000	Gross replacement cost (GRC) \$'000	1		condition a		5
Buildings *		bring to a satisfactory standard \$'000	bring to the agreed level of service set by Council \$'000	Required maintenance \$'000	actual maintenance^ \$'000	carrying amount	replacement cost (GRC)	1	Gross F	Replaceme	nt Cost	5
Buildings *		bring to a satisfactory standard \$'000	agreed level of service set by Council \$'000	Required maintenance \$'000	actual maintenance^ \$'000	carrying amount	replacement cost (GRC)	1	Gross F	Replaceme	nt Cost	5
Buildings *		satisfactory standard \$'000	of service set by Council \$'000	Required maintenance \$'000	actual maintenance^ \$'000	carrying amount	cost (GRC)	1	Gross F	Replaceme	nt Cost	5
Buildings *		\$tandard \$'000 22,039	by Council \$'000	maintenance \$'000	maintenance^ \$'000	amount	(GRC)	1				5
Buildings *		\$'000	\$'000	\$'000	\$'000		` '	1	2	3	4	5
	Road pavement (incl.	22,039				\$ 000	\$ 000			J	~	3
	Road pavement (incl.		3,276	1,183	1 201			- 1				
Other structures *	Road pavement (incl.	-			1,201	76,496	148,913	21.0%	16.0%	52.0%	11.0%	0.0%
Other structures	Road pavement (incl.		-	-	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%
R										i		
Roads * s	surface)	49,370	6,803	3,524	2,924	438,933	589,054	15.1%	29.6%	42.4%	11.6%	1.3%
K	Kerb & gutter	8,159	1,087	277	613	80,181	117,261	54.2%	28.4%	12.8%	4.1%	0.5%
R	Roundabouts	67	67	-	-	10,755	12,034	72.0%	25.0%	3.0%	0.0%	0.0%
R	Road furniture (bus										T	
si	shelters & signs)	573	151	298	195	2,665	4,203	46.0%	34.0%	11.0%	6.0%	3.0%
В	Bridges	2,150	321	121	59	38,341	48,139	72.8%	17.8%	5.6%	3.8%	0.0%
_	ootpaths	9,131	1,413	523	760	77,830	107,115	76.9%	12.1%	6.2%	3.8%	1.0%
B	Bulk earthworks	-	-	_	2	-	-	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub total	69,450	9,842	4,743	4,551	648,705	877,806					
Stormwater drainage *		9,563	4,128	805	921	196,272	232,995	49.0%	44.3%	4.8%	0.9%	1.0%
Open space / S	Swimming pools	4,472	1,810	266	173	4,857	13,312	0.0%	0.0%	40.0%	52.0%	8.0%
	Other open space /	:=										
re	ecreational assets	3,337	856	889	4,333	19,083	41,547	51.8%	34.8%	11.6%	1.7%	0.1%
	Sub total	7,809	2,666	1,155	4,506	23,940	54,859					
Other infrastructure assets												
(Waste depot) *		103	38	75	40	3,066	4,804	0.0%	0.0%	96.0%	4.0%	0.0%
Total classes	Total - all assets	108,964	19.950	7,961	11,219	948,479	1,319,377					

Infrastructure Asset Condition Assessment

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

^{*} Reconciles with Note 9

[^] Required maintenance is the amount identified in Council's asset management plans.

Special Schedule No. 2 (continued)

Report on infrastructure assets 30 June 2019

Infrastructure asset performance indicators *

Building & infrastructure renewals ratio [#]	A	mounts \$'000	Current year indicators	2018	Benchmark
Asset renewals (renewals only for Infrastructure Assets) Depreciation, amortisation and impairment	\$	18,106 18,589	97.4%	135.3%	
Depreciation, amortisation and impairment	Ψ	10,569			
2. Infrastructure backlog ratio [#]					<2%
Estimated cost to bring assets to a satisfactory condition Net carrying amount of infrastructure assets	\$	108,964 948,479	11.5%	9.8%	
That dailying amount of illimaduatero addets	Ψ	040,470			
3. Asset maintenance ratio ^					>100%
Actual asset maintenance Required asset maintenance	\$	11,219 7,961	140.9%	104.1%	
Troquired decer maintenance	Ψ	7,001			
4. Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed level of service set by Council Gross replacement cost	\$ 1	19,950 ,319,377	1.5%	2.0%	

 $^{^{\}star}$ All indicators are calculated using the asset classes identified in the table in Special Schedule 2 # Excludes Work in Progress (WIP)



INDEPENDENT AUDITOR'S REPORT

Special Schedule - Permissible income for general rates Maitland City Council

To the Councillors of Maitland City Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Maitland City Council (the Council) for the year ending 30 June 2020.

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting – update number 27 (LG Code), and is in accordance with the books and records of the Council.

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to the special purpose framework used to prepare the Schedule. The Schedule has been prepared for the purpose of fulfilling the Council's reporting obligations under the LG Code. As a result, the Schedule may not be suitable for another purpose.

Other Information

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

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

The Councillors are responsible for the preparation of the Schedule in accordance with the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

A description of my responsibilities for the audit of the Schedule is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors responsibilities/ar8.pdf. The description forms part of my auditor's report.

My opinion does not provide assurance:

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

Furgan Yousuf

Delegate of the Auditor-General for New South Wales

26 November 2019 SYDNEY



Cr Loretta Baker Mayor Maitland City Council PO Box 220 Maitland NSW 2320

Contact:

Furgan Yousuf

Phone no:

02 9275 7470

Our ref:

D1927491/1758

26 November 2019

Dear Mayor

Report on the Conduct of the Audit for the year ended 30 June 2019 Maitland City Council

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

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

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

INCOME STATEMENT

Operating result

	2019	2018	Variance
	\$m	\$m	%
Rates and annual charges revenue	79.3	73.1	8.5
Grants and contributions revenue	56.5	67.1	10.6
Operating result for the year	40.0	58.6	31.7
Net operating result before capital grants and contributions	(6.0)	3.3	281.8

The Council's net operating result before capital grants and contributions was a deficit of \$6.0 million, which was \$9.3 million lower than the 2017–18 net operating result before capital grants and contributions. The decline is mainly attributable to the increase in Council's operational expenditure during the year.

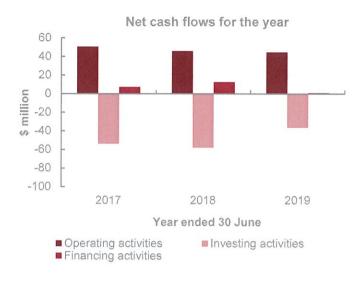
The Council's operating result for the year was a surplus of \$40.0 million, which was \$18.6 million lower than the 2017–18 operating result. The movement in operating result for the year was mainly attributable to the following:

- revenue from capital grants and contributions decreased by \$9.3 million or 16.8 per cent, mainly due to a decrease of \$4.8 million in specific purpose capital grant revenue for the Maitland Levee Project, and decrease in revenue recognised for assets dedicated in lieu of cash contributions
- materials and contracts expenses increased by \$7.7 million or 29.8 per cent, mainly due to additional development work undertaken by the Council
- employee benefits and on-costs increased by \$2.5 million or 7.2 per cent, mainly as a result of increase in number of full-time equivalent employees from 369 to 398 and an increase in award expense
- disposal of infrastructure assets during the year resulted in an additional loss of \$2.8 million or 87.5 per cent.

Offsetting the above movements, the rates and annual charges increased by \$6.2 million or 8.5 per cent, in line with the increase in the total number of rateable properties and the Council's approved rate variation of 7.5 per cent in 2018–19.

STATEMENT OF CASH FLOWS

- The Council's cash and cash equivalents was \$18.2 million (\$8.1 million for the year ended 30 June 2018). There was a net increase in cash and cash equivalents of \$10.1 million at 30 June 2019.
- The Council's operating activities have consistently generated cash inflows over the past three years.
- Net cash outflows from the investing activities represent purchase of infrastructure, property, plant and equipment of \$35.0 million in 2018–19.
- Cash inflows from financing activities represent proceeds from borrowings and advances of \$1.0 million received during the year.



FINANCIAL POSITION

Cash and Investments

Cash and investments	2019	2018	Commentary
	\$m	\$m	
External restrictions	85.5	80.9	Externally restricted cash and investments are
Internal restrictions	70.7	63.9	restricted in their use by externally imposed requirements. Council's externally restricted cash
Unrestricted	-	-	and investments have increased by \$4.6 million
Cash and investments	156.2	144.8	primarily due to an increase in available cash balance relating to the developer contributions.
			 Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect identified programs of works and any forward plans identified by Council. The increase in the internal restrictions of \$6.8 million is mainly due to an increase in cash balance restricted against year-end creditors.

Debt

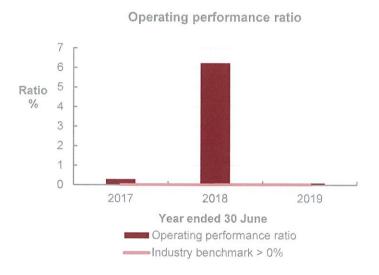
The Council has \$46.1 million of borrowings as at 30 June 2019 (2018: \$45.0 million)

The Council has an accumulated drawdown facility limit of \$140,000 as at 30 June 2019 (2018: \$140,000) out of which \$78,000 remained unutilised at the year-end.

PERFORMANCE

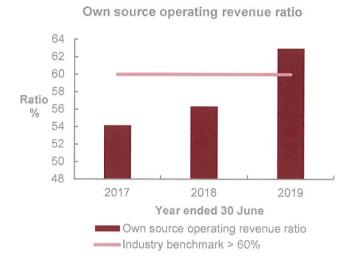
Operating performance ratio

- The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by the former Office of Local Government (OLG) is greater than zero per cent.
- The Council's operating performance ratio of 0.08% is above the industry benchmark of zero per cent.
- The operating performance ratio has decreased from prior year mainly due to the increase in council's operating expenditure.



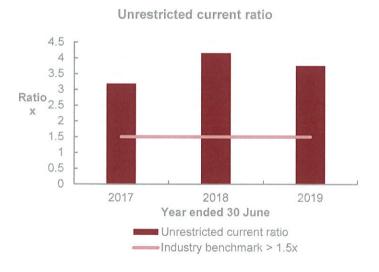
Own source operating revenue ratio

- The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by the former OLG is greater than 60 per cent.
- The Council's own source operating revenue ratio of 62.9% is above the industry benchmark of 60%. This indicates that the Council has a diversified source of income and does not have an overly strong reliance on operating grants and contributions.
- The Council's own source operating revenue has improved due to the increase in rates and annual charges revenue and the decrease in revenue from grants and contributions.



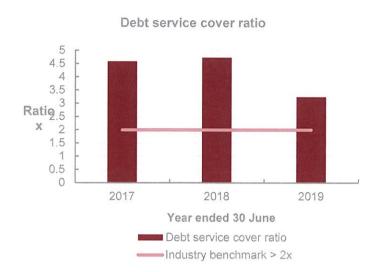
Unrestricted current ratio

- The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by the former OLG is greater than 1.5 times.
- The Council's liquidity ratio of 3.74 is above the industry benchmark minimum of greater than 1.5 times. This indicates that the Council has sufficient liquidity to meet its current liabilities as and when they fall due.
- The Council's unrestricted current ratio has decreased from prior year mainly due to an increase in externally restricted cash and cash equivalents.



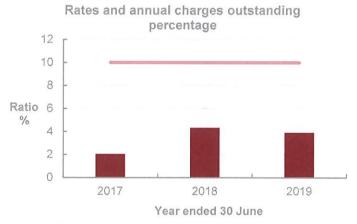
Debt service cover ratio

- The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments.
 The benchmark set by the former OLG is greater than two times.
- The Council's debt service cover ratio of 3.2 times is above the industry benchmark of greater than 2 times.
- The Council's debt service cover ratio has decreased from prior year mainly due to the decrease in operating result for the year 2018–19.



Rates and annual charges outstanding percentage

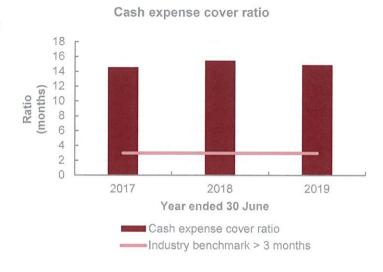
- The 'rates and annual charges outstanding percentage' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by the former OLG is less than 10 per cent for regional and rural councils.
- The Council's rates and annual charges outstanding percentage of 3.91% is within the benchmark of less than 10% for regional councils.
- The Council's rates and annual charges outstanding percentage remained consistent over the past three years. The collection procedures of the Council operated effectively to collect more than 90 per cent of the rates and annual charges revenue within the receivable due dates.



Rates and annual charges outstanding percentage
Industry benchmark < 10%

Cash expense cover ratio

- This liquidity ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by the former OLG is greater than three months.
- The Council's cash expense cover ratio was 14.9 months, which is above the industry benchmark of greater than 3 months. This indicates that the Council had the capacity to cover 14.9 months of operating cash expenditure without additional cash inflows at 30 June 2019.
- The cash expense cover ratio decreased compared with prior year due to increased cash outflows for materials and contracts expenditure in 2018–19.



The Council has renewed \$18.1 million of assets in 2018–19 financial year, which is comparable to \$23.5 million of assets in the prior year.

New accounting standards implemented

Application pe	311	U	u
----------------	-----	---	---

Overview

AASB 9 'Financial Instruments' and revised AASB 7 'Financial Instruments: Disclosures'

For the year ended 30 June 2019

AASB 9 replaces AASB 139 'Financial Instruments: Recognition and Measurement' and changes the way financial instruments are treated for financial reporting.

Key changes include:

- a simplified model for classifying and measuring financial assets
- a new method for calculating impairment
- a new type of hedge accounting that more closely aligns with risk management.

The revised AASB 7 includes new disclosures as a result of AASB 9. Council's disclosure of the impact of adopting AASB 9 is disclosed in Note 13.

^{*} Infrastructure, property, plant and equipment renewals

Legislative compliance

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

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

The Council's:

- accounting records were maintained in a manner and form that facilitated the preparation and the effective audit of the general purpose financial statements.
- staff provided all accounting records and information relevant for the audit.

Furgan Yousuf

my

Delegate of the Auditor-General for New South Wales

cc: Mr David Evans, General Manager